

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

TELESPECTRUM WORLDWIDE INC

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 29, 2002

TeleSpectrum Worldwide Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-21107

(Commission
File Number)

23-2845501

(I.R.S. Employer
Identification No.)

443 South Gulph Road, King of Prussia, Pennsylvania

(Address of principal executive offices)

19406

(Zip Code)

Registrant's telephone number, including area code: (610) 878-7400

ITEM 1. CHANGES IN CONTROL OF REGISTRANT.

On April 29, 2002, TeleSpectrum Worldwide Inc. (the "Company"), entered into agreements with its bank lenders which resulted in a recapitalization of its balance sheet and a change of control of the Company. Under the terms of such agreements, the amounts due under the Company's then existing credit facilities, totaling approximately \$161 million, were converted into (a) a three-year \$25 million term facility, (b) \$40 million of the Company's newly designated Series A Preferred Stock and (c) shares of the Company's newly designated Series B Convertible Preferred Stock. The Series B Convertible Preferred Stock is convertible into shares of the Company's common stock representing 95% of the common stock on a fully diluted basis and votes together with the common stock on an as converted basis. A portion of the Series B Convertible Preferred Stock was converted into shares of common stock immediately after the closing of the recapitalization, and the remainder will

convert into shares of common stock as soon as the Company amends its Certificate of Incorporation to increase the authorized number of shares of common stock. Such amendment requires approval of the Company's stockholders.

As a result of the recapitalization, the bank lenders beneficially own 95.2% of the outstanding voting securities of the Company (including both the outstanding common stock and the Series B Preferred Stock). The lenders that comprise the bank group which assumed control of the Company are BNP Paribas, Endeavor LLC, Fleet National Bank, First Dominion Funding III, First Source Loan Obligations Trust, TBH-I, L.P., Van Kampen Prime Rate Income, Van Kampen Senior Floating Rate Fund, Van Kampen Senior Income Trust, Well Fargo Bank, N.A., Archimedes Funding, L.L.C., Archimedes Funding II, LTD., Endurance CLO I, LTD., KZH ING-2 L.L.C. and KZH ING-3 L.L.C.

In connection with the recapitalization, the Company, the bank lenders, and BNP Paribas, as administrative agent for the bank lenders, among others, entered into a stockholders agreement. Pursuant to the stockholders agreement, all of the bank lenders' shares will be voted by the administrative agent, pursuant to irrevocable proxies, with respect to, among other things: (a) having the Company's Board of Directors be comprised of no less than five members, (b) electing as directors three designees of the bank group, none of whom shall be employees of a bank lender, and (c) electing as directors two designees of the Company's senior officers, one of which designee shall be the Company's Chief Executive Officer.

The Company's Board of Directors currently is comprised of three designees of the bank lenders and Chris Williams, the Company's Chief Operating Officer. The Company's former Chief Executive Officer, J. Peter Pierce, who was a member of the Board of Directors, has resigned and is in the process of transitioning his responsibilities.

On April 30, 2002, the Company issued a press release relating to the recapitalization, a copy of which is attached hereto as Exhibit 99.9 and incorporated herein by reference.

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

(c) Exhibits

- 3.1 Certificate of Designations of Series A Preferred Stock of TeleSpectrum Worldwide Inc. (incorporated by reference to Exhibit 3.02 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 3.2 Certificate of Designations of Series B Convertible Preferred Stock of TeleSpectrum Worldwide Inc. (incorporated by reference to Exhibit 3.03 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 99.1 Preferred Stock Issuance and Restructuring Agreement dated as of April 29, 2002 among TeleSpectrum Worldwide Inc., the

Lenders named therein and BNP Paribas.

- 99.2 Stockholders Agreement dated as of April 29, 2002 among TeleSpectrum Worldwide Inc., the stockholders signatory thereto, the Management Agent and the Administrative Agent.
- 99.3 Second Amended and Restated Credit Agreement dated as of April 29, 2002 among TeleSpectrum Worldwide Inc., the Lenders named therein and BNP Paribas, as agent.
- 99.4 Sales Makeup Plan dated as of April 29, 2002.
- 99.5 Amendment to Employment Agreement dated as of April 29, 2002 between TeleSpectrum Worldwide Inc. and J. Peter Pierce.
- 99.6 Amendment to Employment Agreement dated as of April 29, 2002 between TeleSpectrum Worldwide Inc. and Christopher Williams.
- 99.7 Amendment to Employment Agreement dated as of April 29, 2002 between TeleSpectrum Worldwide Inc. and Kurt Dinkelacker.
- 99.8 Amendment to Employment Agreement dated as of April 29, 2002 between TeleSpectrum Worldwide Inc. and Joseph Nezi.
- 99.9 Press Release of TeleSpectrum Worldwide Inc. dated April 30, 2002.

-2-

Pursuant to the requirements 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.

Dated: May 13, 2002

TELESPECTRM WORLDWIDE INC.

By: /s/ Kurt Dinkelacker

Kurt Dinkelacker, Chief Financial Officer

-3-

PREFERRED STOCK ISSUANCE
AND RESTRUCTURING AGREEMENT

DATED AS OF

APRIL 29, 2002

BY AND AMONG

TELESPECTRUM WORLDWIDE INC.,

THE "LENDERS" LISTED ON THE SIGNATURE PAGES HERETO,

AND

BNP PARIBAS,
AS ADMINISTRATIVE AGENT

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<S>

PAGE
<C>

ARTICLE I
DEFINITIONS

Section 1.1	Defined Terms.....	2
Section 1.2	Miscellaneous.....	6

ARTICLE II
ISSUANCE OF PREFERRED STOCK AND RESTRUCTURING

Section 2.1	Authorization of Shares.....	6
Section 2.2	Issuance of Preferred Stock.....	6
Section 2.3	Value of Preferred Stock.....	7
Section 2.4	Credit Agreement.....	7

ARTICLE III
CLOSING, DELIVERY

Section 3.1	The Closing.....	7
Section 3.2	Delivery.....	7

ARTICLE IV
 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Section 4.1	Corporate Existence and Power.....	7
Section 4.2	Subsidiaries.....	8
Section 4.3	Capitalization; Voting Rights.....	8
Section 4.4	Authorization; Binding Obligations.....	9
Section 4.5	SEC Reports; Financial Statements.....	10
Section 4.6	Offering Valid.....	10
Section 4.7	Certain Agreements or Obligations.....	11
Section 4.8	Compliance with Law; Governmental Approvals.....	11
Section 4.9	Government Regulation.....	12
Section 4.10	Litigation.....	12
Section 4.11	Absence of Defaults.....	12
Section 4.12	No Broker.....	12
Section 4.13	Restructured Claims.....	12
Section 4.14	Accuracy of Representations under Credit Agreement.....	12
Section 4.15	Accuracy and Completeness of Information.....	13

ARTICLE V
 REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Section 5.1	Requisite Power and Authority; Governmental Approvals.....	13
-------------	------------------------------------------------------------	----

TABLE OF CONTENTS
 (CONTINUED)

<TABLE>
 <CAPTION>

	PAGE
<S>	<C>
Section 5.2	Investment Representations..... 13
Section 5.3	Litigation..... 14
Section 5.4	No Broker..... 14

ARTICLE VI
 COVENANTS OF THE COMPANY AND THE INVESTORS

Section 6.1	Efforts.....	14
Section 6.2	Authorization of Additional Shares of Common Stock.....	14
Section 6.3	Reservation of Shares.....	14
Section 6.4	Regulatory and Other Authorizations; Notices and Consents.....	15
Section 6.5	Appointment of Directors.....	15
Section 6.6	Reporting Requirements.....	15

ARTICLE VII
 CONDITIONS TO CLOSING

Section 7.1	Conditions to Obligations of the Investors.....	18
-------------	-------------------------------------------------	----

ARTICLE VIII
SURVIVAL OF REPRESENTATIONS

Section 8.1 Survival of Representations and Warranties..... 20
 Section 8.2 Certain Other Matters Regarding Representations..... 20

ARTICLE IX
MISCELLANEOUS

Section 9.1 Investor Indemnification..... 20
 Section 9.2 Expenses..... 21
 Section 9.3 Notices..... 21
 Section 9.4 No Waiver, Remedies Cumulative..... 21
 Section 9.5 Delays or Omissions..... 21
 Section 9.6 Counterparts..... 22
 Section 9.7 Headings Descriptive..... 22
 Section 9.8 Entire Agreement; Supersedes Prior Agreement..... 22
 Section 9.9 Severability..... 22
 Section 9.10 Amendment or Waiver..... 22
 Section 9.11 Governing Law and Jurisdiction..... 22
 Section 9.12 Waiver of Jury Trial..... 23
 Section 9.13 Successors and Assigns..... 23
 Section 9.14 Release..... 23

</TABLE>

TABLE OF CONTENTS
(CONTINUED)

<TABLE>
<CAPTION>

	PAGE
<S> Section 9.15 No Third Party Beneficiaries.....	<C> 24

</TABLE>

EXHIBITS

- Exhibit A-1 - Series A Certificate of Designations
- Exhibit A-2 - Series B Certificate of Designations
- Exhibit B - Amended and Restated Certificate of Incorporation
- Exhibit C - Stockholders Agreement
- Exhibit D - Bylaws
- Exhibit E - Charter Amendment
- Exhibit F - Legal Opinion of Cozen O'Connor
- Exhibit G-1 - Employment Agreement Amendment
- Exhibit G-2 - Retention Agreement

SCHEDULES

Schedule 2.2	-	Issuance of Preferred Stock
Schedule 4.2(a)	-	Subsidiaries
Schedule 4.2(b)	-	Investments
Schedule 4.3(c)	-	Equity Securities; Repurchase Obligations, Price Adjustments
Schedule 4.7(a)	-	Certain Related Party Agreements
Schedule 4.7(b)	-	Debt and Guarantee to and Contracts with Related Parties
Schedule 4.8	-	Required Consents and Government Approvals
Schedule 4.10	-	Litigation
Schedule 4.12	-	No Broker
Schedule 4.13	-	Restructured Claims
Schedule 7.1(k)	-	Restructured Claims
Schedule 7.2(g)	-	Individuals Executing Employment and Retention Agreements
Schedule 9.14	-	Release Transactions

iii

TELESPECTRUM WORLDWIDE INC.

PREFERRED STOCK ISSUANCE
AND RESTRUCTURING AGREEMENT

PREFERRED STOCK ISSUANCE AND RESTRUCTURING AGREEMENT (this "AGREEMENT"), dated as of April 29, 2002, among TELESPECTRUM WORLDWIDE INC., a Delaware corporation (the "COMPANY"), the "LENDERS" listed on the signature pages hereto (individually referred to herein as a "LENDER," and collectively, as the "LENDERS") and BNP PARIBAS, as administrative agent for and as representative on behalf of the Lenders (in such capacity, the "ADMINISTRATIVE AGENT").

R E C I T A L S

WHEREAS, the Company has agreed on the terms set forth below to issue to the Lenders (each Lender, in its capacity as a purchaser hereunder and any transferee of Preferred Stock held by such Lender, an "INVESTOR," and collectively in such capacity, the "INVESTORS"): (i) 40,000 shares of Series A Preferred Stock, par value \$0.01 per share (the "SERIES A PREFERRED STOCK") in consideration for and in satisfaction of indebtedness in the amount of \$40,000,000 currently owing to the Lenders by the Company under the Existing Credit Agreement (as defined below); and (ii) 90,000 shares of Series B Convertible Preferred Stock, par value \$0.01 per share (the "SERIES B PREFERRED STOCK") in consideration for and in satisfaction of all indebtedness under the Existing Credit Agreement in excess of \$65,000,000 (expected to be approximately \$96,000,000 at Closing);

WHEREAS, the Shares of Series B Preferred Stock are to be converted into shares of Common Stock of the Company representing 95% of the outstanding Common Stock of the Company on the Closing Date on a Fully Diluted Basis;

WHEREAS, simultaneously and in connection with the issuance of the shares of Preferred Stock, the Lenders have agreed to amend and restate the terms of the existing Amended and Restated Credit Agreement dated as of April 16, 2001 between the Company, the Lenders and the Administrative Agent (as

amended through the date hereof and as such agreement or any provision thereof may have otherwise been amended, restated, supplemented, waived or otherwise modified from time to time prior to the date hereof, the "EXISTING CREDIT AGREEMENT");

WHEREAS, the Company desires that the Lenders and the Administrative Agent enter into the Second Amended and Restated Credit Agreement of even date herewith (as amended, restated, supplemented or modified from time to time in accordance with the terms thereof, the "CREDIT AGREEMENT") among the Company, the Lenders and the Administrative Agent; and

WHEREAS, the execution and delivery of this Agreement is a condition precedent to the Lenders' obligation to make or continue the Term Loans (as defined in the Credit Agreement).

NOW, THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Defined Terms. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement. For purposes of this Agreement, the following terms shall have the meanings herein specified unless the context requires otherwise. Defined terms in this Agreement shall include in the singular number the plural and in the plural the singular.

"Administrative Agent" means BNP Paribas, in its capacity as Administrative Agent for and as representative on behalf of the Lenders, and any successor thereto appointed pursuant to the Credit Agreement.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling (which may include, but is not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Agreement, as the same may be from time to time further modified, amended, amended and restated and/or supplemented together with all Exhibits and Schedules attached hereto or expressly incorporated herein by reference.

"Applicable Law" means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of all Governmental Authorities and all orders and decrees of all courts and arbitrators.

"Board" means the Board of Directors of the Company.

"Business Day" means for all purposes any day other than a Saturday, Sunday or legal holiday on which banks in New York, New York, are open for the conduct of their commercial banking business.

"Bylaws" has the meaning provided in Section 4.1.

"Certificate of Incorporation" has the meaning provided in Section 2.1.

"Charter Amendment" has the meaning provided in Section 6.2.

"Closing" has the meaning provided in Section 3.1.

2

"Closing Date" has the meaning provided in Section 3.1.

"Code" means the Internal Revenue Code of 1986, and the rules and regulations thereunder, each as amended, supplemented or otherwise modified.

"Common Stock" has the meaning provided in Section 4.3.

"Company" has the meaning provided in the Preamble to this Agreement.

"control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

"Conversion Shares" has the meaning provided in Section 2.1.

"Credit Agreement" has the meaning provided in the Recitals to this Agreement.

"CRW" means CRW Financial, Inc., a wholly owned Subsidiary of the Company.

"Debt" has the meaning assigned to such term in the Credit Agreement.

"Equity Securities" of a Person means any capital stock or other equity interest, or other securities convertible into or exercisable or exchangeable for capital stock or any other rights, warrants or options to acquire any of the foregoing securities or to participate in the equity of such Person, such as stock appreciation rights.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Existing Benefit Arrangements" has the meaning set forth in Section 4.3(c).

"Existing Credit Agreement" has the meaning provided in the Recitals to this Agreement.

"Fully Diluted Basis" means, with respect to any determination of the number of shares of Common Stock outstanding, the sum, as of the date of such determination, of (i) the number of shares of Common Stock actually issued and outstanding (but excluding Common Stock held by CRW), plus (ii) without duplication, the maximum number of shares of Common Stock issuable upon the exercise or conversion of all options, warrants, convertible securities and rights then outstanding whether or not then exercisable or convertible and regardless of the exercise or conversion price.

"GAAP" means generally accepted accounting principles, as recognized by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, consistently applied and maintained on a consistent basis for the Company and its Subsidiaries throughout the period indicated and consistent with the prior financial practice of the Company and its Subsidiaries.

3

"Governmental Approvals" means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"Governmental Authority" means any nation, province, state or other political subdivision thereof, and any government or any Person exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Group" has the meaning assigned to it in Section 13(d)(3) of the Exchange Act.

"Initial Conversion" has the meaning assigned to such term in the Series B Certificate of Designations.

"Initial Shares" means the 40,000 shares of Series A Preferred Stock and the 90,000 shares of Series B Preferred Stock to be issued to the Investors at the Closing.

"Investors" has the meaning provided in the Recitals to this Agreement.

"Lenders" has the meaning provided in the Preamble to this Agreement.

"Lien" means any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing.

"Loan Documents" has the meaning assigned to such term in the Credit Agreement.

"Material Adverse Effect" means a material adverse effect upon (a) the business, condition (financial or otherwise), operations, performance, prospects or properties of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company to consummate the transactions contemplated by the Preferred Stock Documents or perform its obligations thereunder.

"Obligations" has the meaning assigned to such term in the Credit Agreement.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, business trust, joint venture, joint stock company, sole proprietorship, unincorporated organization, Governmental Authority or any other form of entity or group thereof.

"PIK Shares" means the shares of Preferred Stock to be issued in payment of dividends on the Series A Preferred Stock upon the Company's election to do so under the Series A Certificate of Designations.

"Preferred Stock Documents" has the meaning provided in Section 4.8.

4

"Preferred Stock" has the meaning provided in Section 4.3.

"Restated Certificate" means the Certificate of Incorporation as amended and restated by the Charter Amendment.

"Restructured Claims" has the meaning provided in Section 7.1(k).

"Restructuring" has the meaning provided in Section 2.4.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"SEC" means, at any time, the Securities and Exchange Commission or any other federal agency then administering the Securities Act and other federal securities laws.

"SEC Reports" has the meaning provided in Section 4.5(a).

"Series A Certificate of Designations" has the meaning provided in Section 2.1.

"Series B Certificate of Designations" has the meaning provided in Section 2.1.

"Series A Preferred Stock" has the meaning provided in the Recitals to this Agreement.

"Series B Preferred Stock" has the meaning provided in the Recitals to this Agreement.

"Shares" means the Initial Shares and the PIK Shares.

"Specified Holder" shall have the meaning provided in Section 6.6(c).

"Stock Option Plan" means the Telespectrum Worldwide Inc. 2002 Stock Incentive Plan.

"Stockholders Agreement" has the meaning provided in Section 4.1.

"Subsidiary" means (i) any corporation of which a majority of the securities entitled to vote generally in the election of directors thereof, at the time as of which any determination is being made, are owned by another entity, either directly or indirectly, and (ii) any joint venture, general or limited partnership, limited liability company or other legal entity in which an entity is the record or beneficial owner, directly or indirectly, of a majority of the voting interests or the general partner.

"Taxes" means all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state, local or foreign taxing authority, including, but not limited to, income, excise, property, sales and use, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

"Term Loans" has the meaning assigned to such term in the Credit Agreement.

Section 1.2 Miscellaneous. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The use in this Agreement of the word "include" or "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

ARTICLE II
ISSUANCE OF PREFERRED STOCK AND RESTRUCTURING

Section 2.1 Authorization of Shares. The Company has authorized (i) the issuance to the Investors of up to (x) 100,000 shares of Series A Preferred Stock (consisting of 40,000 Initial Shares of Series A Preferred Stock and up to 60,000 shares of Series A Preferred Stock issuable as PIK Shares in respect thereof) and (y) 90,000 shares of Series B Preferred Stock (collectively, the "Shares") and (ii) the issuance of 740,049,366 shares of Common Stock to be issued upon conversion of the shares of Series B Preferred Stock; provided that the Company's authorization to issue more than 155,437,119 Conversion Shares is subject to the completion of the transactions described in Section 6.2 hereof. Following the Closing, the Company will seek to increase the number of authorized shares of Common Stock to be issued upon conversion of the shares of the Series B Preferred Stock in accordance with Section 6.2 hereof. All shares of Common Stock issuable or issued upon conversion of the Series B Preferred Stock are referred to herein as the "Conversion Shares." The shares of Series A Preferred Stock shall have the rights, preferences, privileges and restrictions set forth in the Certificate of Designations of Series A Preferred Stock of the Company in the form attached hereto as Exhibit A-1 (the "Series A Certificate of Designations"). The shares of Series B Preferred Stock shall have the rights, preferences, privileges and restrictions set forth in the Certificate of Designations of Series B Convertible Preferred Stock of the Company in the form attached hereto as Exhibit A-2 (the "Series B Certificate of Designations"). The Conversion Shares shall have the rights, preferences, privileges and restrictions set forth in the Certificate of Incorporation of the Company, as amended through the date hereof, attached hereto as Exhibit B (the "Certificate of Incorporation").

Section 2.2 Issuance of Preferred Stock. Subject to the terms and conditions hereof, at the Closing, the Company shall issue to the Investors (i) the Initial Shares of Series A Preferred Stock in consideration for and in satisfaction of indebtedness in the sum of \$40,000,000 under the Existing Credit Agreement and (ii) the Initial Shares of Series B Preferred Stock in consideration for and in satisfaction of indebtedness in the amount equal to all outstanding "Obligations" (as defined in the Existing Credit Agreement) on the Closing Date, before giving effect to the transactions contemplated by this Agreement, in excess of \$65,000,000. The number of Initial Shares to be issued to each Investor shall be equal to the amount set forth opposite such Investor's name on Schedule 2.2 attached hereto. In the event that any Equity Securities of the Company (other than as disclosed in Section 4.3 hereof) were outstanding on the date hereof or any shares of Common Stock indicated in Section 4.3 as being held by CRW were not held by CRW or the Company (in each case, "Undisclosed Securities"),

the Company shall take all actions necessary, including the issuance of additional Common Stock to the Investors and Peter Pierce, such that, if such additional shares of Common Stock were issued on the date hereof, the Investors would have owned 95% of the Common Stock and Peter Pierce would have owned 0.5% of the Common Stock on the date hereof on a Fully Diluted Basis giving effect to such Undisclosed Securities.

Section 2.3 Value of Preferred Stock. The Company and the Investors have engaged FTI/Policano & Manzo ("P&M") to determine the value of the Series A Preferred Stock and Series B Preferred Stock issued pursuant hereto. P&M shall deliver a copy of its valuation opinion to the Company and to the Administrative Agent for delivery to each Investor. None of the Company, Administrative Agent or Lenders shall take any position on any Tax return that is not consistent with the valuations of the Preferred Stock as set forth in P&M's valuation opinion.

Section 2.4 Credit Agreement. Subject to the terms and conditions hereof, at the Closing, the Company, each Investor and the Administrative Agent hereby agree to enter into the Credit Agreement and the other Loan Documents (the consummation of the transactions contemplated by the Credit Agreement and the other Loan Documents together with the Issuance of Preferred Stock and the other transactions contemplated hereby, collectively referred to herein as the "Restructuring").

ARTICLE III CLOSING, DELIVERY

Section 3.1 The Closing. The closing of the Restructuring (the "Closing") shall take place on April 29, 2002 (such date, the "Closing Date"), at the offices of O'Melveny & Myers LLP, 153 East 53rd Street, New York, NY, or at such other location as may be mutually agreed by the Company and the Investors.

Section 3.2 Delivery. At the Closing, subject to the terms and conditions hereof, the Company shall deliver to the Investors certificates evidencing the Initial Shares to be issued to such Investor in accordance with Section 2.2, registered in such Investor's or its nominee's name.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Investor as follows:

Section 4.1 Corporate Existence and Power. Each of the Company and its Subsidiaries is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of incorporation or formation, as the case may be, and has all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as currently conducted. The Company has all requisite corporate power and authority to execute and deliver this Agreement and the Stockholders Agreement in the form attached hereto as Exhibit C (the "Stockholders Agreement"), to issue the Shares and the Conversion Shares and consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder; provided that the Company's authorization to issue more than 155,437,119 Conversion Shares is subject to completion of the transactions

described in Section 6.2 hereof. Each of the Company and its Subsidiaries is duly qualified and is authorized to do business and is in good standing as a foreign corporation or other entity in all jurisdictions in which the character or location of its activities and of the properties owned or operated by it makes such qualification necessary, except where the failure to be so qualified would not be reasonably likely to have a Material Adverse Effect. The Company has provided to the Administrative Agent for distribution to the Investors a complete and correct copy of the Certificate of Incorporation and of its Bylaws, as amended through the date hereof, attached hereto as Exhibit D (the "Bylaws").

Section 4.2 Subsidiaries.

(a) Schedule 4.2(a) accurately sets forth each Subsidiary of the Company, including its name, place of incorporation or formation, and if not wholly owned directly or indirectly by the Company, the record ownership as of the date of this Agreement of all capital stock or other equity interests issued thereby. All shares of capital stock or other equity interests of any Subsidiary directly or indirectly owned by the Company have been duly authorized and validly issued, are fully paid and nonassessable and are directly or indirectly owned by the Company free and clear of any Liens (other than Liens securing obligations under the Credit Agreement) and have not been issued in violation of, nor subject to, any preemptive, subscription or other similar rights.

(b) Except for the Subsidiaries and as set forth on Schedule 4.2(b), the Company does not own any capital stock, membership interests, security or other interest in any other Person, and except as set forth on Schedule 4.2(b), neither the Company nor any of its Subsidiaries has any written, or to the knowledge of the Company, oral understanding or agreement to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any other Person.

Section 4.3 Capitalization; Voting Rights.

(a) Immediately prior to the Closing, the authorized capital stock of the Company consisted of the following: (i) 200,000,000 shares of Common Stock, par value \$0.01 per share (the "Common Stock"), 40,667,884 shares of which are issued and outstanding (of which 6,946,583 shares are held by CRW, which shares shall be contributed to the Company promptly after Closing); and (ii) 5,000,000 shares of Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), none of which are issued and outstanding.

(b) All issued and outstanding shares of the Company's capital stock (i) have been duly authorized and validly issued, (ii) are fully paid and nonassessable, (iii) were issued in compliance with all applicable state and federal laws concerning the issuance of securities and (iv) were not issued in violation of, or subject to, any preemptive, subscription or other similar rights of any other Person.

(c) Schedule 4.3(c) sets forth a true and correct list of all employment agreements, stock option agreements, bonus plans and similar agreements or arrangements in effect immediately prior to Closing and the parties thereto (the "Existing Benefit Arrangements"). Except as listed on Schedule 4.3(c) under the heading "Continuing Benefit

Arrangements," all Existing Benefit Arrangements have been terminated and the Company has no further obligations with respect thereto. The Company has delivered to Administrative Agent for distribution to each Investor a copy of the Stock Option Plan to be adopted by the Board following the approval of the Charter Amendment. Schedule 4.3(c) sets forth a true and complete summary of Equity Securities of the Company outstanding immediately prior to Closing, including the holders thereof in the case of options (other than options issued pursuant to the Company's 1996 Equity Compensation Plan), warrants or other convertible securities. Except as set forth on Schedule 4.3(c), and except as may be granted pursuant to this Agreement, there are no outstanding subscriptions, options, calls, warrants, rights (including conversion or preemptive rights and rights of first refusal), agreements or other Equity Securities of any kind for the purchase or acquisition from the Company or any Subsidiary of any of their securities, nor has the Company taken or agreed to take any action to issue or grant the same. Except as described in this Agreement or set forth on Schedule 4.3(c), (x) there are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any securities of the Company or any voting or Equity Securities or interests of any Subsidiary, (y) except as contemplated hereunder or under the Stockholders Agreement, there is no voting trust, proxy, stockholder or other agreements or understandings to which the Company or any of its Subsidiaries or, to the knowledge of the Company, any of its stockholders is a party or is bound with respect to the voting or transfer of the capital stock or other voting securities of the Company or any of its Subsidiaries and (z) there are no other subscriptions, options, calls, warrants or other rights (including registration rights, whether demand or piggyback registration rights), agreements, arrangements or commitments of any character relating to the issued or unissued Equity Securities of the Company or any of its Subsidiaries to which the Company or any of its Subsidiaries is a party. The issuance of the Shares (including Conversion Shares) is not and will not be subject to any preemptive rights, rights of first refusal, subscription or similar rights that have not been properly waived.

(d) The Shares have been duly and validly authorized and 155,437,119 of the Conversion Shares have been duly and validly reserved for issuance. Upon issuance of the Initial Shares, any Shares issued as PIK Shares and the Conversion Shares in accordance with the provisions of this Agreement and the Series A Certificate of Designations, the Series B Certificate of Designations, the Certificate of Incorporation or the Restated Certificate, as the case may be, such shares will be duly authorized, validly issued, fully paid and nonassessable, will be delivered to each Investor free and clear of all Liens (other than limitations on transfer required by the Securities Act and those placed thereon pursuant to the Stockholders Agreement) and will have the rights, preferences, privileges and restrictions set forth in the Series A Certificate of Designations, the Series B Certificate of Designations, the Certificate of Incorporation or the Restated Certificate, as the case may be.

Section 4.4 Authorization; Binding Obligations. All corporate action on the part of the Company, its officers, directors and stockholders necessary

for the designation of the Preferred Stock, the execution and delivery of this Agreement, the Stockholders Agreement and the Loan Documents, the consummation of the transactions contemplated hereby and thereby and the performance of all obligations of the Company hereunder and thereunder as of the Closing Date has been taken or will be taken prior to the Closing Date; provided that the issuance of more than 155,437,119 of the Conversion Shares is subject to completion of the transactions described in Section 6.2 hereof. The authorizations taken as described in the

preceding sentence provide that neither the Investors as a group nor any Investor will be an "interested stockholder" of the Company (as that term is used in Section 203 of the Delaware General Corporation Law) as a result of their acquisition of the Preferred Stock, the Conversion Shares, or the consummation of any of the transactions contemplated by the Preferred Stock Documents. This Agreement is and the Stockholders Agreement and Loan Documents will be, when executed and delivered, legal, valid and binding obligations of the Company enforceable against it in accordance with their respective terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by general equitable principles (whether considered in a proceeding in equity or at law).

Section 4.5 SEC Reports; Financial Statements.

(a) The Company has filed with the SEC all forms, reports, schedules, proxy statements (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "SEC Reports") required to be filed by the Company with the SEC since January 1, 2001. As of its date of filing, each SEC Report complied in all material respects with the requirements of the Exchange Act or the Securities Act and none of such SEC Reports (including any and all financial statements included therein) contained when filed or (except to the extent revised or superceded by a subsequent filing with the SEC prior to the date hereof) contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2001 and the related consolidated statements of income and retained earnings and cash flows for the twelve-month period then ended, copies of which have been furnished to the Investors and have been or will be included in the SEC Reports, when read together with the other financial information pertaining to the Company and its Subsidiaries which has heretofore been furnished in writing to the Investors, fairly present the assets, liabilities and financial position (on a consolidated basis) of the Company and its Subsidiaries as at such dates, and the results of the operations and changes of financial position (on a consolidated basis) for the periods then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the

periods involved, except as indicated in the notes thereto and comply as to form, as of their date of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Neither the Company nor any of its Subsidiaries has any material Debt, obligation or other unusual forward or long-term commitment which is required to be reflected or reserved for and is not fairly reflected or reserved for in the foregoing financial statements or in the notes thereto. Since the date of the most recent balance sheet included in the SEC Reports, neither Company nor any of its Subsidiaries has incurred liabilities or any other obligations whatsoever that are material (individually or in the aggregate) to the Company and its Subsidiaries, taken as a whole, except current liabilities incurred in the ordinary course of business consistent with past practice.

Section 4.6 Offering Valid. Assuming the accuracy of the representations and warranties of the Investors contained in Section 5.2 hereof, the offer, sale and issuance of the

10

Shares will be exempt from the registration requirements of the Securities Act and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

Section 4.7 Certain Agreements or Obligations.

(a) Except as set forth on Schedule 4.7(a) or disclosed in the SEC Reports, there are no contracts, agreements, understandings or proposed transactions between the Company or any Subsidiary and any of its officers, directors or Affiliates or any family member or Affiliate thereof that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC.

(b) Except as disclosed in the SEC Reports, there are no obligations of the Company or any Subsidiary to their respective officers, directors, stockholders, or employees or any family member or Affiliate thereof other than (a) for payment of salary for services rendered, (b) reimbursement for reasonable expenses incurred on behalf of the Company or Subsidiary and (c) for other standard employee benefits made generally available to all employees (including stock option agreements outstanding under the Stock Option Plan). Except as set forth on Schedule 4.7(b), neither the Company nor any Subsidiary is a guarantor or indemnitor of any Debt of any other Person. Except as disclosed in the SEC Reports or as set forth on Schedule 4.7(b), neither the Company nor any Subsidiary is indebted, directly or indirectly, to any of their respective officers, directors or stockholders or to any family member or Affiliate thereof, in any amount whatsoever, other than for normal travel advances or reimbursement for normal business expenses; and none of such officers, directors or stockholders or any family member or Affiliate thereof is indebted to the Company or any Subsidiary. Schedule 4.7(b) sets forth a description of all transactions since January 1, 2001, between the Company and any of its officers, directors and stockholders, and their respective spouses

and children in which such persons had a direct or indirect material interest which are not disclosed in the SEC Reports.

Section 4.8 Compliance with Law; Governmental Approvals.

The execution, delivery and filing (where applicable) by the Company of this Agreement, the Stockholders Agreement, the Series A Certificate of Designations and the Series B Certificate of Designations (collectively, the "Preferred Stock Documents") and the Loan Documents, and its performance of its obligations under the Preferred Stock Documents and the Loan Documents in accordance with their respective terms, the issuance of the Preferred Stock and Conversion Stock and the consummation of the transactions contemplated hereby and thereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) require any Governmental Approval not previously obtained and disclosed in writing to the Investors or violate any Applicable Law relating to the Company or any of its Subsidiaries, (ii) conflict with, result in a breach of or constitute a default under the certificate of incorporation, bylaws or other organizational documents of the Company or any of its Subsidiaries or any indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person, (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person, or (iv) other than as described in Section 6.2 hereof, require any approval of stockholders or similar equity holders or any approval or consent of any Person

11

under any indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound, except for such Governmental Approvals or other approvals or consents listed on Schedule 4.8 which will be obtained on or before the Closing Date.

Section 4.9 Government Regulation. Neither the Company nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" (as each such term is defined or used in the Investment Company Act of 1940, as amended) and neither the Company nor any of its Subsidiaries is, or after giving effect to the consummation of the transactions contemplated by the Preferred Stock Documents will be, subject to regulation under the Public Utility Holding Company Act of 1935 or the Interstate Commerce Act, each as amended, or any other Applicable Law which limits its ability to incur or consummate the transactions contemplated hereby.

Section 4.10 Litigation. Except as set forth on Schedule 4.10, as of the Closing Date there are no actions, suits or proceedings at law or in equity pending nor, to the knowledge of the Company or any of its Subsidiaries, threatened against or in any other way relating adversely to or affecting the Company or any of its Subsidiaries or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority which, if adversely determined, could reasonably be expected to have a Material Adverse Effect. There are no material outstanding or unpaid judgments against the Company or any of its Subsidiaries.

Section 4.11 Absence of Defaults. After giving effect to the Restructuring, no event has occurred or is continuing, or will result from the Restructuring, which constitutes a Default or an Event of Default (in each case, as defined in the Credit Agreement).

Section 4.12 No Broker. Neither the Company nor any of its Subsidiaries has employed any broker or finder, or incurred any liability for any brokerage or finders' fees or any similar fees or commissions in connection with the transactions contemplated by this Agreement, except as set forth on Schedule 4.12.

Section 4.13 Restructured Claims. The Company has furnished to the Investors true and complete copies of the instruments and documents relating to the restructuring or settlement of the obligations of the Company under each of the Restructured Claims. No agreement or understanding exists with respect to the obligations under the Restructured Claims that have not been disclosed to the Investors. Except as set forth on Schedule 4.13, on the Closing Date, the Company shall have no Debt or other liabilities to any Person other than (i) Debt under the Loan Documents, (ii) trade claims and other obligations incurred in the ordinary course of business which are not past due and (iii) the portion of the Restructured Claims to be paid after the Closing.

Section 4.14 Accuracy of Representations under Credit Agreement. Each of the representations and warranties set forth in the Credit Agreement and the other Loan Documents is true as of the Closing Date except for those that speak as of a date certain, in which case they were true as of such date.

12

Section 4.15 Accuracy and Completeness of Information. All written information, reports and other papers and data produced by or on behalf of the Company and furnished to the Investors were, at the time the same were so furnished, complete and correct in all material respects to the extent necessary to give the recipient a true and accurate knowledge of the subject matter. No document furnished or written statement made to the Administrative Agent or the Investors by the Company in connection with the negotiation, preparation or execution of this Agreement, any of the other Preferred Stock Documents or any of the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading. The Company is not aware of any facts not disclosed in writing to the Administrative Agent or the Investors which could reasonably be expected to have a Material Adverse Effect.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor (as to itself only) hereby represents and warrants to the Company as follows:

Section 5.1 Requisite Power and Authority; Governmental Approvals. Such Investor is duly organized, validly existing and in good standing under the

laws of its jurisdiction of formation. Such Investor has all requisite power and authority to execute and deliver this Agreement and the Stockholders Agreement, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. All action on such Investor's part necessary for the execution and delivery of this Agreement, the Loan Documents and the Stockholders Agreement, the consummation of the transactions contemplated hereby and thereby and the performance of all obligations of such Investor hereunder and thereunder as of the Closing Date has been or will be effectively taken prior to the Closing Date. This Agreement, the Loan Documents and the Stockholders Agreement will be, when executed and delivered, legal, valid and binding obligations of such Investor, enforceable against it in accordance with their terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by general equitable principles (whether considered in a proceeding in equity or at law). The execution and delivery of this Agreement, the Loan Documents and the Stockholders Agreement and the performance of such Investor's obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby do not require any Governmental Approval not previously obtained and disclosed in writing to the Company, except for such approvals or filings as may be required by federal or state securities laws.

Section 5.2 Investment Representations. Such Investor acknowledges that the Shares and the Conversion Shares have not been registered under the Securities Act or under any state securities laws and are subject to certain restrictions on transfer set forth in the Stockholders Agreement. Such Investor (a) is acquiring the Shares and the Conversion Shares for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof, (b) is an "accredited investor" within the meaning of Regulation D, Rule 501(a), promulgated by the SEC, (c) acknowledges that the Shares and the Conversion Shares must be held indefinitely unless subsequently registered under the Securities

13

Act or unless an exemption from the registration requirements of the Securities Act is available and (d) represents that by reason of its business or financial experience, such Investor has the capacity to protect its own interests in connection with the transactions contemplated by this Agreement and the Stockholders Agreement. Such Investor has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management. Such Investor has had an opportunity to ask questions of and receive answers from officers of the Company.

Section 5.3 Litigation. There is no action, suit or proceeding at law or in equity pending, or to such Investor's knowledge, currently threatened against such Investor which, if adversely determined, would, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Investor to perform its obligations under this Agreement and the Stockholders Agreement and to consummate the transactions contemplated hereby and thereby.

Section 5.4 No Broker. Such Investor has not employed any broker or finder, or incurred any liability for any brokerage or finders' fees or any similar fees or commissions in connection with the transactions contemplated by this Agreement.

ARTICLE VI
COVENANTS OF THE COMPANY AND THE INVESTORS

Section 6.1 Efforts. Each party hereto agrees to use commercially reasonable efforts to take any and all actions required in order to consummate the transactions contemplated in this Agreement and the Stockholders Agreement.

Section 6.2 Authorization of Additional Shares of Common Stock. It is a condition to the Closing hereunder that the Board of Directors of the Company shall have adopted a resolution approving an amendment to the Certificate of Incorporation in the form of Exhibit E (the "Charter Amendment"), providing for an increase in the authorized number of shares of Common Stock from 200,000,000 to 900,000,000 shares and declaring the advisability of such Charter Amendment to its stockholders. Following the Closing Date, the Company shall use commercially reasonable efforts to obtain approval of such Charter Amendment from its stockholders and to implement such reverse stock split as provided herein. Without limiting the generality of the foregoing, the Company shall include a request for approval of such Charter Amendment in its proxy materials for its 2002 annual stockholders meeting to be held on as soon as reasonably possible, but in any event within 120 days of the date hereof. The Company agrees that the record date for matters to be voted upon at such annual meeting of stockholders shall be a date following the Initial Conversion. The Investors agree to vote all Shares and Conversion Shares held by them on the record date for such meeting in favor of such Charter Amendment.

Section 6.3 Reservation of Shares. From and after the Closing, the Company shall at all times reserve and keep available for issuance (a) 60,000 shares of Series A Preferred Stock for payment of the dividends on the Series A Preferred Stock (less such number of shares of Series A Preferred Stock that are issued as PIK Shares) and (b) such number of its authorized but unissued shares of Common Stock as shall be sufficient to permit the issuance of all of the

Conversion Shares and all options issued pursuant to the Stock Option Plan, provided that the Company shall not be required to reserve more than 155,437,119 shares of Common Stock for issuance as Conversion Shares until the Charter Amendment has become effective in accordance with Section 6.2 above.

Section 6.4 Regulatory and Other Authorizations; Notices and Consents. Each of the parties hereto shall use their commercially reasonable efforts to give such notices and obtain all other authorizations, consents, orders and approvals of all governmental authorities and other third parties that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement and the Stockholders Agreement and will cooperate fully with the other parties hereto in promptly seeking to obtain all such authorizations, consents, orders and approvals.

Section 6.5 Appointment of Directors. Upon the Closing, the Company shall take all action (including adoption of any required amendment to the Company's Bylaws) necessary to fix the size of the Board at five directors, to cause there to occur three vacancies on the Board and to have such vacancies filled by the remaining directors such that the Board is composed as set forth in the Stockholders Agreement.

Section 6.6 Reporting Requirements.

(a) If all Obligations under the Credit Agreement are repaid and any shares of Series A Preferred Stock or Series B Preferred Stock remain outstanding, then thereafter the Company will deliver, or will cause to be delivered, the following to each holder of Series A Preferred Stock and/or Series B Preferred Stock:

(i) As soon as available and in any event within 30 days after the end of each month, a consolidated balance sheet of the Company and its Subsidiaries, in each case as of the end of such month, and consolidated statements of operations and cash flows of the Company and its Subsidiaries, in each case for the period commencing at the end of the previous month and ending with the end of such month, and consolidated statements of operations and cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such month, setting forth in each case in comparative form the corresponding figures for the corresponding month and fiscal year-to-date period of the preceding fiscal year and the corresponding figures for the corresponding month and fiscal year-to-date period of the annual forecast previously delivered pursuant to this Section 6.6(a), all in reasonable detail and duly certified by the chief financial officer of the Company, together with, (A) in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP and (B) a brief narrative prepared by the chief financial officer of the Company, outlining the factors impacting the financial results of the Company and its Subsidiaries for such month.

(ii) As soon as available and in any event within 45 days after the end of each fiscal quarter, a consolidated balance sheet of the Company and its Subsidiaries, in each case as of the end of such fiscal quarter, and consolidated statements of

operations and cash flows of the Company and its Subsidiaries, in each case for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter, and consolidated statements of operations and cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter, setting forth in each case in comparative form the corresponding figures for the

corresponding fiscal quarter and fiscal year-to-date period of the preceding fiscal year and the corresponding figures for the corresponding month and fiscal year-to-date period of the annual forecast previously delivered pursuant to this Section 6.6(a), all in reasonable detail and duly certified by the chief financial officer of the Company, together with, in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP.

(iii) As soon as available and in any event within 90 days after the end of each fiscal year, a copy of the annual audit report for such year for the Company and its Subsidiaries, including therein a consolidated balance sheet of the Company and its Subsidiaries, as of the end of such fiscal year, and consolidated statements of operations and cash flows of the Company and its Subsidiaries, in each case for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal year, accompanied as to such consolidated statements by an opinion of an independent public accountant of recognized standing, together with (i) a copy of any management letter prepared by such accounting firm with respect to such fiscal year and distributed to the Company and (ii) in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP.

(iv) When available, one copy of each annual report on Form 10-K and quarterly report on Form 10-Q of the Company, as filed with the SEC.

(v) Such other financial statements and financial information as the Company is required to deliver to the Lenders pursuant to the Credit Agreement, as in effect immediately before repayment of the Obligations thereunder.

(b) The Company will deliver to the Administrative Agent for its review and comment a reasonable time prior to the filing thereof a draft of any information proposed to be included in any periodic report to be filed by the Company under the Exchange Act, any proxy materials to be filed or distributed by the Company pursuant to the Exchange Act, any registration statement to be filed by the Company under the Securities Act, or any press release or public announcement to be issued by the Company which information, in any such case, describes or otherwise relates to terms or ownership of the Series A Preferred Stock or the Series B Preferred Stock, the provisions of this Agreement or any other agreement among the holders of the Series A Preferred Stock or the Series B Preferred Stock. Notwithstanding the foregoing, this Section 6.6(b) shall not require prior delivery of any such information that relates solely to the Credit Agreement and the terms thereof that is consistent with the Company's prior disclosure policies and practices relating to the Existing Credit Agreement. The reasonable comments and proposed changes to any such disclosure provided by any Series A Stockholder or

Series B Stockholder will be incorporated into any such report, proxy statement, registration statement or announcement prior to the filing or dissemination thereof.

(c) The Company shall, and shall cause its Subsidiaries, officers, directors, employees, auditors and other agents to, (a) afford the officers, employees, auditors and other agents of the Administrative Agent and any holder or holders of more than 2,000 shares (to be adjusted for any stock split, reverse stock split, stock dividend or similar event) of the outstanding Series A Preferred Stock or Series B Preferred Stock (a "Specified Holder"), during normal business hours reasonable access at all reasonable times to its officers, employees, auditors, legal counsel, properties, offices, plants and other facilities and to all books and records, (b) furnish any Specified Holder with all financial, operating and other data and information as such Specified Holder, through its officers, employees, agents or representatives, may from time to time reasonably request and (c) afford such Specified Holder the opportunity to discuss the Company's affairs, finances and accounts with the Company's officers from time to time as such Specified Holder may reasonably request.

(d) The provisions of this Section 6.6 shall terminate with respect to any Series A or Series B Stockholder at such time as such stockholder and its Affiliates cease to own any shares of Series A Preferred Stock or Series B Preferred Stock, as applicable. In addition, if any Series A Stockholder or Series B Stockholder requests in writing that the Company cease providing to it any information described in this Article VI for any period, the Company shall comply with such request.

(e) Each of the parties hereto hereby agrees that throughout the term of this Agreement it shall keep confidential (and shall cause its directors, officers, general and limited partners, employees, representatives and outside advisors and its Affiliates to keep confidential) all information relating to the Company that it receives as an Investor from the Company that is clearly identified as confidential or non-public by the Company except information which (a) becomes known to such Investor from a source, other than the Company, its directors, officers, employees, representatives or outside advisors, which source is not obligated to the Company to keep such information confidential, (b) becomes generally available to the public through no breach of this Agreement by any party hereto or (c) the Investor discloses at the request of any Governmental Authority or pursuant to legal process. Each of the parties hereto agrees that (i) such information may be communicated to the directors, officers, general and limited partners, employees, representatives, outside advisors and Affiliates of any of the parties and (ii) it will cause its directors, officers, general and limited partners, employees, representatives, outside advisors or Affiliates to keep such non-public information confidential. Each Investor acknowledges and agrees that it shall not, and it shall take reasonable precautions to ensure that its directors, officers, general and limited partners, representatives, outside advisors and Affiliates (to the extent such Persons are provided access to material non-public information regarding Company by such Investor) do not, trade in the Company's securities at such time as it is in possession of material non-public information.

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.1 Conditions to Obligations of the Investors. The obligations of the Investors to effect the Closing shall be subject to the following conditions, except to the extent waived in writing by the Investors:

(a) Representations and Warranties True; Performance of Obligations. Each of the representations and warranties of the Company contained in this Agreement and the Loan Documents that is qualified as to materiality or Material Adverse Effect shall be true and correct, and each of the representations and warranties of the Company contained in this Agreement or the Loan Documents that is not so qualified as to materiality or Material Adverse Effect shall be true and correct in all material respects, in each case as of the Closing Date (except for those representations and warranties which address matters only as of a particular date, which shall be true and correct, or true and correct in all material respects, as the case may be, as of such date). The Company shall have performed in all material respects all agreements, obligations, covenants and conditions herein or therein required to be performed or observed by it on or prior to the Closing Date.

(b) Legal Investment. At the time of Closing, there shall not be in effect any Applicable Law directing that the purchase and sale of the Shares and the other transactions contemplated by this Agreement and the Stockholders Agreement not be consummated or which has the effect of rendering it unlawful to consummate such transactions.

(c) Proceedings and Litigation. No action, suit or proceeding at law or in equity shall have been commenced by any Governmental Authority against any party hereto seeking to restrain or delay the purchase and sale of the Shares or the other transactions contemplated by this Agreement and the Stockholders Agreement.

(d) Approvals. All approvals, consents, permits and waivers of Governmental Authorities and of the third parties listed on Schedule 4.8 necessary or appropriate for consummation of the transactions contemplated by this Agreement and the Stockholders Agreement shall have been obtained, and no such approval, consent, permit or waiver of any Governmental Authority or such other third party shall contain any term or condition that any Investor in its reasonable discretion determines to be unduly burdensome. The Board of Directors of the Company shall have adopted a resolution approving the Charter Amendment and declaring its advisability to the stockholders of the Company.

(e) Compliance Certificate; Secretary's Certificate. The Company shall have delivered to the Investors a compliance certificate, executed by the Chief Executive Officer or the President of the Company, dated as of the Closing Date, to the effect that the conditions specified in Section 7.1(a) and Section 7.1(c) have been satisfied. The Company shall have delivered to the Investors a certificate executed by the Secretary of the Company, dated as of the Closing Date, certifying as to (i) the resolutions of the Board evidencing approval of

the consummation of the transactions contemplated by this Agreement and the Stockholders Agreement and the authorization of the named officer or officers to execute and deliver this Agreement and the Stockholders Agreement, (ii) certain of the officers of the Company, their

18

titles and examples of their signatures and (iii) the resolution described in the last sentence of Section 7.1(d) above.

(f) Legal Opinion. The Investors shall have received from legal counsel to the Company an opinion addressed to them, dated as of the Closing Date, in substantially the form attached hereto as Exhibit F.

(g) Certificates of Designations. The Series A Certificate of Designations and the Series B Certificate of Designations shall have been filed with and certified by the Secretary of State of the State of Delaware.

(h) Stockholders Agreement. The Stockholders Agreement shall have been executed and delivered by the Company and the Management Agent (as defined therein).

(i) Credit Agreement. The Credit Agreement and the other Loan Documents shall have been executed and delivered by the Borrowers.

(j) Board of Directors. The Company shall have taken all actions required by Section 6.5.

(k) Restructured Claims. The Company shall have restructured or settled each of the obligations described on Schedule 7.1(k), in each case on terms and pursuant to documentation in form and substance satisfactory to the Investors in their sole discretion (collectively, and as they may hereafter be amended, restated or otherwise modified pursuant to the terms hereof and thereof, the "Restructured Claims").

Section 7.2 Conditions to Obligations of the Company. The obligations of the Company to effect the Closing shall be subject to the following conditions, except to the extent waived in writing by the Company:

(a) Representations and Warranties True. Each of the representations and warranties of the Investors contained in this Agreement shall be true and correct in all material respects as of the Closing Date. Each Investor shall have performed in all material respects all agreements, obligations, covenants and conditions herein required to be performed or observed by it on or prior to the Closing Date.

(b) Legal Investment. At the time of Closing, there shall not be in effect any Applicable Law directing that the purchase and sale of the Shares and the other transactions contemplated by this Agreement and the Stockholders Agreement not be consummated or which has the effect of rendering it unlawful to consummate such transactions.

(c) Proceedings and Litigation. No action, suit or proceeding at law or in equity shall have been commenced by any Governmental Authority against any party hereto seeking to restrain or delay the purchase and sale of the Shares or the other transactions contemplated by this Agreement and the Stockholders Agreement.

(d) Approvals. All approvals, consents, permits and waivers of Governmental Authorities and other third parties listed on Schedule 4.8(a) necessary or appropriate for

19

consummation of the transactions contemplated by this Agreement and the Stockholders Agreement shall have been obtained.

(e) Stockholders Agreement. The Stockholders Agreement shall have been executed and delivered by each Investor.

(f) Credit Agreement. The Credit Agreement and any other Loan Documents requiring the signature of each Investor shall have been executed and delivered by each Investor.

(g) Employment and Retention Agreements. Amendments to the existing employment agreements in substantially the forms under Exhibit G-1 hereto and retention agreements in substantially the forms under Exhibit G-2 hereto, respectively, shall have been executed and delivered by the Company and the individuals listed on Schedule 7.2(g) hereto.

ARTICLE VIII SURVIVAL OF REPRESENTATIONS

Section 8.1 Survival of Representations and Warranties. The representations and warranties contained in this Agreement shall survive indefinitely.

Section 8.2 Certain Other Matters Regarding Representations

(a) The representations and warranties contained in Article IV and V of this Agreement, and the rights and remedies that may be exercised by any Person with respect thereto, shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by, any such Person or its representatives.

(b) For purposes of this Agreement, each statement or other item of information set forth by any party on any Schedule hereto shall be deemed to be a representation and warranty made by such party in this Agreement.

ARTICLE IX MISCELLANEOUS

Section 9.1 Investor Indemnification. The Company agrees to indemnify and hold harmless each Investor, its respective directors and officers

and its Affiliates (and the directors, officers, partners, Affiliates and controlling persons thereof, each, an "INVESTOR INDEMNITEE") from and against any and all liability, including, without limitation, all obligations, costs, fines, claims, actions, injuries, demands, suits, judgments, proceedings, investigations, arbitrations (including stockholder claims, actions, injuries, demands, suits, judgments, proceedings, investigations or arbitrations) and expenses, including, without limitation, accountant's and attorney's fees and expenses (together the "LOSSES"), incurred by such Investor or such Investor Indemnatee before or after the date of this Agreement and arising out of, resulting from, or relating to (i) such Investor's purchase and/or ownership of the Equity Securities of the Company, (ii) the transactions contemplated by this Agreement, the Stockholders Agreement, the Series A Certificate of Designations and the Series B Certificate of Designations, (iii) any litigation to which an Investor or an Investor Indemnatee is made a party in its capacity as a preferred stockholder or owner of preferred securities (or a partner, director,

20

officer, Affiliate or controlling person of an Investor in such capacity) of the Company or (iv) any franchise taxes imposed on an Investor attributable to its ownership of Series A Preferred Stock or Series B Preferred Stock; provided that indemnification for Claims referred to in Section 5.7 of the Stockholders Agreement shall be available solely in accordance with and governed by such Sections.

Section 9.2 Expenses. The Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement, the Stockholders Agreement and the Loan Documents. In addition, the Company shall, at or after the Closing, reimburse all reasonable expenses of the Administrative Agent and each Investor incurred in connection with the consummation of the transactions contemplated by this Agreement, the Stockholders Agreement and the Loan Documents, including the payment of the reasonable fees, disbursements and expenses payable to consultants, accountants and counsel to the Administrative Agent and each Investor. The Company shall also pay the fees and expenses of the Administrative Agent and each Investor (including the payment of the reasonable fees, disbursements and expenses payable to consultants, accountants and counsel to the Administrative Agent and each Investor) with respect to the enforcement of any rights hereunder.

Section 9.3 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; provided, however, that notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent. All communications shall be sent to the parties at their respective addresses set forth, and in the manner specified, in the Credit Agreement; or, at such other address as shall be

designated by any party in a written notice to the other parties hereto as provided in this Section 9.3.

Section 9.4 No Waiver, Remedies Cumulative. No failure or delay on the part of any of the Investors or the Administrative Agent in exercising any right, power or privilege hereunder and no course of dealing between the Company, on the one hand, and any of the Investors or the Administrative Agent, on the other, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any of the Investors or the Administrative Agent would otherwise have. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any of the Investors or the Administrative Agent to any other or further action in any circumstances without notice or demand.

Section 9.5 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement or the Stockholders Agreement, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such

21

breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any Investor's part of any breach, default or noncompliance under this Agreement or the Stockholders Agreement or any waiver on such party's part of any provisions or conditions of this Agreement or the Stockholders Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

Section 9.6 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same instrument.

Section 9.7 Headings Descriptive. The headings of the several sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.8 Entire Agreement; Supersedes Prior Agreement. This Agreement and the Exhibits and Schedules hereto, the Stockholders Agreement, the Loan Documents and the other documents delivered pursuant hereto or thereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

Section 9.9 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 9.10 Amendment or Waiver. Neither this Agreement nor any of the terms hereof may be amended, modified, supplemented, waived, discharged or terminated unless such amendment, modification, supplement, waiver, discharge or termination is in writing signed by the Company and the Administrative Agent (with the consent of the Investors holding 50.1% of the aggregate Liquidation Preference of the Preferred Stock outstanding or, if such amendment, modification, supplement, waiver, discharge or termination is proposed to be entered into prior to Closing, with the consent of the Required Lenders (as defined in the Credit Agreement)). Any waiver or consent shall be effective only in the specific instance or for the specific purpose for which it was given.

Section 9.11 Governing Law and Jurisdiction. This Agreement, and the rights and obligations of the parties hereunder, shall be construed in accordance with and governed by the law of the State of New York. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of New York or of the United States for the Southern District of New York and, by execution and delivery of this Agreement, irrevocably accepts for itself and in respect of its property, unconditionally, the jurisdiction of the aforesaid courts with respect to any such action or proceeding.

22

Section 9.12 Waiver of Jury Trial.

EACH PARTY HEREBY AGREES TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. The parties each acknowledge that this waiver is a material inducement for the parties to enter into a business relationship, that the parties have already relied on the waiver in entering into this Agreement and that each will continue to rely on the waiver in their related future dealings. Each party further warrants and represents that it has reviewed this waiver with its legal counsel, and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 9.13 Successors and Assigns. This Agreement shall remain in full force and effect and shall be binding in accordance with and to the extent of its terms upon the Company and its successors and assigns, and shall inure to the benefit of the Administrative Agent and the Investors, and their respective successors and assigns, notwithstanding that from time to time during the term of the Credit Agreement there may be no obligations outstanding. The Company acknowledges and agrees that this Agreement is made for the benefit of the Administrative Agent and the Investors and that the Administrative Agent and/or

the Investors may enforce all of the obligations of the Company hereunder directly against the Company. The Company may not assign any of its rights or obligations hereunder without the consent of the Administrative Agent and the Investors. The Company shall keep a complete record of any assignments permitted hereunder and shall notify the Administrative Agent and the Investors pursuant to the provisions of Section 9.3 within five (5) Business Days of any such assignment. The Administrative Agent or any Investor, as the case may be, that assigns preferred stock subject to rights and obligations under this Agreement shall notify: (a) in the case of an assignment by the Administrative Agent, the Company and the Investors; or (b) in the case of an assignment by any Investor, the Company, the Administrative Agent and each of the other Investors, and in each case pursuant to the provisions of Section 9.3 within five (5) Business Days of any such assignment.

Section 9.14 Release. In consideration of the promises contained herein, in the Stockholders Agreement and the Credit Agreement, effective upon Closing, each Investor, for itself and each of its predecessors and successors, by merger or otherwise, and the Company irrevocably and unconditionally releases, remises and forever discharges (i) the directors, officers and employees of the Company holding such positions as of the Closing Date (each of the foregoing, a "Releasee"), (ii) their and the Company's respective agents, representatives and professionals (each of the foregoing, a "Professional Releasee"), and (iii) the Releasees' liability insurers, Genesis Insurance Company and XL Specialty Insurance Company (the "D&O Insurers"), (a) with respect to each Releasee, from any and all claims of any kind or nature relating to any act or omission of any such Releasee acting in his or her capacity as a director, officer, employee or stockholder of the Company or in connection with the transactions described on Schedule 9.14, which each Investor or the Company had, now has and/or hereafter may have against such Releasee, (b) with respect to each Professional Releasee, any and all

23

claims of any kind or nature arising from any relationships of such Professional Releasee with the Company or a Releasee regarding matters related to the Company, which each such Investor or the Company had, now has and/or hereafter may have against such Professional Releasee, and (c) with respect to the D&O Insurers, any and all claims of any kind or nature arising from existing insurance coverage in favor of the Company or any Releasee relating to any such Releasee's act or omission as a director, officer, employee or stockholder of the Company or in connection with the transactions described in Schedule 9.14, which each Investor or the Company had, now has and or hereafter may have against such Releasee.

Section 9.15 No Third Party Beneficiaries. This Agreement is not intended to confer upon any persons other than the parties hereto any rights or remedies hereunder other than the rights granted to Peter Pierce pursuant to Section 2.2 hereof and the releases granted to the Releasees, the Professional Releasees and the D&O Insurers pursuant to Section 9.14.

24

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this agreement to be duly executed and delivered as of the date first above written.

THE COMPANY:

TELESPECTRUM WORLDWIDE INC.

By: /s/ Kurt Dinkelacker

Name: Kurt Dinkelacker
Title: Chief Financial Officer

THE LENDERS:

BNP PARIBAS (F/K/A BANQUE NATIONALE DE PARIS), as Administrative Agent, and a Lender and Investor

By: /s/ Amy Kirschner

Name: Amy Kirschner
Title: Director

By: /s/ Albert A. Young, Jr.

Name: Albert A. Young, Jr.
Title: Managing Director

S-1

EXECUTION

ENDEAVOR, LLC,
as a Lender and Investor

By: /s/ Ronnie Kaplan

Name: Ronnie Kaplan
Title: Vice President

S-2

EXECUTION

FLEET NATIONAL BANK (F/K/A BANKBOSTON, N.A.),
as a Lender and Investor

By: /s/ G. Christopher Miller

Name: G. Christopher Miller
Title: Vice President

VAN KAMPEN PRIME RATE INCOME
TRUST, as a Lender and Investor

By: Van Kampen Investment Advisory Corp.

By: /s/ Christina Jamieson
Name: Christina Jamieson
Title: Vice President

VAN KAMPEN SENIOR FLOATING RATE FUND,
as a Lender and Investor

By: Van Kampen Investment Advisory Corp.

By: /s/ Darvin D. Pierce
Name: Darvin D. Pierce
Title: Executive Director

VAN KAMPEN SENIOR INCOME TRUST, as
a Lender and Investor

By: Van Kampen Investment Advisory Corp.

By: /s/ Brad Langs
Name: Brad Langs
Title: Vice President

TBH-I, L.P., as a Lender and Investor

By: /s/ Gary P. Thomason
Name: Gary P. Thomason
Title: Authorized Signatory

WELLS FARGO BANK, N.A., as a Lender and
Investor

By: /s/ Razia Damji
Name: Razia Damji

S-6

EXECUTION

FIRST SOURCE LOAN OBLIGATIONS TRUST,
as a Lender and Investor

By: First Source Financial, Inc., its Servicer
and Administrator

By: /s/ Kathi J. Inorio
Name: Kathi J. Inorio
Title: Senior Vice President

S-7

EXECUTION

ENDURANCE CLO I, LTD, as a Lender

By: ING Capital Advisors, LLC
As Portfolio Manager

By: /s/ Helen Rhee

Name: Helen Rhee
Title: Senior Vice President

KZH ING-2 LLC, as a Lender and Investor

By: /s/ Susan Lee

Name: Susan Lee
Title: Authorized Agent

S-8

EXECUTION

KZH ING-3 LLC, as a Lender and Investor

By: /s/ Susan Lee

Name: Susan Lee
Title: Authorized Agent

ARCHIMEDES FUNDING, L.L.C. , as a Lender
and Investor

By: ING Capital Advisors, LLC,
as Collateral Manager

By: /s/ Helen Rhee

Name: Helen Rhee
Title: Senior Vice President

ARCHIMEDES FUNDING II, L.L.C., as a
Lender and Investor

By: ING Capital Advisors, LLC,
as Collateral Manager

By: /s/ Helen Rhee

Name: Helen Rhee
Title: Senior Vice President

FIRST DOMINION FUNDING III, as a Lender
and Investor

By: /s/ Andrew Marshak

Name: Andrew Marshak
Title: Authorized Signatory

STOCKHOLDERS AGREEMENT

DATED AS OF

APRIL 29, 2002

BY AND AMONG

TELESPECTRUM WORLDWIDE INC.,

THE STOCKHOLDERS SIGNATORY HERETO,

THE MANAGEMENT AGENT

AND

THE ADMINISTRATIVE AGENT

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<S>

PAGE
<C>

ARTICLE I

DEFINITIONS

Section 1.1	Certain Defined Terms	2
Section 1.2	Other Definitional Provisions	7

ARTICLE II

CORPORATE MATTERS

Section 2.1	Reimbursement of Expenses	7
Section 2.2	D&O Liability Insurance	7

ARTICLE III

VOTING AGREEMENTS

Section 3.1	Board Nominees	8
-------------	----------------------	---

Section 3.2	Consent to Election of Initial Directors	8
Section 3.3	Voting	8
Section 3.4	Determination of Board Nominees	8
Section 3.5	Irrevocable Proxy	9
Section 3.6	Credit Agreement Determinations Not Affected	10
Section 3.7	Group Filing	10

ARTICLE IV

TRANSFERS OF SHARES

Section 4.1	Transfer Restrictions	11
Section 4.2	Tag-along/Drag-along Rights and Obligations	12
Section 4.3	Condition of Transfer	14
Section 4.4	Stock Ledger and Transfer Records	15
Section 4.5	Restrictive Legends	15

ARTICLE V

REGISTRATION RIGHTS

Section 5.1	Demand Registration	16
Section 5.2	Incidental Registrations	17
Section 5.3	Priority	18
Section 5.4	Registration Procedures	19
Section 5.5	Information Supplied	22

</TABLE>

TABLE OF CONTENTS
(CONTINUED)

<TABLE>
<CAPTION>

<S>		PAGE
		<C>
Section 5.6	Restrictions on Disposition	22
Section 5.7	Indemnification	22
Section 5.8	Required Reports	25
Section 5.9	Selection of Counsel	25
Section 5.10	Suspension/Postponement of Registration	25
Section 5.11	Holdback Agreement	26
Section 5.12	Participation in Underwritten Registrations	26
Section 5.13	Expenses	26
Section 5.14	No Inconsistent Agreements	26

ARTICLE VI

MISCELLANEOUS

Section 6.1	Administrative Agent	26
Section 6.2	Termination	27
Section 6.3	Amendments and Waivers	28
Section 6.4	Successors, Assigns and Transferees; Management Stockholder	28
Section 6.5	Notices	29
Section 6.6	Further Assurances	29
Section 6.7	Entire Agreement	29
Section 6.8	Delays or Omissions	29
Section 6.9	Governing Law; Jurisdiction; Waiver of Jury Trial	29
Section 6.10	Severability	30
Section 6.11	Effective Date	30
Section 6.12	Enforcement	30
Section 6.13	Titles and Subtitles	30
Section 6.14	No Recourse	30
Section 6.15	Counterparts; Facsimile Signatures	30
Section 6.16	No Third Party Beneficiaries	30

</TABLE>

Exhibits

- Exhibit A Form of Stock Option Plan
- Exhibit B Form of Agreement to be Bound

TELESPECTRUM WORLDWIDE INC.

STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "AGREEMENT") is entered as of April 29, 2002, among TELESPECTRUM WORLDWIDE INC., a Delaware corporation (the "COMPANY"), J. Peter Pierce, as Management Agent, BNP Paribas, as Administrative Agent, J. Peter Pierce, as a Management Stockholder, each of the PREFERRED STOCKHOLDERS of the Company whose name appears on the signature pages hereof, and each other employee of the Company who becomes a party hereto upon receipt of any Common Stock or any options ("OPTIONS") to acquire Common Stock (such individuals are referred to herein as "MANAGEMENT STOCKHOLDERS"). Each Preferred Stockholder, each Management Stockholder and any other Person who shall become a party to this Agreement is sometimes hereinafter referred to as a "STOCKHOLDER."

R E C I T A L S

WHEREAS, the Company and the Preferred Stockholders have entered into a Preferred Stock Issuance and Restructuring Agreement, dated as of the date hereof (the "Preferred Stock Issuance and Restructuring Agreement"), pursuant to which the Preferred Stockholders will receive, among other things, 40,000 newly issued shares of Series A Preferred Stock (the "Series A Preferred

Stock"), in consideration for and in satisfaction of indebtedness in the amount of \$40 million currently owing to the Preferred Stockholders by the Company under the Existing Credit Agreement (defined below) and 90,000 newly issued shares of Series B Convertible Preferred Stock (the "Series B Preferred Stock"), in consideration for and in satisfaction of indebtedness in excess of \$65 million currently owing to the Preferred Stockholders by the Company under the Existing Credit Agreement;

WHEREAS, on the date hereof, a portion of the Series B Preferred Stock will convert into Common Stock (as hereinafter defined);

WHEREAS, simultaneously and in connection with the issuance of such 90,000 shares of Series B Preferred Stock and 40,000 shares of Series A Preferred Stock, the Preferred Stockholders have agreed to amend and restate the terms of the existing Amended and Restated Credit Agreement dated as of April 16, 2001 between the Company, the Lenders signatory thereto and BNP Paribas, as administrative agent for and representative of the Lenders (as amended through the date hereof and as such agreement or any provision thereof may have otherwise been amended, restated, supplemented, waived or otherwise modified from time to time prior to the date hereof, the "Existing Credit Agreement") and to enter into a Second Amended and Restated Credit Agreement, of even date herewith, among the Company, the Preferred Stockholders, as the initial lenders, and the Administrative Agent (as the same may be amended, restated, supplemented or modified from time to time in accordance with the terms thereof, the "Credit Agreement"); and

WHEREAS, the Stockholders desire to enter into certain arrangements among themselves relating to the ownership, voting and disposition of the Series A Preferred Stock, the Series B Preferred

Stock, the Common Stock issued upon conversion the Series B Preferred Stock (the "Conversion Shares") and any other Common Stock acquired by the Stockholders and any Options or Common Stock acquired by any Management Stockholder, and the Stockholders and the Company desire to enter into certain arrangements relating to the Company, to be effective as of the date hereof.

NOW, THEREFORE, for good and valuable consideration, the receipt of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Certain Defined Terms. As used herein, the following terms shall have the following meanings:

"Additional Seller" has the meaning assigned to such term in Section 4.2 (b) .

"Administrative Agent" has the meaning assigned to such term in Section 6.1.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling (which may include, but is not limited to, all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Approved Preferred Stockholder Nominee" has the meaning assigned to such term in Section 3.4.

"Approved Management Nominee" has the meaning assigned to such term in Section 3.4.

"beneficial owner" or "beneficially own" has the meaning given such term in Rule 13d-3 under the Exchange Act and a Person's beneficial ownership of Series B Preferred Stock, Common Stock or other Voting Securities of the Company shall be calculated in accordance with the provisions of such Rule; provided, however, that for purposes of determining beneficial ownership, (i) a Person shall be deemed to be the beneficial owner of any security which may be acquired by such Person whether within 60 days or thereafter, upon the conversion, exchange or exercise of any warrants, options, rights or other securities and (ii) no Person shall be deemed to beneficially own any security solely as a result of such Person's execution of this Agreement.

"Board" means the Board of Directors of the Company.

"Business Day" means for all purposes any day other than a Saturday, Sunday or legal holiday on which banks in New York, New York, are open for the conduct of their commercial banking business.

2

"Buyer" has the meaning assigned to such term in Section 4.2(b).

"Bylaws" means the Bylaws of the Company, as in effect on the date hereof and as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the terms of the Certificate of Incorporation and the terms of this Agreement.

"Capital Stock" means, with respect to any Person at any time, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital stock, partnership interests (whether general or limited) or equivalent ownership interests in or

issued by such Person, and with respect to the Company includes, without limitation, any and all shares of Common Stock, Series A Preferred Stock and Series B Preferred Stock.

"Certificate of Incorporation" means the Certificate of Incorporation of the Company, as in effect on the date hereof and as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and the terms of this Agreement.

"Charter Amendment" means the amendment to the Company's Certificate of Incorporation which provides for an increase in the Company's authorized capital from 200,000,000 shares of Common Stock to 900,000,000 shares of Common Stock.

"Claims" has the meaning assigned to such term in Section 5.7(a).

"Closing" has the meaning assigned to such term in the Preferred Stock Issuance and Restructuring Agreement.

"Closing Date" means the Closing Date under the Preferred Stock Issuance and Restructuring Agreement.

"Common Stock" means the common stock, par value \$0.01 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization.

"Credit Agreement" has the meaning assigned to such term in the Recitals to this Agreement.

"Conversion Shares" has the meaning assigned to such term in the Recitals to this Agreement.

"Demand Registration" has the meaning assigned to such term in Section 5.1(a).

"Director" means any member of the Board.

"Drag-along Notice" has the meaning assigned to such term in Section 4.2(d).

"Equity Securities" of a Person means any capital stock or other equity interest, or other securities convertible into or exercisable or exchangeable for capital stock or any other rights, warrants or options to acquire any of the foregoing securities or to participate in the equity of such Person, such as stock appreciation rights.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Existing Credit Agreement" has the meaning assigned to such term in the Recitals to this Agreement.

"Group" has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

"Holder" means a Stockholder or a holder of Registrable Securities (including any direct or indirect Transferees of a Stockholder) entitled to the rights, and bound by the obligations, under this Agreement in accordance with Section 4.3.

"Indemnified Party" has the meaning assigned to such term in Section 5.7(a).

"Indemnifying Party" means any Person who provides indemnity to an Indemnified Party.

"Initiating Holders" has the meaning assigned to such term in Section 5.1(a).

"Irrevocable Proxy" has the meaning assigned to such term in Section 3.5(b).

"Lender" has the meaning set forth in the Credit Agreement.

"Losses" has the meaning assigned to such term in Section 6.1.

"Management Agent" has the meaning assigned to such term in Section 3.4(b).

"Management Nominees" has the meaning assigned to such term in Section 3.1.

"Management Stockholders" has the meaning assigned to such term in the Preamble.

"NASD" means the National Association of Securities Dealers, Inc.

"NYSE" means the New York Stock Exchange.

"Offeree" has the meaning assigned to such term in Section 4.2(b).

"Options" has the meaning assigned to such term in the Preamble.

"Other Holders" means Persons other than Holders who, by virtue of agreements with the Company, are entitled to include their securities in certain registrations hereunder.

"Other Securities" means securities of the Company, other than Registrable Securities which, by virtue of agreements between Other Holders and the Company, are entitled to be included in certain registrations hereunder.

"Percentage Interest" has the meaning assigned to such term in Section 4.1(b).

"Person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivisions thereof.

"Preferred Stockholder Nominees" has the meaning assigned to such term in Section 3.1.

"Preferred Stockholder" means a stockholder who was issued Series A Preferred Stock and Series B Preferred Stock pursuant to the Preferred Stock Issuance and Restructuring Agreement.

"Preferred Stock Issuance and Restructuring Agreement" has the meaning assigned to such term in the Recitals to this Agreement.

"Principal Officers" has the meaning assigned to such term in Section 3.4(b).

"Proxy Shares" has the meaning assigned to such term in Section 3.5(a).

"Public Transfer" means a Transfer (i) in a public offering pursuant to an effective registration statement or (ii) in accordance with Rule 144 (or any successor provision) promulgated by the SEC under the Securities Act.

"Registrable Securities" means any of the following securities held by any Holder: (i) Common Stock, and (ii) any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization. As to any particular Registrable Securities, once issued, such Registrable Securities shall cease to be Registrable Securities when (a) a registration statement with respect to the sale by the Holder of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (b) such securities shall have been distributed to the public pursuant to Rule 144 (or any successor provision) promulgated by the SEC under the Securities Act, or (c) such securities shall have ceased to be outstanding.

"Registration Expenses" means any and all expenses incident to performance of or compliance with Article V of this Agreement, including (a) all SEC and securities exchange or NASD registration and filing fees (including, if applicable, the fees and expenses of any "qualified independent underwriter," as such term is defined in the bylaws of the NASD, and of its counsel), (b) all fees and expenses of complying with securities or blue sky laws (including fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), (c) all printing, messenger and delivery expenses, (d) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities

5

exchange or the NASD pursuant to Section 5.4(h)(i) and all rating agency fees related to the offering, (e) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or "cold comfort" letters required by or incident to such performance and compliance, (f) the reasonable fees and disbursements of one counsel selected pursuant to Section 5.9, (g) any fees and disbursements of underwriters customarily paid by the issuers or sellers of securities, including liability insurance if the Company so desires or if the underwriters so require, and the reasonable fees and expenses of any special experts retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any, and (h) expenses incurred in connection with any road show.

"SEC" means the U.S. Securities and Exchange Commission or any other federal agency then administering the Securities Act or the Exchange Act and other federal securities laws.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Seller" has the meaning assigned to such term in Section 4.2(a).

"Seller's Notice" has the meaning assigned to such term in Section 4.2(b).

"Series A Certificate of Designations" means the Certificate of Designations of Series A Preferred Stock of the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Series B Certificate of Designations" means the Certificate of Designations of Series B Convertible Preferred Stock of the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Series A Preferred Stock" has the meaning assigned to such term in the Recitals to this Agreement.

"Series B Preferred Stock" has the meaning assigned to such term in the Recitals to this Agreement.

"Stock Option Plan" means the Telespectrum Worldwide Inc. 2002 Stock Incentive Plan, substantially in the form of Exhibit A attached hereto.

"Stockholder" has the meaning assigned to such term in the Preamble.

"Subsidiary" means (i) any corporation of which a majority of the securities entitled to vote generally in the election of directors thereof, at the time as of which any determination is being made, are owned by another entity, either directly or indirectly, and (ii) any joint venture, general or limited partnership, limited liability company or other legal entity in which an entity is the record or beneficial owner, directly or indirectly, of a majority of the voting interests or the general partner.

6

"Tag-along Notice" has the meaning assigned to such term in Section 4.2(b).

"Term Loans" has the meaning assigned to such term in the Credit Agreement.

"Transfer" or "Transferred" means, directly or indirectly, to sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any shares of Equity Securities beneficially owned by a Person or any interest in any shares of Equity Securities beneficially owned by a Person.

"Transferee" means any Person to whom a Stockholder Transfers Equity Securities of the Company in accordance with the terms hereof.

"Vested Options" has the meaning assigned to such term in Section 4.2(a).

Section 1.2 Other Definitional Provisions.

(a) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article and Section references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

ARTICLE II

Section 2.1 Reimbursement of Expenses. The Company shall reimburse the Directors for their reasonable out-of-pocket expenses incurred by them for the purpose of attending meetings of the Board or committees thereof.

Section 2.2 D&O Liability Insurance. To the extent available on commercially reasonable terms, the Company shall procure and maintain in effect directors and officers insurance for its Directors in respect of all liabilities arising from or relating to their services as members of the Board of the Company or of any Subsidiary of the Company (and such policy shall cover all persons who were Directors or officers of the Company immediately prior to the Closing). Such insurance shall be on such terms and in such amounts as are customarily maintained by comparable publicly-held corporations and shall be maintained at all times that the Stockholders have the right to designate directors hereunder and as to each Director and officer covered by this provision for a period of six years after such person ceases to be a Director or officer (including any period of "tail coverage").

ARTICLE III
VOTING AGREEMENTS

Section 3.1 Board Nominees. The Stockholders agree to vote all shares held by them and take such other actions within their control to provide that the Board at all times consists of not less than five (5) Directors, a majority of which shall be nominated by the Preferred Stockholders (the "Preferred Stockholder Nominees") in accordance with Section 3.4 below and two (2) of which shall be nominated by the Management Stockholders in accordance with Section 3.4 below (the "Management Nominees"); provided that one of the Management Nominees must be the Chief Executive Officer of the Company.

Section 3.2 Consent to Election of Initial Directors. As a condition to the closing under the Preferred Stock Issuance and Restructuring Agreement, the Board shall have been set at five Directors with (1) the following persons duly approved and serving as Directors of the Company (such persons, the "Initial Preferred Stockholder Nominees"): Eugene Davis, Bradley Scher and Kevin Flannery and (2) the following persons duly appointed and serving as Directors of the Company (such persons, the "Initial Management Nominees"): J. Peter Pierce and Christopher Williams; to serve in each case until the next annual meeting of stockholders of the Company and until their respective successors shall be duly elected and qualified.

Section 3.3 Voting. Each of the Preferred Stockholders agrees to vote, or act by written consent with respect to, any Series B Preferred Stock or Common Stock beneficially owned by it, at each annual or special meeting of the Preferred Stockholders or Common Stockholders and to take all actions by written consent in lieu of any such meeting and such other actions within their control

as are necessary:

(i) to elect to the Board any Approved Preferred Stockholder Nominees (as determined in accordance with Section 3.4 below);

(ii) to elect to the Board any Approved Management Nominees (as determined in accordance with Section 3.4 below);

(iii) to have the Board consist of not less than five (5) Directors;

(iv) in the event that a vacancy in the number of Directors is created at any time by the death, disability, retirement, resignation or removal (with or without cause) of any Director, to cause such vacancy to be filled by (A) an Approved Management Nominee, in the event that the Director to be replaced was a Management Nominee or (B) an Approved Preferred Stockholder Nominee, in the event that the Director to be replaced was a Preferred Stockholder Nominee;

(v) to approve the Charter Amendment; and

(vi) to cause the Stock Option Plan to be adopted as promptly as practicable after approval and filing of the Charter Amendment.

Section 3.4 Determination of Board Nominees.

8

(a) At any time that the Preferred Stockholders are entitled to designate a Preferred Stockholder Nominee, the Administrative Agent shall consult with the Preferred Stockholders in order to select one or more Preferred Stockholder Nominees; provided that, to the extent consultation with all of the Preferred Stockholders would subject such process to Section 14 of the Exchange Act, the Administrative Agent may limit the number of Preferred Stockholders with whom it consults; provided further, that no person who is an employee of any Preferred Stockholder may be a Preferred Stockholder Nominee. Any Preferred Stockholder Nominee that is approved by 51% of the Preferred Stockholders consulted pursuant to the preceding sentence shall be an "Approved Preferred Stockholder Nominee."

(b) At any time that the Management Stockholders are entitled to designate a Management Nominee, such Management Nominee shall be designated by a majority vote of the Company's Chief Executive Officer, President, Chief Financial Officer and each Executive Vice President (collectively, the "Principal Officers") at the time such designation is to be made. J. Peter Pierce is hereby designated as the initial agent for the Management Stockholders (such person, together with any successor serving in such capacity, the "Management Agent") for purposes of notifying the Administrative Agent of the identity of any Management Nominee (an "Approved Management Nominee") and

Administrative Agent shall be entitled to rely on any such notification; provided that the Management Nominees on the Board shall at all times be the Chief Executive Officer of the Company and one other qualified individual designated in accordance herewith. In addition to the foregoing, at any time that there are no Management Stockholders party hereto, the Management Agent shall be entitled to make all decisions to be made by Management Stockholders hereunder. The Principal Officers shall collectively have the right from time to time to remove the Management Agent and designate a new Management Agent and, in such event, shall promptly notify Company and Administrative Agent thereof; provided that in the event that the Management Agent ceases to be an employee of the Company, the Principal Stockholders shall immediately remove the Management Agent and designate a new Management Agent and if such removal and designation is not effected within 5 Business Days of a request by the Company, the Board shall be entitled to remove the Management Agent and designate a new Management Agent. No removal of the Management Agent shall be effective until the Company shall receive notice thereof and the name of the successor Management Agent.

Section 3.5 Irrevocable Proxy.

(a) Each Preferred Stockholder hereby irrevocably appoints the Administrative Agent, with full power of substitution, as its attorney and proxy to attend meetings, vote, give and execute consents and in all other ways act in its place with respect to its shares of Series B Preferred Stock, its Conversion Shares and all other shares Common Stock now or hereafter beneficially owned by such Preferred Stockholder (the shares of Series B Preferred Stock and Common Stock held by any Preferred Stockholder being hereinafter referred to as such Preferred Stockholder's "Proxy Shares") but only with respect to the matters covered by, and in accordance with, Section 3.3 hereof.

(b) Each Preferred Stockholder hereby authorizes the Administrative Agent to (i) identify, as of each applicable record date, the Proxy Shares, and (ii) notify the Company's transfer agent, inspector of elections and other organizations, persons or officials involved in the

administration or processing of proxies with respect to the subject vote, of the existence of this irrevocable proxy under this Section 3.5 (this "Irrevocable Proxy"), the number of shares with respect to the subject election to which this Irrevocable Proxy will apply and the record owner of such Proxy Shares, and all such organizations, persons and officials are authorized and directed to rely on such notification.

(c) Each Preferred Stockholder further agrees that it shall not Transfer to any of its Affiliates any interest in the Series B Preferred Stock or Common Stock or any security which represents a derivative interest therein unless prior to such acquisition the Administrative Agent is notified of such intention to Transfer and if requested an irrevocable proxy in the form of this Section 3.5 is executed and delivered to the Company by such Affiliate.

(d) Each Preferred Stockholder agrees to fully cooperate with the Administrative Agent to give full effect to the intentions of this Section 3.5 by executing such documents and taking such actions as are reasonably requested by the Administrative Agent for such purpose.

(e) Each Preferred Stockholder hereby affirms that this Irrevocable Proxy is coupled with an interest and shall be irrevocable. It is further understood by each Preferred Stockholder that this Irrevocable Proxy by such Preferred Stockholder may be exercised by the Administrative Agent in accordance with the terms hereof, for the period beginning the date hereof and ending, with respect to the Series B Preferred Stock, upon its conversion into Common Stock and, with respect to the Conversion Shares or other shares of Common Stock, upon a Public Transfer of such Shares.

(f) THIS IRREVOCABLE PROXY SHALL REMAIN IN FULL FORCE AND EFFECT AND BE ENFORCEABLE AGAINST ANY DONEE, TRANSFEREE OR ASSIGNEE OF THE SHARES (OTHER THAN PURSUANT TO A PUBLIC TRANSFER).

Section 3.6 Credit Agreement Determinations Not Affected. Neither the voting agreements contained in Sections 3.2 and 3.3 of this Agreement nor the proxy granted in Section 3.5 hereof shall be applicable to or bind any Preferred Stockholder in such holder's capacity as a Lender under the Credit Agreement with respect to any determination, vote or consent relating to a requested or proposed waiver, amendment, restatement or other modification thereof.

Section 3.7 Group Filing.

(a) Each Preferred Stockholder acknowledges that under the Exchange Act as presently in effect, such Preferred Stockholder is the beneficial owner of the Conversion Shares issuable in respect of such Preferred Stockholder's Series B Preferred Stock. Each Preferred Stockholder hereby agrees that any Schedule 13D required to be filed by reason of such beneficial ownership of the Conversion Shares (or any other shares of Common Stock owned by such Preferred Stockholder) and any amendments thereto shall be filed on behalf of the Preferred Stockholders as a Group by the Administrative Agent pursuant to and in accordance with the provisions of Rule 13d-1(k)(1) under the Exchange Act. Each Preferred Stockholder further agrees to be responsible for the completeness and accuracy of the information concerning itself

contained in any Schedule 13D or any amendment thereto, it being understood that no Preferred Stockholder shall be responsible for the completeness or accuracy of the information concerning any other Preferred Stockholder in such Schedule 13D or any amendment unless it knows or has reason to believe that the information concerning such other Preferred Stockholder is inaccurate. The initial Schedule 13D and any required amendments shall be prepared by the

Administrative Agent and shall be distributed to all Preferred Stockholders for review and comment prior to the filing thereof. Each Preferred Stockholder agrees to promptly notify the Administrative Agent of any information that would require the filing of an amendment to the Schedule 13D including, without limitation, any increase in such Preferred Stockholder's beneficial ownership of Common Stock and any material change in any other information required by Schedule 13D.

(b) Each Preferred Stockholder hereby appoints the Administrative Agent as its agent and attorney-in-fact to execute and file with the SEC and the NYSE or such other securities exchange on which the Common Stock may be listed from time to time, and to deliver to the Company, a Statement on Schedule 13D under the Exchange Act, and one or more amendments thereto, with respect to the Common Stock of the Company.

(c) Notwithstanding anything contained in Sections 3.7(a) and 3.7(b) to the contrary, any Preferred Stockholder may file its own Schedule 13D pursuant to Rule 13d-1(k) (2) under the Exchange Act in lieu of participating in such Group filing of Schedule 13D, provided that (i) such Preferred Stockholder gives written notice of its decision not to participate in the group filing to all of the other Preferred Stockholders at least ten (10) Business Days prior to the filing of its own Schedule 13D, (ii) such notice is accompanied by a copy of a Schedule 13D in the form proposed to be filed by such Preferred Stockholder, and (iii) such Preferred Stockholder complies with its filing obligations under Section 13D of the Exchange Act including, if applicable, identification of any Group pursuant to Rule 13d-1(k) (2) under the Exchange Act.

ARTICLE IV TRANSFERS OF SHARES

Section 4.1 Transfer Restrictions.

(a) General. No Stockholder shall Transfer any of its shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock, except in compliance with the Securities Act, applicable state securities laws and this Agreement. Any attempt to Transfer any shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock in a transaction not in compliance with this Agreement shall be null and void and the Company shall not, and shall ensure that any transfer agent shall not, register upon its books any Transfer of such shares to any Person except a Transfer in accordance with this Agreement.

(b) Pro Rata Transfers. Until such time as all obligations under the Credit Agreement are repaid, in the event that a Preferred Stockholder desires to Transfer (other than to an Affiliate) shares of any of its Series A Preferred Stock, Series B Preferred Stock or Common Stock, such Preferred Stockholder and its Affiliates must also Transfer the Percentage Interest in all other classes of stock held by such Preferred Stockholder and its Affiliates as well as the Percentage Interest in the Term Loans held by such Preferred Stockholder and its Affiliates under the Credit Agreement to such Transferee. As used herein, "Percentage Interest" shall mean

the number of shares of the class of stock proposed to be Transferred divided by the aggregate number of shares of such class of stock held by the Preferred Stockholder and its Affiliates.

(c) Transfers of Preferred Stock. In addition to Section 4.1(a) and (b), no Preferred Stockholder shall Transfer any of its shares of Series A or Series B Preferred Stock other than in compliance with Section 4.3.

(d) Transfers of Common Stock by Preferred Stockholders. In addition to Section 4.1(a) and (b), no Preferred Stockholder shall Transfer any of its Common Stock except (i) in compliance with the provisions of Section 4.2, (ii) subject to compliance with Section 4.3, to an Affiliate or (iii) in a Public Transfer.

(e) Transfers By Management Stockholders. Each Management Stockholder acknowledges and agrees that his or her Options are subject to certain restrictions on Transfer set forth in the Stock Option Plan and the option agreement entered into by Company and such Management Investor. In addition to Section 4.1(a), no Management Stockholder shall Transfer any of its shares of Common Stock other than in compliance with Section 4.3 hereof.

Section 4.2 Tag-along/Drag-along Rights and Obligations.

(a) A Preferred Stockholder (for purposes of this Section 4.2, the "Seller") shall not Transfer (other than pursuant to Section 4.1(d) (ii) or (iii)) any of its shares of Common Stock to any Person (for purposes of this Section 4.2, the "Buyer") without: (1) an agreement from the Buyer that it will purchase all shares of Common Stock and/or vested Options or Options that will vest upon consummation of such Transfer (in each case, "Vested Options") of any or all other Stockholders who desire (or who, pursuant to Section 4.2(d), may become obligated) to sell; provided any Buyer's agreement to purchase such securities may be subject to the condition that the securities acquired by Buyer are all of the outstanding shares of Common Stock and Vested Options held by the Stockholders; or (2) offering the other Preferred Stockholders the right to sell their "pro rata portion" of the shares of Common Stock to be Transferred by the Seller; provided that, if the Seller is proposing to sell at least 50.1% of the outstanding Common Stock then held by all Preferred Stockholders, such offer must also be made to the Management Stockholders. As used herein, "pro rata portion" shall mean, for each Stockholder (other than the Seller), a fraction, the numerator of which is the number of shares of Common Stock and Vested Options held by such Stockholder immediately prior to the proposed Transfer and the denominator of which is the total number of shares of Common Stock and Vested Options outstanding immediately prior to the proposed Transfer. In the event that Vested Options are to be Transferred, such Vested Options shall be Transferred on the same terms that the shares of Common Stock are to be transferred subject to a deduction of the exercise price and any required

withholding taxes with respect to the shares of Common Stock for which such Vested Option are exercisable. Notwithstanding anything to the contrary herein, until such time as all obligations under the Credit Agreement are repaid, as a condition to any Buyer purchasing Common Stock from a Preferred Stockholder pursuant to this Section 4.2, such Buyer must agree to purchase from such Preferred Stockholder and each other Preferred Stockholder that is selling pursuant to this Section 4.2, each Preferred Stockholder's Percentage Interest in its Series A Preferred Stock, Series B Preferred Stock and Term Loans under the Credit Agreement.

12

(b) If a Preferred Stockholder proposes to Transfer any of its shares of Common Stock pursuant to Section 4.2(a), the Seller shall send a notice (a "Seller's Notice") to the Administrative Agent and all other Stockholders entitled to receive such notice (each such Stockholder, an "Offeree") in accordance with the provisions of Section 6.5 hereof (except that such notice shall be sent only by facsimile transmission, personal delivery or overnight courier). The Seller's Notice shall (A) identify the Buyer, (B) provide the price and a description of all other material terms of the proposed sale and (C) (i) in the case of a Transfer pursuant to Section 4.2(a)(1), state that each Offeree has the right (and could become obligated), pursuant to this Section 4.2, to sell all (but not less than all) of its Common Stock and Vested Options to the Buyer upon the terms set forth in the Seller's Notice or (ii) in the case of a Transfer pursuant to Section 4.2(a)(2), state that each Offeree has the right to sell its pro rata portion of the shares of Common Stock to be Transferred upon the terms set forth in the Seller's Notice. Not later than ten (10) Business Days following the date of the Seller's Notice, each Offeree shall send a notice (a "Tag-along Notice") to the Seller, with a copy to the Administrative Agent, stating whether such Offeree agrees to sell all, or its pro rata portion, as applicable, of its shares of Common Stock and/or Vested Options to the Buyer on the terms set forth in the Seller's Notice (any such Offeree sending a Tag-along Notice with such agreement to sell being an "Additional Seller"). Any such agreement to sell contained in a Tag-along Notice shall be final and binding on the Additional Seller, and may be revoked only upon the Buyer's breach of its agreement to purchase the Common Stock and/or Vested Options. Any Offeree who fails to send a Tag-along Notice in response to a Seller's Notice shall be deemed to have elected not to sell all, or its pro rata portion, as applicable, of its shares of Common Stock and/or Vested Options to the Buyer, subject, however to the provisions of paragraph (d) of this Section 4.2.

(c) If the Transfer is being made pursuant to (i) Section 4.2(a)(1) (and the Buyer has not imposed the condition that it receive all Common Stock and Vested Options held by the Stockholders) and Seller shall not have received Tag-along Notices from Additional Sellers whose shares of Common Stock and Vested Options, together with the Seller's shares of Common Stock, constitute, in the aggregate, at least 50.1% of the Common Stock and Vested Options then outstanding or (ii) Section 4.2(a)(2), then, in each case, the Seller, the Buyer

and the Additional Sellers shall be free to consummate the purchase and sale of the Common Stock and Vested Options in accordance with paragraph (e) of this Section 4.2.

(d) In the case of a Transfer pursuant to Section 4.2(a)(1) in which the Seller shall receive Tag-along Notices from Additional Sellers whose Common Stock and Vested Options, together with the Seller's shares of Common Stock constitute, in the aggregate, at least 50.1% of the Common Stock and Vested Options then outstanding, the Seller and the Buyer may send a second notice (a "Drag-along Notice") to each Stockholder who declined to sell all of its shares of Common Stock and Vested Options to the Buyer in response to the Seller's Notice or who did not issue a Tag-along Notice in response to such Seller's Notice, with a copy to the Administrative Agent. The Drag-along Notice shall state that holders of not less than 50.1% of the Common Stock and Vested Options then outstanding have agreed to sell their shares of Common Stock and Vested Options to the Buyer, that the Buyer has agreed to purchase such securities and that, by virtue of such agreements to sell and to purchase, all Stockholders are obligated by this Section 4.2 to sell all of their shares of Common Stock and Vested Options to the Buyer, at the price and on the other terms set forth in the original Seller's Notice. The Drag-along Notice shall also set forth the date, time and place of the closing of the Buyer's purchase of

13

the Common Stock from all of the Stockholders, which shall be not less than 10 Business Days nor more than 20 Business Days from the date of the Drag-along Notice.

(e) On the closing date specified in the Drag-along Notice (or, if the purchase and sale are being closed pursuant to paragraph (c) of this Section 4.2, on such closing date as shall be fixed by the Buyer, the Seller and the Additional Sellers), the Buyer shall purchase, and the selling Stockholders shall sell, the shares of Common Stock and Vested Options to be purchased and sold pursuant to this Section 4.2. Any such closing shall be subject to the conditions set forth in Section 4.1(a) and in Section 4.3, and may be subject to such additional conditions (including, without limitation, the delivery of share certificates, duly endorsed for transfer or with executed stock powers annexed) as customarily accompany purchases and sales of shares.

(f) Upon the termination or cancellation of the purchase and sale of any or all shares of Common Stock and Vested Options, the Common Stock and Vested Options that were the subject of such terminated transaction shall continue to be subject to the provisions of this Section 4.2.

(g) Participations. Nothing in Section 4.1 or this Section 4.2 shall limit the ability of a Preferred Stockholder to create and sell participation interests in the Company's indebtedness to it under the Credit Agreement, provided that such participation interest shall not entitle the purchaser to become a Transferee of any Series A Preferred Stock, Series B Preferred Stock or

Common Stock and, in the absence of a Transfer in accordance with this Agreement, neither the Company nor any Preferred Stockholder shall be obligated to recognize any claim by the holder of such participation interest with respect to the Series A Preferred Stock, the Series B Preferred Stock, the Common Stock or under this Agreement.

Section 4.3 Condition of Transfer. Any Transferee of a Stockholder (other than a Transferee in a Public Transfer) and any Transferee of less than all of the outstanding Common Stock and Vested Options held by Stockholders pursuant to Section 4.2 shall, unless this Agreement expressly provides otherwise, hold such Transferred shares of Common Stock and/or Vested Options subject to all of the provisions of this Agreement and shall make no further Transfers except as permitted in this Agreement. As a condition precedent to any such Transfer of shares, the Transferee shall execute an agreement to be bound substantially in the form of Exhibit B hereto whereby such Transferee shall agree to become a party to and be bound by all of the provisions of this Agreement including, without limitation, the Irrevocable Proxy set forth in Section 3.5 (in the case of a Transferee of a Preferred Stockholder) and the power of attorney set forth in Section 3.7 (in the case of a Transferee of a Preferred Stockholder) and, thereafter, references to the Management Stockholders shall be deemed to include any individual Transferee of any Management Stockholder (other than a Transferee in a Public Transfer) and any Transferee pursuant to Section 4.2 (to the extent of the Common Stock and/or Vested Options purchased from a Management Stockholder thereunder) and references to the Preferred Stockholders shall be deemed to include any individual Transferee of any Preferred Stockholder (other than a Transferee in a Public Transfer) and any Transferees pursuant to Section 4.2 (to the extent of the Common Stock purchased from a Preferred Stockholder thereunder). Any Transfer of shares not in compliance with this Agreement shall be void and of no effect whatsoever.

Section 4.4 Stock Ledger and Transfer Records. The Company shall keep or cause to be kept at its principal office or with a transfer agent, a register in which the Company shall provide for the registration of the Series A Preferred Stock, Series B Preferred Stock and Common Stock and the Transfer of the Series A Preferred Stock, Series B Preferred Stock and Common Stock. Upon (i) surrender for registration of Transfer of any certificate for Series A Preferred Stock, Series B Preferred Stock or Common Stock at the office of the Company designated for that purpose, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Company, duly executed by the holder thereof or his attorney duly authorized in writing and (ii) evidence of compliance with the provisions of this Agreement, the Company shall execute and deliver, in the name of the designated Transferee or Transferees, one or more new certificates evidencing the Transferred shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock. The Company shall keep a complete record of any Transfers permitted hereunder and shall notify the Administrative Agent and the other Stockholders pursuant to the provisions of Section 6.5

within two (2) Business Days of any such Transfer. Any Stockholder that Transfers any Series A Preferred Stock, Series B Preferred Stock or Common Stock shall notify the Company and, with respect to any Preferred Stockholder, the Administrative Agent in accordance with the provisions of Section 6.5 within two (2) Business Days of any such Transfer.

Section 4.5 Restrictive Legends.

(a) Each certificate representing shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock held by a Preferred Stockholder shall be stamped or otherwise imprinted with a legend in substantially the following form, which legend shall be removed upon termination of this Agreement or at such time as such shares are transferred in a Public Transfer:

THE VOTING, SALE, TRANSFER OR OTHER DISPOSITION OF THE SHARES EVIDENCED BY THIS CERTIFICATE IS RESTRICTED BY THE PROVISIONS OF A STOCKHOLDERS AGREEMENT (THE "AGREEMENT"), DATED AS OF APRIL 29, 2002, AND AN IRREVOCABLE PROXY SET FORTH THEREIN. TRANSFEREES OF THE SHARES ARE BOUND BY THE TERMS OF THE AGREEMENT, A COPY OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE COMPANY OR OBTAINED FROM THE COMPANY AT NO CHARGE. ALL OF THE PROVISIONS OF THE AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE IN THIS CERTIFICATE.

(b) Each certificate representing shares of Common Stock held by a Management Stockholder shall be stamped or otherwise imprinted with a legend in substantially the following form, which legend shall be removed upon termination of this Agreement or at such time as such shares are transferred in a Public Transfer, in substantially the following form:

THE SALE, TRANSFER OR OTHER DISPOSITION OF THE SHARES EVIDENCED BY THIS CERTIFICATE IS RESTRICTED BY THE PROVISIONS OF A STOCKHOLDERS AGREEMENT (THE "AGREEMENT"), DATED AS OF APRIL 29, 2002. TRANSFEREES OF THE SHARES ARE BOUND BY THE TERMS OF THE AGREEMENT, A COPY

15

OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE COMPANY OR OBTAINED FROM THE COMPANY AT NO CHARGE. ALL OF THE PROVISIONS OF THE AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE IN THIS CERTIFICATE.

(c) Each certificate representing shares of Series A Preferred Stock, Series B Preferred Stock or Common Stock held by a Stockholder that are not subject to an effective registration statement also shall be stamped or otherwise imprinted with a legend in substantially the following form, which legend shall be removed at such time as such shares are transferred in a Public Transfer:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND

SUCH SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(d) Such certificates also may be stamped or otherwise imprinted with any legend required by any other agreement between the Company and the Stockholders, or among the Stockholders.

ARTICLE V REGISTRATION RIGHTS

Section 5.1 Demand Registration.

(a) Request for Registration. Subject to 5.1(b), at any time on or after the date which is one year following the date of this Agreement, any Preferred Stockholder or Preferred Stockholders holding Common Stock representing not less than 10% of the aggregate Registrable Securities (the "Initiating Holders") may make a written request for registration under the Securities Act of all or part of its or their Registrable Securities (a "Demand Registration"). Such request will specify the number of shares of Registrable Securities proposed to be sold and will also specify the intended method of disposition thereof.

(b) Limitations. Notwithstanding anything to the contrary herein:

(1) The Company will not be required to prepare and file pursuant to this Section 5.1 more than 3 registration statements at the request of the Preferred Stockholders;

(2) The Company will not be required to prepare and file a registration statement pursuant to this Section 5.1 during the period from the date of filing a registration statement of the Company involving an underwritten

16

offering of any equity securities to the date that is the earlier of (a) the date of the withdrawal of such registration statement or of the request to file the registration statement by the security holder requesting the registration and (b) the date that is 180 days following the effective date of such registration statement;

(3) The Company will not be required to prepare and file and, if filed, will be entitled to withdraw a registration statement including Registrable Securities with an aggregate

value of less than \$5,000,000;

(4) The number of Registrable Securities included in any registration under this Section 5.1 may be reduced pursuant to Section 5.3 hereof; and

(5) A registration may be suspended or postponed under the circumstances described in Section 5.10 hereof.

(c) Effective Registration. A registration will not count as a Demand Registration until it has become effective.

(d) Underwritten Offering. If the Initiating Holders so elect, the offering of Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Company shall select one or more nationally recognized firms of investment bankers to act as the managing underwriter or underwriters in connection with such offering and shall select any additional managers to be used in connection with the offering.

Section 5.2 Incidental Registrations.

(a) Subject to Section 5.3, if the Company at any time proposes to register Equity Securities under the Securities Act (other than a registration on Form S-4 or S-8, or any successor or other forms promulgated for similar purposes), whether or not for sale for its own account, in a manner which would permit registration of Registrable Securities for sale to the public under the Securities Act, it will, at each such time, give prompt written notice to all Holders of its intention to do so and of such Holders' rights under this Article V. Upon the written request of any such Holder made within 20 days after the receipt of any such notice (which request shall specify the Registrable Securities intended to be disposed of by such Holder), the Company will use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by the Holders thereof; provided, that (a) if, at any time after giving written notice of its intention to register any securities, the Company shall determine for any reason not to proceed with the proposed registration of the securities to be sold by it, the Company may, at its election, give written notice of such determination to each Holder and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith), and (b) if such registration involves an underwritten offering, all Holders requesting that their Registrable Securities be included in the registration must sell their Registrable Securities to the underwriters selected by the Company or the selling security holders requesting such registration, as the case may be, on the same terms and conditions as apply to the Company or such selling shareholders,

with such differences, including any with respect to indemnification and liability insurance, as may be customary or appropriate in combined primary and secondary offerings. If a registration requested pursuant to this Section involves an underwritten public offering, any Holder requesting to be included in such registration may elect, in writing prior to the effective date of the registration statement filed in connection with such registration, not to register all or any part of such securities in connection with such registration.

Section 5.3 Priority. If a registration pursuant to Section 5.1 or 5.2 involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of Registrable Securities requested to be included in such registration would be likely to have an adverse effect on the price, timing or distribution of the securities to be offered in such offering as contemplated by the Company or, if applicable, the Initiating Holders hereunder or the Other Holders requesting such registration, as the case may be, then

(1) with respect to a Demand Registration pursuant to Section 5.1 hereof, the Company shall include in such registration Registrable Securities in an amount which the Company is so advised can be sold in such offering, (a) first, Registrable Securities requested to be included by the Initiating Holders and all other Preferred Stockholders, pro rata based on the number of Registrable Securities requested to be included in such registration, (b) second, Registrable Securities requested to be included by Management Stockholders exercising their rights pursuant to Section 5.2 and (c) third, Other Securities requested to be included by Other Holders, pro rata based on the number of Other Securities requested to be included in such registration;

(2) with respect to a registration that does not constitute a Demand Registration pursuant to Section 5.1 hereof and is a primary registration on behalf of the Company, the Company shall include in such registration, securities in an amount which the Company is so advised can be sold in such offering, (a) first, securities proposed to be registered by the Company, (b) second, Registrable Securities requested be included by Stockholders exercising their rights pursuant to Section 5.2, pro rata based on the number of Registrable Securities requested to be included in such registration and (c) third, Other Securities requested to be included by Other Holders, pro rata based on the number of Other Securities requested to be included in such registration; and

(3) with respect to a registration that does not constitute a Demand Registration pursuant to Section 5.1 hereof and is a secondary registration on behalf of Other Holders, the Company shall include in such registration, securities in an amount

which the Company is so advised can be sold in such offering, the Registrable Securities requested be included by Stockholders exercising their rights pursuant to Section 5.2 and Other Securities requested to be included by Other Holders, pro rata based on the number of Registrable Securities requested to be included by the Requesting Holders and the number of Other Securities proposed to be

18

registered by the Other Holders; provided that, Stockholders holding more than 50% of the outstanding Common Stock held by all Stockholders may agree to grant the Other Holders priority in a registration initiated by Other Holders.

Section 5.4 Registration Procedures.

If and whenever the Company is required to use its reasonable best efforts to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, the Company will promptly:

(a) use reasonable best efforts to prepare and file with the SEC a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use reasonable best efforts to cause such filed registration statement to become and remain effective until the earlier of (1) 180 days from the date such registration statement to become effective (provided that, such 180-day period shall be increased by the number of days that any Holder shall have been required by Section 5.10 to refrain from disposing under the registration any of the Registrable Securities owned by such Holder) or (2) the date on which the sale of Registrable Securities has been completed.

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the period specified in Section 5.4(a) (or any longer period required by the registration rights relating to the Other Securities included in the registration statement, as the case may be), and to comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement; provided, that before filing a registration statement or prospectus, or any amendments or supplements thereto in accordance with Sections 5.4(a) or (b), the Company will furnish to counsel selected pursuant to Section 5.9 hereof copies of all documents proposed to be filed, which documents will be subject to the review of such counsel;

(c) furnish to each seller of such Registrable Securities such number of copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits filed therewith, including any documents incorporated by reference), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and summary prospectus), in conformity with the requirements of the Securities Act, and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities by such seller;

(d) use its reasonable best efforts to register or qualify such Registrable Securities covered by such registration under the securities or blue sky laws of such jurisdictions as each seller shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such

19

jurisdictions of the Registrable Securities owned by such seller, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this subsection (d), it would not be obligated to be so qualified, to subject itself to material taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) use its reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities;

(f) notify each seller of any such Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the Company's becoming aware that the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of an amended or supplemental prospectus (which, in the case of a registration statement on Form S-3, may be in the form of a Form 8-K or other periodic report under the Exchange Act) as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) otherwise comply with all applicable rules and regulations of

the SEC, and make available to its security holders, as soon as reasonably practicable (but not more than 18 months) after the effective date of the registration statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act;

(h) (i) use reasonable best efforts to list such Registrable Securities on any securities exchange or quotation system on which the Common Stock is then listed if such Registrable Securities are not already so listed and if such listing is then permitted under the rules of such exchange; and (ii) use reasonable best efforts to provide a transfer agent and registrar for such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary agreements (including an underwriting agreement in customary form), which may include indemnification provisions in favor of underwriters and other Persons in addition to, or in substitution for the provisions of Section 5.7 hereof, and take such other actions as sellers of a majority of shares of such Registrable Securities or the underwriters, if any, reasonably requested in order to expedite or facilitate the disposition of such Registrable Securities;

(j) obtain a "cold comfort" letter or letters from the Company's independent public accounts in customary form and covering matters of the type customarily covered by

20

"cold comfort" letters as the seller or sellers of a majority of shares of such Registrable Securities shall reasonably request;

(k) make available for inspection by any seller of such Registrable Securities covered by such registration statement, by any underwriter participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by any such seller or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(l) notify counsel (selected pursuant to Section 5.9 hereof) for the Holders of Registrable Securities included in such registration statement and the managing underwriter or agent, immediately, and confirm the notice in writing (i) when the registration statement, or any post-effective amendment to the registration statement, shall have become effective, or any supplement to the prospectus or any amendment to the prospectus shall have been filed, (ii) of the receipt of any comments from the SEC, (iii) of any request of the SEC to amend the registration statement or amend or supplement the prospectus or for additional information, and (iv) of the issuance by the SEC of any stop order

suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the registration statement for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes;

(m) with respect to a Demand Registration pursuant to Section 5.1 hereof, make every reasonable effort to prevent the issuance of any stop order suspending the effectiveness of the registration statement or of any order preventing or suspending the use of any preliminary prospectus and, if any such order is issued, to obtain the withdrawal of any such order as soon as practicable;

(n) if requested by the managing underwriter or agent or any Holder of Registrable Securities covered by the registration statement, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or agent or such Holder reasonably requests to be included therein, including, with respect to the number of Registrable Securities being sold by such Holder to such underwriter or agent, the purchase price being paid therefor by such underwriter or agent and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters incorporated in such prospectus supplement or post-effective amendment;

(o) cooperate with the Holders of Registrable Securities covered by the registration statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or agent, if any, or such Holders may request;

21

(p) obtain for delivery to the Holders of Registrable Securities being registered and to the underwriter or agent an opinion or opinions from counsel for the Company in customary form and in form, substance and scope reasonably satisfactory to such Holders, underwriters or agents and their counsel;

(q) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the NYSE or any other securities exchange or quotation system on which the Registrable Securities are now or hereafter may be listed;

(r) use its reasonable best efforts to make available the executive

officers of the Company to participate with the Holders of Registrable Securities and any underwriters in any "road shows" or other selling efforts that may be reasonably requested by the Holders in connection with the methods of distribution for the Registrable Securities; and

(s) with respect to a Demand Registration pursuant to Section 5.1 hereof, use its reasonable best efforts to take all other steps necessary to effect the registration of the Registrable Securities covered by the registration statement contemplated hereby.

Section 5.5 Information Supplied.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company with such information regarding such seller required by the Securities Act in connection with the registration of securities in secondary offerings and relating to the registration and the distribution of such securities as the Company may from time to time reasonably request.

Section 5.6 Restrictions on Disposition.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5.4(f), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 5.4(f), and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period mentioned in Section 5.4(b) shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 5.4(f) and to and including the date when each seller of Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 5.4(f).

Section 5.7 Indemnification.

(a) In the event of any registration of any securities of the Company under the Securities Act pursuant to Section 5.1 or 5.2, the Company shall, and it hereby does, indemnify

and hold harmless, to the extent permitted by law, the seller of any Registrable Securities covered by such registration statement, each Affiliate of such seller and their respective directors, officers, members or general and limited partners (and any director, officer, and controlling Person of any of the

foregoing), each Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls such seller or any such underwriter within the meaning of the Securities Act (each an "Indemnified Party" and collectively, the "Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) in respect thereof ("Claims") and expenses (including reasonable attorney's fees and reasonable expenses of investigation) to which such Indemnified Party may become subject under the Securities Act, common law or otherwise, insofar as such Claims or expenses arise out of, relate to or are based upon (a) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the circumstances under which they were made) not misleading; provided, that the Company shall not be liable to any Indemnified Party in any such case to the extent that any such Claim or expense arises out of, relates to or is based solely upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final or summary prospectus in reliance upon and in conformity with written information relating to a Seller furnished to the Company by or behalf of such seller specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any Indemnified Party and shall survive the Transfer of securities by any seller.

(b) The Company may require, as a condition to including any Registrable Securities in any registration statement filed in accordance with Section 5.1 or 5.2 herein, that the Company shall have received an undertaking reasonably satisfactory to it from the prospective seller of such Registrable Securities or any underwriter to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 5.7(a)) the Company and all other prospective sellers or any underwriter, as the case may be, with respect to any untrue statement or alleged untrue statement in or omission or alleged omission from such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, if such untrue statement or alleged untrue statement or omission or alleged omission was made solely in reliance upon and in conformity with written information furnished to the Company by or on behalf of such seller or underwriter specifically stating that it is for use in the preparation of such registration statement, preliminary, final or summary prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the prospective sellers, or any of their respective Affiliates, directors, officers or controlling Persons and shall survive the Transfer of securities by any seller. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification

(c) Promptly after receipt by an Indemnified Party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 5.7, such Indemnified Party will, if a claim in respect thereof is to be made against an Indemnifying Party, give written notice to the latter of the commencement of such action or proceeding; provided, that the failure of the Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under Section 5.7, except to the extent that the Indemnifying Party is materially prejudiced by such failure to give notice. In case any such action or proceeding is brought against an Indemnified Party, unless in such Indemnified Party's reasonable judgment a conflict of interest between such Indemnified and Indemnifying Parties may exist in respect of such action or proceeding (in which case the Indemnified Party shall have the right to assume or continue its own defense and the Indemnifying Party shall be liable for any reasonable expenses therefor, but in no event will bear the expenses for more than one firm of counsel for all Indemnified Parties in each jurisdiction who shall be approved by the majority of the participating Holders in the registration in respect of which such indemnification is sought), the Indemnifying Party will be entitled to participate in and to assume the defense thereof (at its expense), jointly with any other Indemnifying Party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, except in the case of a conflict of interest as aforesaid, the Indemnifying Party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, other than reasonable costs of investigation, and shall have no liability for any settlement made by the Indemnified Party without the consent of the Indemnifying Party, such consent not to be unreasonably withheld. No Indemnifying Party will settle any action or proceeding or consent to the entry of any judgment without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, unless such settlement or judgment (i) includes as an unconditional term thereof the giving by the claimant or plaintiff of a release to such Indemnified Party from all liability in respect of such action or proceeding, and (ii) does not involve the imposition of equitable remedies or the imposition of any obligations on such Indemnified Party and does not otherwise adversely affect such Indemnified Party, other than as a result of the imposition of financial obligations for which such Indemnified Party will be indemnified hereunder.

(d) (i) If the indemnification provided for in this Section 5.7 from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any Claim or expenses referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Claim or

expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such Claim or expenses, as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party under this Section 5.7(d) as a result of the

24

Claim and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any action or proceeding.

(ii) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5.7(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in Section 5.7(d) (i). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Indemnification similar to that specified in this Section 5.7 (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any applicable law or with any governmental authority other than as required by the Securities Act.

(f) The obligations of the parties under this Section 5.7 shall be in addition to any liability which any party may otherwise have to any other party.

Section 5.8 Required Reports. The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act (or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available such information), and it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell shares of Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

Section 5.9 Selection of Counsel. In connection with any registration of Registrable Securities pursuant to Sections 5.1 or 5.2 hereof, the Holders of a majority of the Registrable Securities covered by any such registration may select one counsel to represent all Holders of Registrable Securities covered by such registration; provided, however, that in the event that the counsel selected as provided above is also acting as counsel to the Company in connection with such registration, the remaining Holders shall be entitled to select one additional counsel to represent all such remaining Holders.

Section 5.10 Suspension/Postponement of Registration.

Notwithstanding anything in this Agreement to the contrary, the Company may upon notice to the Holders (a) postpone effecting a registration under this Agreement, or (b) require the Holders to refrain from disposing of Registrable Securities under a registration statement. The Company may postpone effecting a registration or apply limitations on dispositions under such registration if (1) the Company in good faith determines that such registration or disposition would materially impede, delay or interfere with any material financing, offer or sale of other equity securities or debt securities of the Company, acquisition, disposition or other material transaction by the Company or any of its material subsidiaries or (2) the Company in good faith determines that it is in possession of material non-public information the disclosure of which during the period specified

25

in such notice the Company reasonably believes would not be in the best interests of the Company; provided that the Company may not take any action pursuant to this Section 5.10 for a period of time in excess of 180 days in any one year period.

Section 5.11 Holdback Agreement. If any registration hereunder shall be in connection with an underwritten public offering, each Holder agrees not to effect any public sale or distribution, including any sale pursuant to Rule 144 under the Securities Act, of any Equity Securities of the Company (in each case, other than as part of such underwritten public offering), within seven days before, and during the 180-day period beginning on, the effective date of such registration (except as part of such registration), and the Company hereby also agrees and agrees to use commercially reasonable efforts to have each Other Holder of any Equity Security of the Company purchased from the Company (at any time other than in a public offering) to so agree.

Section 5.12 Participation in Underwritten Registrations. No Holder may participate in any underwritten registration hereunder unless such Holder agrees to enter into and sell its securities on the basis provided in any underwriting agreement entered into pursuant to Section 5.4(i); provided that (i) such Holder will not be required to make any representations or warranties except those which relate solely to itself and its intended plan of distribution and (ii) the liability of such Holder to any underwriter under such underwriting

agreement will be limited to liability arising from misstatements in, or omissions from, written information regarding such Holder provided by or on behalf of such Holder for inclusion in the prospectus.

Section 5.13 Expenses. The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to Section 5.1 or 5.2.

Section 5.14 No Inconsistent Agreements. Without the consent of a majority of the Holders, the Company represents and warrants that it will not enter into, or cause or permit any of its Subsidiaries to enter into, any agreement which conflicts with or limits or prohibits the exercise of the rights granted to the Holders of Registrable Securities in this Article V.

ARTICLE VI MISCELLANEOUS

Section 6.1 Administrative Agent.

(a) Each Preferred Stockholder hereby appoints and authorizes the BNP Paribas, as administrative agent (the "Administrative Agent"), to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; provided that, the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law.

(b) Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Each Preferred Stockholder severally agrees to indemnify the Administrative Agent

26

from and against such Preferred Stockholder's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and expenses of counsel) that may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement (collectively, the "Indemnified Costs"); provided, however, that no Preferred Stockholder shall be liable for any portion of such Indemnified Costs resulting from the Administrative Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. For purposes of this Section 6.1, the Preferred Stockholder's respective ratable shares of any amount shall be determined, at any time, according to the sum of

the aggregate principal amount of the Term Loans outstanding at such time and owing to the respective Preferred Stockholders. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 6.1 applies whether any such investigation, litigation or proceeding is brought by the Administrative Agent, any Preferred Stockholder or a third party. The failure of any Preferred Stockholder to reimburse the Administrative Agent promptly upon demand for its ratable share of any amount required to be paid by the Preferred Stockholder to the Administrative Agent as provided herein shall not relieve any other Preferred Stockholder of its obligation hereunder to reimburse the Administrative Agent for its ratable share of such amount, but no Preferred Stockholder shall be responsible for the failure of any other Preferred Stockholder to reimburse the Administrative Agent for such other Preferred Stockholder's ratable share of such amount.

(c) The Administrative Agent may resign at any time by giving written notice to the Preferred Stockholders, and may be removed at any time with or without cause by Preferred Stockholders holding at least 66 % of the Pro Rata Shares (as defined in the Credit Agreement) of all Preferred Stockholders. Upon any such resignation or removal, the Preferred Stockholders holding at least 66 % of the Pro Rata Shares (as defined in the Credit Agreement) of all Preferred Stockholders, shall have the right to appoint a successor Administrative Agent. If no such successor Administrative Agent shall have been so appointed, and shall have accepted such appointment, within 30 days after such retiring Administrative Agent's giving notice of resignation or the removal of such retiring Administrative Agent, then such retiring or removed Administrative Agent may, on behalf of the Preferred Stockholders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the law of the United States or of any State hereof and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with the rights and duties of the retiring or removed Administrative Agent hereunder, and such retiring or removed Administrative Agent shall be discharged from its duties hereunder.

(d) This Section 6.1 shall survive termination of this Agreement.

Section 6.2 Termination. Section 2.1 of this Agreement shall terminate at such time as the shares of Common Stock subject to the voting agreement in Article III constitute less than 50% of the outstanding shares of Common Stock. Section 2.2 shall terminate upon expiration of the period specified therein for the maintenance of liability insurance. The voting agreements in Article III of this Agreement shall terminate with respect to any share of Common

Stock, at such time as such share is Transferred in a Public Transfer and shall terminate with respect to all Common Stock and Series B Preferred Stock at such

time as the shares of Common Stock and Series B Preferred Stock subject to such voting agreement constitute less than 50% of the outstanding shares of Capital Stock entitled to vote on all matters to be voted on by holders of Common Stock. Article IV (other than any restrictions on Transfer imposed by the Securities Act or state securities or "blue sky" laws) shall terminate as to any share of Common Stock at such time as such share is Transferred in a Public Transfer and as to all shares of Common Stock and Preferred Stock and all Options at such time as the shares of Common Stock and Series B Preferred Stock held by the Stockholders constitute less than 50% of the outstanding shares of Capital Stock entitled to vote on all matters to be voted on by holders of Common Stock. Article V of this Agreement (other than Section 5.7 thereof) shall terminate at such time as there shall be no Registrable Securities outstanding. In addition to the foregoing, this Agreement shall terminate upon a sale of all the outstanding shares of Common Stock held by the Stockholders and, with respect to any Stockholder, this Agreement shall terminate with respect to such Stockholder at such time as it no longer holds any Series A Preferred Stock, Series B Preferred Stock or Common Stock. Nothing herein shall relieve any party from any liability for the breach of any of the agreements set forth in this Agreement.

Section 6.3 Amendments and Waivers. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective against the Company or any Holder unless such modification, amendment or waiver is approved in writing by the Company, the Administrative Agent and holders of at least 51% of the Common Stock then held by the Stockholders, except that any such action which adversely affects the Management Stockholders disproportionately as a class compared to other Stockholders must be approved by holders of at least 51% of the Common Stock and Vested Options held by all Management Stockholders or, if there are no Management Stockholders at the time, by the Management Agent. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

Section 6.4 Successors, Assigns and Transferees; Management Stockholder.

(a) This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by any party hereto (except as described in the next sentence) without the prior written consent of the other parties. Any Stockholder may assign its rights and obligations hereunder in accordance with the Transfer provisions of Article IV.

(b) Any employee of the Company who receives Options will be required by the terms thereof to become a party to this Agreement. Following delivery to Company of an agreement in writing to become a party to and be bound by all of the provisions of this Agreement applicable to Management Stockholders, such employee shall become a party hereto and all references herein to Management Stockholders shall be deemed to include such employee.

Section 6.5 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent, with respect to the Company and the Stockholders, to their respective addresses specified in the Credit Agreement (or at such other address as any such party may specify by like notice) and, with respect to any other Holder, to the address of such Holder as shown in the stock record books of the Company (or at such other address as any such Holder may specify to all of the above by like notice).

Section 6.6 Further Assurances. At any time or from time to time after the date hereof, the parties agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the parties hereunder.

Section 6.7 Entire Agreement. Except as otherwise expressly set forth herein, this Agreement, the Preferred Stock Issuance and Restructuring Agreement, the Series A Certificate of Designations, the Series B Certificate of Designations and the Stock Option Plan embody the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof in any way.

Section 6.8 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on the part of any party hereto of any breach, default or noncompliance under this Agreement or any waiver on such party's part of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

Section 6.9 Governing Law; Jurisdiction; Waiver of Jury Trial. This

Agreement shall be governed in all respects by the laws of the State of Delaware. The parties hereto hereby submit to the non-exclusive jurisdiction of the courts of the State of New York for the purpose of any suit, proceeding or judgment arising under or with respect to this Agreement. Each of the parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding in relation to this Agreement and for any counterclaim therein.

29

Section 6.10 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 6.11 Effective Date. This Agreement shall become effective immediately upon the Closing.

Section 6.12 Enforcement. Each party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof.

Section 6.13 Titles and Subtitles. The titles of the Sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 6.14 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and each Holder covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner, member, attorney or advisors of any Stockholder, the Company or of any Affiliate or permitted assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future director, officer, agent, employee, partner, member, attorney or advisor of any Stockholder, the Company or of any Affiliate or permitted assignee thereof, as such for any obligation of any Stockholder or the Company under this Agreement or any documents or instruments delivered in

connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

Section 6.15 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed by facsimile signature(s).

Section 6.16 No Third Party Beneficiaries. This Agreement is not intended to confer upon any persons other than the parties hereto any rights or remedies hereunder other than the rights granted to the Principal Officers pursuant to Section 3.4(b) hereof and, with respect to Section 2.2 only, the Company's officers and directors immediately prior to the Closing Date and those Directors appointed hereunder.

30

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph hereof.

THE COMPANY: TELESPECTRUM WORLDWIDE INC.

By: /s/ J. Peter Pierce

Name: J. Peter Pierce
Title: Chief Executive Officer

THE MANAGEMENT AGENT: /s/ J. Peter Pierce

J. Peter Pierce

THE PREFERRED STOCKHOLDERS: BNP PARIBAS (F/K/A BANQUE NATIONALE DE PARIS),
as a Preferred Stockholder and as Administrative Agent

By: /s/ Amy Kirschner

Name: Amy Kirschner
Title: Director

By: /s/ Albert A. Young, Jr.

Name: Albert A. Young, Jr.
Title: Managing Director

S-1

ENDEAVOR, LLC,
as a Preferred Stockholder

By: /s/ Ronnie Kaplan

Name: Ronnie Kaplan
Title: Vice President

S-2

FLEET NATIONAL BANK (F/K/A BANKBOSTON, N.A.),
as a Preferred Stockholder

By: /s/ G. Christopher Miller

Name: G. Christopher Miller
Title: Vice President

S-3

VAN KAMPEN PRIME RATE INCOME TRUST,
as a Preferred Stockholder

By: Van Kampen Investment Advisory Corp.

By: /s/ Christina Jamieson

Name: Christina Jamieson
Title: Vice President

S-4

VAN KAMPEN SENIOR FLOATING RATE FUND,
as a Preferred Stockholder

By: Van Kampen Investment Advisory Corp.

By: /s/ Darvin D. Pierce

Name: Darvin D. Pierce
Title: Executive Director

S-5

VAN KAMPEN SENIOR INCOME TRUST,
as a Preferred Stockholder

By: Van Kampen Investment Advisory Corp.

By: /s/ Brad Langs
Name: Brad Langs
Title: Vice President

TBH-I, L.P., as a Preferred Stockholder

By: /s/ Gary P. Thomason
Name: Gary P. Thomason
Title: Authorized Signatory

WELLS FARGO BANK, N.A., as a Preferred
Stockholder

By: /s/ Razia Damji
Name: Razia Damji
Title: Vice President

S-6

FIRST SOURCE LOAN OBLIGATIONS TRUST,
as a Preferred Stockholder

By: First Source Financial, Inc., its Servicer
and Administrator

By: /s/ Kathi J. Inorio
Name: Kathi J. Inorio
Title: Senior Vice President

S-7

ENDURANCE CLO I, LTD, as a Lender

By: ING Capital Advisors, LLC

As Portfolio Manager

By: /s/ Helen Rhee
Name: Helen Rhee
Title: Senior Vice President

KZH ING-2 LLC, as a Preferred Stockholder

By: /s/ Susan Lee
Name: Susan Lee
Title: Authorized Agent

S-8

KZH ING-3 LLC, as a Preferred Stockholder

By: /s/ Susan Lee
Name: Susan Lee
Title: Authorized Agent

ARCHIMEDES FUNDING, L.L.C. , as a
Preferred Stockholder

By: ING Capital Advisors, LLC,
as Collateral Manager

By: /s/ Helen Rhee
Name: Helen Rhee
Title: Senior Vice President

ARCHIMEDES FUNDING II, L.L.C., as a
Preferred Stockholder

By: ING Capital Advisors, LLC,
as Collateral Manager

By: /s/ Helen Rhee
Name: Helen Rhee
Title: Senior Vice President

FIRST DOMINION FUNDING III, as a
Preferred Stockholder

By: /s/ Andrew Marshak
Name: Andrew Marshak

S-9

THE MANAGEMENT STOCKHOLDERS:

/s/ J. Peter Pierce
J. Peter Pierce

S-10

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of April 29, 2002

Among

TELESPECTRUM WORLDWIDE INC.,

as BORROWER,

and

THE LENDERS NAMED HEREIN,

and

BNP PARIBAS

as ADMINISTRATIVE AGENT and COLLATERAL AGENT

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE
<S>	<C>
ARTICLE I DEFINITIONS AND ACCOUNTING TERMS	2
SECTION 1.01. Certain Defined Terms	2
SECTION 1.02. Computation of Time Periods; Other Definitional Provisions	18
SECTION 1.03. Accounting Terms	19
ARTICLE II AMOUNTS AND TERMS OF THE LOANS	19
SECTION 2.01. Term Loans and Term Notes	19
SECTION 2.02. [Intentionally Omitted]	20
SECTION 2.03. [Intentionally Omitted]	20
SECTION 2.04. Repayment of Term Loans	21
SECTION 2.05. [Intentionally Omitted]	21
SECTION 2.06. Prepayments	21
SECTION 2.07. Interest	21
SECTION 2.08. Agent's Fees	22
SECTION 2.09. [Intentionally Omitted]	22

SECTION 2.10. Increased Costs, Etc	22
SECTION 2.11. Payments and Computations	23
SECTION 2.12. Taxes	24
SECTION 2.13. Sharing of Payments, Etc	26
SECTION 2.14. Use of Proceeds	27
SECTION 2.15. Evidence of Debt	27
SECTION 2.16. Maximum Lawful Rate	27
ARTICLE III CONDITIONS OF LENDING	28
SECTION 3.01. Conditions Precedent to Closing	28
SECTION 3.02. Determinations Under Section 3.01	33
ARTICLE IV REPRESENTATIONS AND WARRANTIES	33
SECTION 4.01. Representations and Warranties of the Borrower	33
ARTICLE V COVENANTS	39
SECTION 5.01. Affirmative Covenants	39
SECTION 5.02. Negative Covenants	44
SECTION 5.03. Reporting Requirements	49

</TABLE>

-i-

TABLE OF CONTENTS
(CONTINUED)

<TABLE>
<CAPTION>

<S>	SECTION 5.04. Financial Covenants	PAGE <C> 53
ARTICLE VI EVENTS OF DEFAULT		54
SECTION 6.01. Events of Default		54
ARTICLE VII THE AGENT		57
SECTION 7.01. Authorization and Action		57
SECTION 7.02. Agent's Reliance, Etc		57
SECTION 7.03. BNP and Affiliates		58

SECTION 7.04. Lender Party Credit Decision	58
SECTION 7.05. Indemnification	58
SECTION 7.06. Successor Agent	59
ARTICLE VIII MISCELLANEOUS	59
SECTION 8.01. Amendments, Etc	59
SECTION 8.02. Notices, Etc	60
SECTION 8.03. No Waiver; Remedies	60
SECTION 8.04. Costs and Expenses	61
SECTION 8.05. Right of Set-off	62
SECTION 8.06. Binding Effect	62
SECTION 8.07. Assignments and Participations	62
SECTION 8.08. Execution in Counterparts	65
SECTION 8.09. [Intentionally Omitted]	65
SECTION 8.10. Jurisdiction, Etc	65
SECTION 8.11. Governing Law	65
SECTION 8.12. Judgment	65
SECTION 8.13. Waiver of Jury Trial	66
SECTION 8.14. Confidentiality	66
SECTION 8.15. Release and Waiver	66

</TABLE>

-ii-

TABLE OF CONTENTS

<TABLE>

<CAPTION>

<S>

SCHEDULES

Schedule I	-	Commitments and Domestic Lending Offices
Schedule IA	-	Lenders' Pro Rata Shares of the Facilities
Schedule 3.01(a)(iii)(H)	-	Blocked Accounts
Schedule 3.01(a)(iv)	-	Guarantors
Schedule 3.01(a)(x)	-	Jurisdictions of Activity as Foreign Corporation
Schedule 3.01(a)(xx)	-	Unrestructured Indebtedness
Schedule 3.01(i)	-	[Intentionally Omitted]
Schedule 3.01(k)	-	Leased Real Property Report

PAGE
<C>

Schedule 4.01(b)	-	Subsidiaries of the Borrower
Schedule 4.01(d)	-	Authorizations, Approvals, Actions, Notices and Filings
Schedule 4.01(j)	-	Pending Litigation
Schedule 4.01(o)	-	Plans, Multiemployer Plans and Welfare Plans
Schedule 4.01(p)	-	Open Years
Schedule 4.01(u)	-	Locations of Inventory
Schedule 4.01(v)	-	Leased Real Property
Schedule 4.01(w)	-	Existing Investments
Schedule 4.01(x)	-	Intellectual Property
Schedule 4.01(y)	-	Existing Liens
Schedule 4.01(aa)	-	Deposit Accounts
Schedule 4.01(bb)	-	[Intentionally Omitted]
Schedule 4.01(dd)	-	Material Contracts
Schedule 5.02(b) (ii) (F)	-	Structured Vendor Settlements
Schedule 5.04(e)	-	Intentionally Omitted

</TABLE>

-iii-

TABLE OF CONTENTS
(CONTINUED)

<TABLE>
<CAPTION>

<S>

PAGE
<C>

EXHIBITS

EXHIBIT A-1	-	Form of Term Note
EXHIBIT B	-	[Intentionally Omitted]
EXHIBIT C	-	Form of Assignment and Acceptance
EXHIBIT D	-	Form of Security Agreement
EXHIBIT E-1	-	Form of Canadian Security Agreement
EXHIBIT E-2	-	Form of Debenture
EXHIBIT E-3	-	Form of Debenture Pledge Agreement
EXHIBIT F-1	-	Form of U.S. Guaranty
EXHIBIT F-2	-	Form of Canadian Guaranty
EXHIBIT G	-	[Intentionally Omitted]
EXHIBIT H-1	-	Form of Opinion of Counsel to Loan Parties
EXHIBIT H-2	-	Form of Opinion of Canadian Counsel to Loan Parties
EXHIBIT I	-	Form of Acknowledgment and Consent
EXHIBIT J	-	Form of Restructuring Agreement
EXHIBIT K-1	-	Form of Intercompany Subordination Agreement
EXHIBIT K-2	-	Form of Intercompany Note

</TABLE>

-iv-

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDED AND RESTATED CREDIT AGREEMENT dated as of April 29, 2002 among TELESPECTRUM WORLDWIDE INC., a Delaware corporation (the "BORROWER"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Lenders (the "LENDERS"), BNP PARIBAS

(f/k/a Banque Nationale de Paris) ("BNP"), as administrative agent (the "ADMINISTRATIVE AGENT"), and as collateral agent (together with any successors appointed pursuant to Article VII, the "COLLATERAL AGENT"; together with the Administrative Agent, the "AGENT") for the Lenders.

PRELIMINARY STATEMENTS:

WHEREAS, pursuant to that certain Amended and Restated Credit Agreement dated as of April 16, 2001, by and among the Borrower, the banks, financial institutions and other institutional lenders listed on the signature papers thereof, and the Agent (as heretofore amended, restated, supplemented or otherwise modified, the "EXISTING CREDIT AGREEMENT"), the Lenders have made certain credit facilities available to the Borrower in accordance with the terms thereof;

WHEREAS, as of the date hereof, the aggregate amount of the Existing Advances (including, without limitation, all principal and accrued and unpaid interest, fees and expenses) is \$160,915,586;

WHEREAS, the parties to the Existing Credit Agreement have agreed to amend and restate the Existing Credit Agreement in its entirety in order to, among other things, (i) convert the aggregate principal amount of \$25,000,000 of the Existing Advances to Term Loans, (ii) convert pursuant to the Restructuring Agreement the aggregate amount of \$40,000,000 of the Existing Advances to 40,000 shares of Series A Preferred Stock, (iii) convert pursuant to the Restructuring Agreement the remaining balance of the Existing Advances as of the Second Restatement Date, approximating \$96,000,000, to 90,000 shares of Series B Convertible Preferred Stock, (iv) establish a new Final Maturity Date, (v) amend certain of the financial and other covenants contained in the Existing Credit Agreement, and (vi) make certain other amendments to the Existing Credit Agreement, all as set forth herein;

WHEREAS, it is the intention of the Borrower, the Agent and the Lenders that such amendment and restatement of the Existing Credit Agreement shall not constitute a refinancing of, but rather a modification and continuation of, the Existing Advances outstanding on the Second Restatement Date;

WHEREAS, to induce the Agent and the Lenders to enter into this Agreement, the Borrower has agreed to grant to the Agent, or confirm its grant to the Agent, on behalf of the Lenders, a first priority Lien on substantially all of the Borrower's property (real, personal and mixed), including a pledge of all the capital stock or other ownership interests of its Subsidiaries; and

WHEREAS, to induce the Agent and the Lenders to enter into this Agreement, each U.S. Subsidiary and each Foreign Subsidiary has agreed to guaranty, or confirm its guarantee of, the Obligations hereunder and under the other Loan Documents, and each U.S.

Subsidiary and each Foreign Subsidiary has agreed to secure its guaranty by granting to Agent, or confirming its grant to the Agent, on behalf of the Lenders, a first priority Lien on substantially all of its respective property (real, personal and mixed).

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree that on the Second Restatement Date the Existing Credit Agreement shall be amended

and restated in its entirety as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ACKNOWLEDGEMENT AND CONSENT" means the Acknowledgement and Consent executed and delivered by each Loan Party substantially in the form of Exhibit I annexed hereto pursuant to which each such Person acknowledges and consents to this Agreement and confirms the continuing effectiveness of each Loan Document to which it is a party.

"ADMINISTRATIVE AGENT" has the meaning specified in the recital of the parties to this Agreement.

"AFFILIATE" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"AGENT" has the meaning specified in the recital of the parties to this Agreement.

"AGENT'S ACCOUNT" means the account of the Agent maintained by the Agent at the Federal Reserve Bank of New York, 33 Liberty Street, New York, New York 10048, ABA No. 026007689, for further credit to Account No. 750420-701-03, or such other account maintained by the Agent and designated by the Agent in a written notice to the Lender Parties and the Borrower.

"APPLICABLE MARGIN" means 4.0% per annum.

"APPROVED FUND" means, with respect to any Lender that is a fund that invests in bank loans, any other fund that invests in bank loans and is advised or managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

2

"BANKRUPTCY CODE" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"BASE RATE" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by BNP in New York, New York, from time to time, as its prime rate (and such term shall not be construed to be its best or most favorable rate); and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"BLOCKED ACCOUNT" means a deposit account for which the Agent has received a Blocked Account Letter duly executed by the applicable Blocked Account Bank or over which the Agent holds a perfected Lien or similar security interest.

"BLOCKED ACCOUNT LETTER" has the meaning specified in the U.S. Security Agreement.

"BLOCKED ACCOUNT BANK" has the meaning specified in the U.S. Security Agreement.

"BNP" has the meaning specified in the recital of the parties to this Agreement.

"BORROWER" has the meaning specified in the recital of the parties to this Agreement.

"BORROWER'S ACCOUNT" means the account of the Borrower maintained by the Borrower with BNP at BNP's office at 787 Seventh Avenue, New York, New York 10019, Account No. 205200-001-88. or such other account as the Borrower and the Agent may from time to time designate as the "Borrower's Account".

"BUSINESS DAY" means a day of the year on which banks are not required or authorized by law to close in New York City.

"CANADIAN GUARANTY" means that certain Guaranty dated June 30, 1999 executed and delivered by each Canadian Subsidiary of the Borrower in favor of the Secured Parties, in the form of Exhibit F-2, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"CANADIAN SECURITY AGREEMENTS" means those certain Security Agreements dated June 30, 1999 executed and delivered by each Canadian Subsidiary of the Borrower in favor of the Collateral Agent, in the form of Exhibit E-1, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"CANADIAN SUBSIDIARY" means any Subsidiary of the Borrower organized under the laws of Canada or any of the provinces of Canada.

3

"CAPITAL EXPENDITURES" means, for any Person for any period, the sum of, without duplication, (a) all cash expenditures made, directly or indirectly, by such Person or any of its Subsidiaries during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have been or should be, in accordance with GAAP, reflected as additions to property, plant or equipment on a Consolidated balance sheet of such Person plus (b) the aggregate principal amount of all Debt (including Obligations under Capitalized Leases) assumed or incurred in connection with any such expenditures.

"CAPITAL LEASE" as applied to any Person, means any lease of any property (whether real, personal or mixed) by that Person as lessee, that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet

of that Person.

"CAPITALIZED LEASES" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"CASH EQUIVALENTS" means any of the following, to the extent owned by the Borrower or any of its Subsidiaries free and clear of all Liens other than Liens created under the Collateral Documents or Permitted Liens and having a maturity of not greater than 180 days from the date of acquisition thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the government of the United States, (b) insured certificates of deposit of or time deposits with any commercial bank that is a Lender Party or a member of the Federal Reserve System and issues (or the parent of which issues) commercial paper rated as described in clause (c) and which is organized under the laws of the United States or any State thereof and has combined capital and surplus of at least \$1 billion, (c) commercial paper in an aggregate amount of no more than \$250,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc., or (d) Investments in money market or mutual funds that invest solely in Cash Equivalents of the types described in clauses (a), (b) and (c), above.

"CHARTER AMENDMENT" means the amendment of the Borrower's certificate of incorporation to increase the number of authorized shares of common stock to permit the conversion of all shares of Series B Convertible Preferred Stock into common stock of the Borrower such that immediately after giving effect to such conversion Lenders will hold 95% of the then outstanding shares of common stock of the Borrower and the related adoption by the Board of Directors of the Borrower of a resolution approving and recommending same.

"COLLATERAL" means all "COLLATERAL" referred to in the Collateral Documents and all other property that is or is intended to be subject to any Lien in favor of the Agent for the benefit of the Secured Parties.

"COLLATERAL AGENT" has the meaning specified in the recital of the parties to this Agreement.

4

"COLLATERAL DOCUMENTS" means the Security Agreements, the Debentures, the Debenture Pledge Agreements, and any other agreement that creates or purports to create a Lien in favor of the Agent for the benefit of the Lenders.

"CONFIDENTIAL INFORMATION" means information that any Loan Party or any of its Subsidiaries furnishes to the Agent or any Lender Party on a confidential basis, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent or such Lender Party from a source other than any Loan Party or any of its Subsidiaries.

"CONSOLIDATED EBITDA" means, for any period, the sum, determined on a Consolidated basis without duplication, of (a) net income (or net loss), (b) Consolidated Interest Expense net of interest income, (c) income tax expense,

(d) depreciation expense, (e) amortization expense, (f) the legal and financial advisory fees and expenses paid by the Borrower in connection with the negotiation, execution and delivery of this Agreement and the Restructuring Agreement and the consummation of the transactions contemplated hereby and thereby, and (g) extraordinary or unusual or non-recurring transactional losses deducted in calculating net income less extraordinary or unusual gains or non-recurring transactional income added in calculating net income.

"CONSOLIDATED" refers, with respect to any Person, to the consolidation of accounts of such Person and its Subsidiaries in accordance with GAAP.

"CONSOLIDATED FIXED CHARGES" means, for any period, the sum (without duplication) of the amounts for such period of (i) Consolidated Interest Expense, (ii) scheduled principal payments in respect of Consolidated Total Debt, (iii) provisions for taxes based on income, (iv) dividends paid in cash, (v) Capital Expenditures paid in cash and (vi) the aggregate amount of all rents paid or payable during that period under all Capital Leases to which Borrower or any of its Subsidiaries is a party as lessee, all of the foregoing as determined on a Consolidated basis.

"CONSOLIDATED INTEREST EXPENSE" means, with respect to any Person for any period, interest expense (including the interest component on obligations under Capitalized Leases), whether paid or accrued, on all Debt (other than Debt under the Structured Vendor Settlements set forth on Schedule 5.02(b)(ii)(F) and any amounts payable to Marc Grainer pursuant to the Consent to Entry of Judgment between the Borrower and Marc Grainer) of such Person and its Subsidiaries for such period, including, without limitation and without duplication, (a) interest expense in respect of Debt (including in respect of the Term Loans) and (b) commissions, discounts and other fees and charges payable in connection with letters of credit.

"CONSOLIDATED TOTAL DEBT" means, as at any date of determination, the aggregate stated balance sheet amount of all Debt of Borrower and its Subsidiaries (other than Debt under the Structured Vendor Settlements set forth on Schedule 5.02(b)(ii)(F) and any amounts payable to Marc Grainer pursuant to the Consent to Entry of Judgment between the Borrower and Marc Grainer), determined on a Consolidated basis.

"CONTINGENT OBLIGATION" means, with respect to any Person, any Obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or other payment Obligations ("PRIMARY OBLIGATIONS") of any other Person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the Obligation of a primary obligor, (b) the Obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (c) any Obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of

assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof, provided, however, that for purposes of this Agreement the term "Contingent Obligation" shall not include or be a reference to any such Obligation or arrangement of a Loan Party if such Obligation or arrangement guarantees an operating lease, or other operating agreement entered into by any of its Subsidiaries or another Loan Party in the ordinary course of such Subsidiary's or Loan Party's telemarketing business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"DEBENTURE" means that certain Demand Debenture dated as of June 30, 1999 executed and delivered by S&P Data Corp. (now known as TeleSpectrum Worldwide (Canada) Inc.), a Canadian Subsidiary of the Borrower, in favor of the Agent, in the form of Exhibit E-2, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"DEBENTURE PLEDGE AGREEMENT" means that certain Debenture Pledge Agreement dated June 30, 1999 executed and delivered by S&P Data Corp. (now known as TeleSpectrum Worldwide (Canada) Inc.), a Canadian Subsidiary of the Borrower, in favor of the Agent, in the form of Exhibit E-3, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"DEBT" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations, contingent or otherwise, of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (c) all Obligations, contingent or otherwise, of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all Obligations, contingent or otherwise, of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the

event of default are limited to repossession or sale of such property), (e) all Obligations, contingent or otherwise, of such Person as lessee under Capitalized Leases, (f) all Obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options (other than warrants, rights or options for which such Person has sole control over the terms and conditions of the exercise thereof) to acquire such capital stock, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends but excluding the Series A Preferred Stock and Series B Convertible Preferred Stock until such time as it is required to be redeemed, (h) all Obligations of such Person in respect of any

Hedge Agreement, (i) all Contingent Obligations of such Person and (j) all indebtedness and other payment Obligations referred to in clauses (a) through (i) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment Obligations.

"DEFAULT" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"DOLLAR" and "\$" each mean lawful money of the United States of America.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender Party, the office of such Lender Party specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party, as the case may be, or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrower and the Agent.

"ELIGIBLE ASSIGNEE" means with respect to the Term Loan Facility, any Lender, an Affiliate of a Lender, or any other Person approved by the Agent, such approval not to be unreasonably withheld or delayed; provided, however, that neither any Loan Party nor any Affiliate of a Loan Party shall qualify as an Eligible Assignee under this definition.

"ENVIRONMENTAL ACTION" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order, consent agreement, abatement order or other order or directive relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or Hazardous Material Activity or arising from any potential or alleged injury or threat to health, safety, natural resources or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"ENVIRONMENTAL LAW" means any current or future federal, state, provincial, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree

7

or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials, as amended or supplemented.

"ENVIRONMENTAL PERMIT" means any permit, approval, certificate, identification number, license, entitlement or other authorization required under any Environmental Law or any waiver or amendment of the foregoing.

"EQUIPMENT" means all "Equipment" referred to in Section 1(a) of the U.S. Security Agreement and Section 1.2(1)(b) of the Canadian Security Agreements.

"EQUITY INTERESTS" means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA AFFILIATE" means any Person that for purposes of Title IV of ERISA is, or at the applicable time was, a member of the controlled group of any Loan Party, or under common control with any Loan Party, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA EVENT" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC; or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan, (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision

8

of security to such Plan, pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, such Plan.

"EVENTS OF DEFAULT" has the meaning specified in Section 6.01.

"EXISTING ADVANCE" means an Existing Term Loan, an Existing Working Capital Advance, the principal amount of any Existing Deferred Interest Note or any fees payable to the Lenders under the Existing Credit Agreement.

"EXISTING CREDIT AGREEMENT" has the meaning specified in the Preliminary Statements.

"EXISTING DEBT" means Debt of the Loan Parties and their Subsidiaries pursuant to the Existing Credit Agreement and outstanding on the Second Restatement Date.

"EXISTING DEFERRED INTEREST NOTES" means, collectively, those deferred interest promissory notes, if any, executed and delivered by the Borrower pursuant to Section 2.07(c) or Section 3.01(b) of the Existing Credit Agreement and outstanding under the Existing Credit Agreement on the Second Restatement Date.

"EXISTING TERM LENDER" means, prior to the Second Restatement Date, any Lender who holds any portion of the Existing Term Loans.

"EXISTING TERM LOANS" means the Term Loans made pursuant to Section 2.01 of the Existing Credit Agreement and outstanding under the Existing Credit Agreement on the Second Restatement Date.

"EXISTING WORKING CAPITAL ADVANCES" means the Working Capital Advances made pursuant to Section 2.02 of the Existing Credit Agreement and outstanding under the Existing Credit Agreement on the Second Restatement Date.

"EXISTING WORKING CAPITAL LENDER" means, prior to the Second Restatement Date, any Lender who holds any portion of the Existing Working Capital Advances.

"EXTRAORDINARY RECEIPT" means any cash received by or paid to or for the account of any Person not in the ordinary course of business, including, without limitation, tax refunds, pension plan reversions, proceeds of insurance (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings), condemnation awards (and payments in lieu thereof) and any cash purchase price adjustment or indemnity payment received in connection with any purchase and sale or merger agreement; provided, however, that so long as no Default shall have occurred and be continuing an Extraordinary Receipt shall not include (i) cash receipts received from proceeds of insurance to the extent that such proceeds in respect of loss or damage to equipment, fixed assets or real property are applied (or in respect of which expenditures were previously incurred) to replace or repair the equipment, fixed assets or real property in respect of which such proceeds were received in accordance with the terms of the Loan Documents, so long as such application is made within six

months after the occurrence of such damage or loss, (ii) cash received (A) as an advance under a Government Loan or (B) from any governmental agency, department or instrumentality as a grant for economic development or other specific purpose not related to the sale of telemarketing services to such agency, department or instrumentality and (iii) any cash proceeds received by the Borrower or any Subsidiary which is required to be paid directly over to any third party so long as such payment is made to such third party within 10 Business Days of receipt

of such cash proceeds.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal for each day during such period (i) to the rate published by the Dow Jones Markets service on page five of its daily report as the "ASK" rate as of 10:00 A.M. (New York City time) for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) or (ii) if the Dow Jones Markets service shall cease to publish or otherwise shall not publish such rates for any day that is a Business Day, to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"FINAL MATURITY DATE" means May 31, 2005.

"FISCAL QUARTER" means a fiscal quarter of the Borrower and its Consolidated Subsidiaries ending on March 31, June 30, September 30 or December 31 in any calendar year.

"FISCAL YEAR" means a fiscal year of the Borrower and its Consolidated Subsidiaries ending on December 31 in any calendar year.

"FOREIGN SUBSIDIARY" means a Subsidiary that is organized under the laws of a jurisdiction other than the United States or any State thereof or the District of Columbia.

"GAAP" has the meaning specified in Section 1.03.

"GOVERNMENT LOAN" means a loan made by any governmental agency, department or instrumentality for economic development or other specific purpose not related to the sale of telemarketing services to such agency, department or instrumentality.

"GUARANTOR" means each of TLSP Trademarks, Inc., TLSP Investments, Inc. TeleSpectrum Worldwide (Canada) Inc., TeleSpectrum Government Services, Inc., CRW Financial, Inc., and each other U.S. Subsidiary and Canadian Subsidiary of the Borrower that may become a guarantor or collateral grantor pursuant to Section 5.01(j) or 5.01(k).

"GUARANTIES" means the U.S. Guaranty and the Canadian Guaranty.

"HAZARDOUS MATERIALS" means (a) petroleum or petroleum products, by-products or breakdown products, any flammable substances or explosives, radioactive materials, asbestos-containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls,

pesticides and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated or remediated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"HAZARDOUS MATERIALS ACTIVITY" means any past, current, proposed or

threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, presence, storage, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

"HEDGE AGREEMENTS" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements.

"IDRC" International Data Response Corporation, a Delaware corporation.

"INDEMNIFIED COSTS" has the meaning specified in Section 7.05(a).

"INDEMNIFIED PARTY" has the meaning specified in Section 8.04(b).

"INSUFFICIENCY" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"INTERCOMPANY NOTES" has the meaning specified in Section 5.02(b)(i).

"INTERCOMPANY SUBORDINATION AGREEMENT" has the meaning specified in Section 5.02(b)(i).

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"INVENTORY" means all "Inventory" referred to in Section 1(b) of the U.S. Security Agreement and Section 1.2(1)(a) of the Canadian Security Agreements.

"INVESTMENT" in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests in, or Debt of, or the assets comprising a division or business unit or a substantial part or all of the business of, such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (g) or (h) of the definition of "DEBT" in respect of such Person.

"LEASED REAL PROPERTY REPORT" has the meaning specified in Section 3.01(k).

"LENDERS" means the Lenders and each Person that shall become a Lender hereunder pursuant to Section 8.07.

"LIEN" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"LOAN DOCUMENTS" means (a) for purposes of this Agreement and the Term Notes, and any amendment, supplement or modification hereof or thereof, (i) this Agreement, (ii) the Term Notes, (iii) the Collateral Documents, (iv) the Guaranties, and (v) the Acknowledgement and Consent, and (b) for purposes of the Collateral Documents and for all other purposes other than for purposes of this Agreement and the Term Notes, (i) this Agreement, (ii) the Term Notes, (iii) the Collateral Documents, (iv) the Guaranties, (v) the Acknowledgement and Consent, and (vi) any other document or instrument issued pursuant to or in connection with any, of the foregoing, in each case as amended, supplemented or otherwise modified from time to time in accordance with their terms.

"LOAN PARTIES" means the Borrower and each of the Guarantors.

"MARGIN STOCK" has the meaning specified in Regulation U.

"MATERIAL ADVERSE CHANGE" means any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower and its Subsidiaries, taken as a whole, (b) the rights and remedies of the Agent or any Lender under any Loan Document or (c) the ability of any Loan Party to perform its Obligations under any Loan Document to which it is or is to be a party.

"MATERIAL CONTRACT" shall mean any contract, lease or other agreement material to the business of the Borrower and its Subsidiaries or involving the expenditure or receipt of \$100,000 or more (or its property value equivalents) in any Fiscal Year.

"MERGER AGREEMENT" has the meaning set forth in the Existing Credit Agreement.

"MULTIEMPLOYER PLAN" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, (a) to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or (b) to which any Loan Party or any ERISA Affiliate has contributed and to which any Loan Party or ERISA Affiliate could have liability under Title IV of ERISA.

"MULTIPLE EMPLOYER PLAN" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and for employees of at least one Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"NET CASH PROCEEDS" means, with respect to any sale, lease, transfer or other disposition of any asset or the incurrence or issuance of any Debt or capital stock or other ownership or profit interest, any securities convertible into or exchangeable for capital stock or other ownership or profit interest (including, without limitation, any capital contribution) or any warrants, rights, options or other securities to acquire capital stock or other ownership

or profit interest by any Person, or any Extraordinary Receipt received by or paid to or for the account of any Person, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) by or on behalf of such Person in connection with such transaction after deducting therefrom only (without duplication) (a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions, (b) the amount of taxes payable in connection with or as a result of such transaction and (c) the amount of any Debt secured by a Lien on such asset that, by the terms of such transaction, is required to be repaid upon such disposition, in each case to the extent, but only to the extent, that the amounts so deducted are properly attributable to such transaction or to the asset that is the subject thereof and are, in the case of clauses (a) and (c), at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of such Person or any Loan Party or any Affiliate of any Loan Party and, in the case of clause (b), on the earlier of the dates on which the tax return covering such taxes is filed or required to be filed, provided, however, that in the case of taxes that are deductible under clause (b) but for the fact that at the time of receipt of such cash, such taxes have not been actually paid or are not then payable, such Person may deduct an amount (the "RESERVED AMOUNT") equal to the amount reserved in accordance with GAAP as a reasonable estimate for such taxes, other than taxes for which such Loan Party or such Subsidiary is indemnified, provided further, however, that at the time such taxes are paid, an amount equal to the amount, if any, by which the Reserved Amount exceeds the amount actually so paid, the amount of such excess shall constitute "Net Cash Proceeds."

"OBLIGATION" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability, of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 6.01(f). Without limiting the generality of the foregoing, the Obligations of any Loan Party under the Loan Documents include (a) the obligation to pay principal, interest, commissions, charges, expenses, fees, attorneys' fees and disbursements, consulting and advisory fees and disbursements, indemnities and other amounts payable by such Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that such Lender Party, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"OECD" means the Organization for Economic Cooperation and Development.

"OPEN YEAR" has the meaning specified in Section 4.01(p).

"OTHER TAXES" has the meaning specified in Section 2.12(b).

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"PERMITTED LIENS" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have

been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof, (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that either individually or when aggregated with all other Permitted Liens outstanding on any date of determination do not materially affect the use or value of the property to which they relate; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"PERSON" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means a Single Employer Plan or a Multiple Employer Plan.

"PLEGGED DEBT" means, collectively, the "Initial Pledged Debt" referred to in the U.S. Security Agreement and any other Debt pledged from time to time pursuant to any Collateral Document.

"PLEGGED INTERESTS" means, collectively, the "Initial Pledged Equity Interests" referred to in the U.S. Security Agreement and any other Equity Interest pledged from time to time pursuant to any Collateral Document.

"PREFERRED INTERESTS" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"PREFERRED STOCK" means the Series A Preferred Stock and the Series B Convertible Preferred Stock.

"PREPAYMENT AMOUNT" has the meaning specified in Section 5.03(a).

"PREPAYMENT DATE" has the meaning specified in Section 5.03(a).

"PREPAYMENT NOTICE" has the meaning specified in Section 5.03(a).

"PRO RATA SHARE" means, with respect to all payments, computations and other matters (including, without limitation, determining the calculation of Required Lenders), the percentage obtained by dividing (i) with respect to the Existing Advances, (x) the sum of any Lender's Existing Working Capital Advances, Existing Term Loan Advances and Deferred

Interest Notes and any fees payable to such Lender under the Existing Credit Agreement, in each case as of April 15, 2002 by (y) the sum of all Lenders' Existing Working Capital Advances, Existing Term Loan Advances and Deferred Interest Notes and all fees owed to the Lenders under the Existing Credit Agreement, in each case as of April 15, 2002, and (ii) with respect to the Term Loan after the Second Restatement Date, (x) the sum of any Lender's Term Loan Exposure by (y) the sum of all Lenders' Term Loan Exposure; in any case as the

applicable percentage may be adjusted by assignments permitted pursuant to Section 8.07. The initial Pro Rata Share of each Lender as of the Second Restatement Date is set forth opposite the name of the Lender in Schedule IA annexed hereto.

"RECEIVABLES" means all "Receivables" referred to in Section 1(c) of the U.S. Security Agreements and all receivables referred to in Section 1.2(1)(c) of the Canadian Security Agreements.

"REDEEMABLE" means, with respect to any Equity Interest, any Debt, or any other right or Obligation, any such Equity Interest, Debt, right or Obligation, that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"REGISTER" has the meaning specified in Section 8.07(d).

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"RELATED DOCUMENTS" means the Intercompany Notes, the Intercompany Subordination Agreements, the TLSP Subordination Agreements, and any promissory note evidencing all or a portion of the TLSP Subordinated Debt.

"RELEASE" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Materials), including the movement of any Hazardous Materials through the air, soil, surface water or groundwater.

"REQUIRED LENDERS" means at any time Lenders owed or holding at least 66-2/3% of the Obligations.

"RESPONSIBLE OFFICER" means any executive officer of any Loan Party or any of its Subsidiaries.

"RESTRUCTURING AGREEMENT" means the Preferred Stock Issuance and Restructuring Agreement dated as of the Second Restatement Date by and among the Borrower, the Lenders and the Agent, substantially in the form of Exhibit J annexed hereto.

"ROLLING PERIOD" has the meaning set forth in the Existing Credit Agreement.

15

"SECOND RESTATEMENT DATE" means the date on or before April 29, 2002 on which all conditions to the effectiveness of this Agreement set forth in Section 3.01 are satisfied or waived.

"SECURED OBLIGATIONS" has the meaning specified in each of the Security Agreements.

"SECURED PARTIES" means the Agent, the Lender Parties, and the other

Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

"SECURITY AGREEMENTS" means the U.S. Security Agreement and the Canadian Security Agreements.

"SERIES A PREFERRED CERTIFICATE OF DESIGNATIONS" means the Certificate of Designations relating to the Series A Preferred Stock, in the form annexed as Exhibit A-1 to the Restructuring Agreement, as the same may be amended from time to time.

"SERIES A PREFERRED STOCK" means the Series A Preferred Stock of Borrower issued pursuant to the Series A Preferred Certificate of Designations.

"SERIES B CONVERTIBLE PREFERRED CERTIFICATE OF DESIGNATIONS" means the Certificate of Designations relating to the Series B Convertible Preferred Stock, in the form annexed as Exhibit A-2 to the Restructuring Agreement, as the same may be amended from time to time.

"SERIES B CONVERTIBLE PREFERRED STOCK" means the Series B Convertible Preferred Stock of Borrower issued pursuant to the Series B Convertible Preferred Certificate of Designations.

"SINGLE EMPLOYER PLAN" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and for employees of no Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"STRUCTURED VENDOR SETTLEMENTS" means the settlements of certain obligations of the Loan Parties as set forth on Schedule 5.02(b)(ii)(F).

"SUBSIDIARY" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time

16

directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"TAXES" has the meaning specified in Section 2.12(a).

"TERMINATION DATE" means the date of acceleration of the Obligations pursuant to this Agreement.

"TERM LOAN" means the Existing Advances the Lenders have agreed to maintain in accordance with Section 2.01 hereof.

"TERM LOAN EXPOSURE" means, with respect to any Lender as of any date of determination after the Second Restatement Date, the outstanding principal amount of Term Loans of that Lender.

"TERM LOAN FACILITY" means, at any time, the aggregate amount of Term Lenders' Term Loans at such time.

"TERM NOTES" means promissory notes of the Borrower payable to the order of any Lender, substantially in the form of Exhibit A hereto, evidencing the indebtedness of the Borrower to such Lender resulting from the Term Loan held by such Lender.

"TLSP INVESTMENTS" means TLSP Investments, Inc., a Delaware corporation and wholly-owned Subsidiary of the Borrower.

"TLSP INVESTMENTS SUBORDINATED DEBT" means the indebtedness evidenced by (a) the promissory note dated June 30, 1999 made by the Borrower, as payor, to TLSP Investments, as payee, in a face amount of up to \$500,000,000 and (b) the amended and restated promissory note dated February 1, 2001 made by the TeleSpectrum Worldwide (Canada) Inc., as payor, to TLSP Investments, as payee, in a face amount of up to \$10,000,000, as such promissory notes may be amended, supplemented or otherwise modified from time to time in accordance with their terms, the TLSP Investments Subordination Agreement and the terms of this Agreement.

"TLSP INVESTMENTS SUBORDINATION AGREEMENT" means that certain subordination agreement dated June 30, 1999 executed by TLSP Investments (as amended, supplemented or otherwise modified in accordance with its terms and the terms of this Agreement).

"TLSP SUBORDINATED DEBT" means the TLSP Investments Subordinated Debt and the TLSP Trademarks Subordinated Debt.

"TLSP SUBORDINATION AGREEMENTS" means, collectively, the TLSP Investments Subordination Agreement and the TLSP Trademarks Subordination Agreement.

"TLSP TRADEMARKS" means TLSP Trademarks, Inc., a Delaware corporation and wholly-owned Subsidiary of the Borrower.

"TLSP TRADEMARKS SUBORDINATED DEBT" means the indebtedness evidenced by (a) the amended and restated promissory note dated January 30, 2002 made by the Borrower, as payor, to TLSP Trademarks, as payee, in a face amount of up to \$65,000,000 and (b) the amended and restated promissory note dated January 30, 2002 made by TeleSpectrum Worldwide (Canada) as payor, to TLSP Trademarks, as payee, in a face amount of up to \$5,000,000, as such promissory notes may be amended, supplemented or otherwise modified from time to time in accordance with their terms, the TLSP Trademarks Subordination Agreement and the terms of this Agreement.

"TLSP TRADEMARKS SUBORDINATION AGREEMENT" means that certain subordination agreement dated June 30, 1999 executed by TLSP Trademarks (as amended, supplemented or otherwise modified in accordance with its terms and the terms of this Agreement).

"U.S. GUARANTY" means that certain Guaranty dated as of June 30, 1999, executed and delivered by each U.S. Subsidiary of the Borrower (other than TLSP Investments) in favor of the Secured Parties, in the form of Exhibit F-1, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"U.S. SECURITY AGREEMENT" means that certain Security Agreement dated as of June 30, 1999, executed and delivered by the Borrower and its Subsidiaries (other than TLSP Investments) to the Collateral Agent, in the form of Exhibit D, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"U.S. SUBSIDIARY" means any Subsidiary of the Borrower organized under the laws of the United States or one of the States of the United States.

"VARIANCE REPORT" means a report to be delivered by the Borrower to the Agent, in form and substance satisfactory to the Agent and certified as being true and correct to his or her knowledge after diligent inquiry by the chief financial officer of the Borrower, on a weekly basis commencing on the last Business Day of each week after the Second Restatement Date reflecting the actual cash receipts and disbursements on a line item basis for the preceding week (and on a cumulative basis since the beginning of the present Fiscal Quarter), the percentage variance of such amounts from those set forth in the forecasts delivered pursuant to Section 5.01(r) for such week, and containing a narrative analysis of the Borrower's performance for such period.

"VOTING INTERESTS" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"WELFARE PLAN" means a welfare plan, as defined in Section 3(1) of ERISA, that is maintained for employees of any Loan Party or in respect of which any Loan Party could have a liability.

"WITHDRAWAL LIABILITY" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

18

"WORKING CAPITAL COMMITMENT" has the meaning set forth in the Existing Credit Agreement.

"WORKING CAPITAL NOTE" has the meaning set forth in the Existing Credit Agreement.

SECTION 1.02. Computation of Time Periods; Other Definitional Provisions. In this Agreement and the other Loan Documents, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding." References in the Loan Documents to any agreement or contract "as amended" shall mean and be a reference to such agreement or contract as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(f) ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF THE LOANS

SECTION 2.01. Term Loans and Term Notes.

(a) Conversion of Existing Advances into Term Loans on the Second Restatement Date. Notwithstanding anything to the contrary in this Agreement, subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Borrower herein set forth, as of the Second Restatement Date, \$25,000,000 of the Existing Advances shall be converted into \$25,000,000 in aggregate principal amount of Term Loans for all purposes of this Agreement, with the balance of such Existing Advances to be treated in accordance with the Restructuring Agreement. Each Lender shall initially retain its Pro Rata Share of the Existing Advances as Term Loans in accordance with Schedule IA hereto. In furtherance of the foregoing:

(i) Any amounts owed (whether or not presently due and payable) by Borrower to a Term Lender under or in respect of an Existing Term Loan converted into a Term Loan as provided in this subsection 2.01(a) shall, as of the Second Restatement Date, be deemed to be owed under or in respect of the Term Loan into which such Existing Term Loan was converted and such amounts owed shall thereafter be evidenced by the Term Note delivered to such Lender by Borrower pursuant to subsection 2.01(c). In connection with the conversion of Existing Term Loans into Term Loans pursuant to this subsection 2.01(a), Borrower shall not be required to deliver any notice of prepayment or Notice of Borrowing or to satisfy any other condition relating to required amounts of prepayments or borrowings hereunder.

(ii) Any amounts owed (whether or not presently due and payable) by Borrower to a Working Capital Lender under or in respect of an Existing Working

19

Capital Advance converted into a Term Loan as provided in this subsection 2.01(a) shall, as of the Second Restatement Date, be deemed to be owed under or in respect of the Term Loan into which such Existing Working Capital Advance was converted and such amounts owed shall thereafter be evidenced by the Term Note delivered to such Lender by Borrower pursuant to subsection 2.01(c). In connection with the conversion of Existing Working Capital Advances into Term Loans pursuant to this subsection 2.01(a), Borrower shall not be required to deliver any notice of prepayment or Notice of Borrowing or to satisfy any other condition relating to required amounts of prepayments or borrowings hereunder.

(iii) Any amounts owed (whether or not presently due and payable) by Borrower to a Lender under or in respect of an Existing Deferred Interest Note converted into a Term Loan as provided in this subsection 2.01(a) shall, as of the Second Restatement Date, be deemed to be owed under or in respect of the Term Loan into which such Existing

Deferred Interest Note was converted and such amounts owed shall thereafter be evidenced by the Term Note delivered to such Lender by Borrower pursuant to subsection 2.01(c). In connection with the conversion of Existing Deferred Interest Notes into Term Loans pursuant to this subsection 2.01(a), Borrower shall not be required to deliver any notice of prepayment or Notice of Borrowing or to satisfy any other condition relating to required amounts of prepayments or borrowings hereunder.

(iv) Any amounts owed (whether or not presently due and payable) by Borrower to a Lender in respect of fees payable under the Existing Credit Agreement converted into a Term Loan as provided in this subsection 2.01(a) shall, as of the Second Restatement Date, be deemed to be owed under or in respect of the Term Loan into which such fees were converted and such amounts owed shall thereafter be evidenced by the Term Note delivered to such Lender by Borrower pursuant to subsection 2.01(c). In connection with the conversion of such fees into Term Loans pursuant to this subsection 2.01(a), Borrower shall not be required to deliver any notice of prepayment or Notice of Borrowing or to satisfy any other condition relating to required amounts of prepayments or borrowings hereunder.

(b) Term Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations of Borrower herein set forth, each Lender hereby severally agrees to maintain its Pro Rata Share of Existing Term Loans, Existing Working Capital Advance and Existing Deferred Interest Notes, in each case as converted into Term Loans pursuant to subsection 2.01(a), as Term Loans hereunder for the purposes identified in subsection 2.14.

The amount of the Term Loans of each Lender as of the Second Restatement Date is set forth in Schedule I hereto and the aggregate amount of all Term Loans is \$25,000,000 as of such date. The amount of the Term Loans shall be reduced by the amount of all prepayments thereof made pursuant to subsection 2.06 through the date of determination. No additional Term Loans may be made under this Agreement, and any amount repaid hereunder may not be reborrowed.

20

(c) Term Notes. Borrower shall execute and deliver to Agent for the account of each Lender on the Second Restatement Date a Term Note to evidence that Lender's Term Loan in the principal amount of that Lender's Term Loan and with other appropriate insertions. Upon receipt of all such Term Notes from Borrower on the Second Restatement Date, all "Term Notes" under the Existing Credit Agreement, "Working Capital Notes" under the Existing Credit Agreement, and "Deferred Interest Notes" under the Existing Credit Agreement shall be deemed "cancelled" and superseded by the Term Notes executed and delivered by the Borrower on the Second Restatement Date pursuant to this Agreement and the Lenders shall return such cancelled notes to Borrower promptly after Closing and shall indemnify Borrower for any loss or expense incurred by Borrower as a result of the failure to return such cancelled Notes.

(d) Termination of Existing Working Capital Commitments. All Working Capital Commitments of each Working Capital Lender outstanding or in effect for any purpose under the Existing Credit Agreement at the Second Restatement Date shall terminate as of the Second Restatement Date.

SECTION 2.02. [Intentionally Omitted]

SECTION 2.03. [Intentionally Omitted]

SECTION 2.04. Repayment of Term Loans.

The Borrower shall repay to the Agent for the ratable account of the Lenders (in accordance with their applicable Pro Rata Share of the Term Loan Facility), (i) the aggregate outstanding principal amount of the Term Loans on the earlier of (y) the Final Maturity Date, or (z) the Termination Date, and (ii) an aggregate principal amount of the Term Loans in accordance with Section 2.06.

SECTION 2.05. [Intentionally Omitted]

SECTION 2.06. Prepayments. (a) Optional. The Borrower may prepay, upon at least one Business Day's written notice to the Agent (received not later than 11:00 A.M. (New York City time) stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding aggregate principal amount of the Term Loans in whole or ratably in part, together with accrued interest to the date of such prepayment on the aggregate principal amount prepaid; provided, however, that each partial prepayment of Term Loans shall be in an aggregate principal amount of \$500,000 or an integral multiple of \$250,000 in excess thereof.

(b) Mandatory. The Borrower shall, on the date of receipt of the Net Cash Proceeds by the Borrower or any of its Subsidiaries from (A) the sale, lease, transfer or other disposition of any assets of the Borrower or any of its Subsidiaries (other than any sale, lease, transfer or other disposition of assets pursuant to Section 5.02(f)(i)), (B) the incurrence or issuance by the Borrower or any of its Subsidiaries of any Debt (other than Debt incurred or issued pursuant to Section 5.02(b)), (C) the sale or issuance by the Borrower other than under any restricted stock or option plan) or any of its Subsidiaries of any capital stock or other ownership or profit interest (including, without limitation, any capital contribution), any securities convertible into or exchangeable for capital stock or other ownership or profit interest

or any warrants, rights or options to acquire capital stock or other ownership or profit interest, (D) any Extraordinary Receipt received by or paid to or for the account of the Borrower or any of its Subsidiaries and not otherwise included in clause (A), (B) or (C) above, prepay an amount equal to the amount of such Net Cash Proceeds. Each such prepayment shall be applied ratably to the Term Lenders (in accordance with their applicable Pro Rata Share of the Term Loan Facility).

SECTION 2.07. Interest. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of the Term Loans owing to each Lender, in each case from the Second Restatement Date until such principal amount shall be paid in full, at a rate per annum equal at all times to the sum of (A) the Base Rate in effect from time to time plus (B) the Applicable Margin payable in arrears monthly on the last Business Day of each month after the Second Restatement Date, on the date of any prepayment thereof to the extent required under Section 2.06, on the Termination Date, and on the Final Maturity Date.

(b) Default Interest. Upon the occurrence and during the continuance

of any Event of Default, the Agent may, and upon the request of the Required Lenders shall, require that the Borrower pay interest on (i) the unpaid principal amount of the Term Loans owing to each Lender, payable in arrears on the dates referred to in clause (a) above and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Term Loans pursuant to clause (a) above, and (ii) to the fullest extent permitted by law, the amount of any interest, fees or other amounts payable under the Loan Documents that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid, in the case of interest on the Term Loans on which such interest has accrued pursuant to clause (a) above; provided, however, that following acceleration of the Obligations of the Loan Parties under the Loan Documents pursuant to Section 6.01, interest shall accrue and be payable at the rate required by this Section 2.07(b), whether or not requested by the Agent or the Required Lenders. In addition, following a final judgment with respect to any Obligation of the Loan Parties under the Loan Documents, interest shall accrue at the higher of the statutory judgment rate or the rate specified in the preceding sentence, payable on demand.

SECTION 2.08. Agent's Fees. The Borrower shall pay to the Agent for its own account an annual agency fee in the amount of \$100,000, payable on the Second Restatement Date and on each one-year anniversary thereof, and shall be earned in full on each such date.

SECTION 2.09. [Intentionally Omitted]

SECTION 2.10. Increased Costs, Etc. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank, or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or of making, funding or maintaining any Term Loan (excluding, for purposes of this Section 2.10, any such increased costs resulting from (x) Taxes or Other Taxes (as to which Section 2.12 shall govern) and (y) changes in the basis of taxation of overall net income or

22

overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Domestic Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost, provided, however, that a Lender claiming additional amounts under this Section 2.10(a) agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Domestic Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that either (i) the introduction of any

change on the interpretation of any law or regulation or (ii) compliance with any law, or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender, in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the Borrower by such Lender shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.11. Payments and Computations. (a) The Borrower shall make each payment hereunder, irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Agent at the Agent's Account in same day funds, with payments being received by the Agent after such time being deemed to have been received on the next succeeding Business Day. The Agent will promptly thereafter cause like funds to be distributed (i) if such payment by the Borrower is in respect of principal, interest or any other Obligation then payable hereunder to more than one Lender, to such Lender Parties for the account of their respective Domestic Lending Offices ratably in accordance with the amounts of such respective Obligations then payable to such Lender Parties and (ii) if such payment by the Borrower is in respect of any Obligation then payable hereunder to the Agent or any one Lender, to the Agent or such Lender for the account of its Domestic Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date of such Assignment and Acceptance, the Agent shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

23

(b) If the Agent receives funds for application to the Obligations of the Loan Parties under the Loan Documents under circumstances for which the Loan Documents do not specify the purpose for which, or the manner in which, such funds are to be applied, the Agent may, but shall not be obligated to, elect to distribute such funds to each Lender ratably in accordance with such Lender's Pro Rata Share of the principal amount of all outstanding Term Loans, or in repayment or prepayment of such of the outstanding Term Loans or other Obligations owed to such Lender, as the Agent shall direct.

(c) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder, to charge from time to time against any or all of the Borrower's accounts with such Lender any amount so due.

(d) All computations of interest and fees shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Agent of an

interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(e) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest; provided, however, that, if such extension would cause any payment to be made in the next following calendar month, such payment shall be made on the next preceding Business Day and such adjustment of time shall in such case be reflected in the computation of payment of interest.

(f) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to any Lender hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each such Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.12. Taxes. (a) Any and all payments by the Borrower hereunder or under the Term Notes shall be made, in accordance with Section 2.11, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes that are imposed on its overall net income by the United States and taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes that are imposed on its overall net income (and franchise taxes in lieu thereof) by the state or foreign jurisdiction of such Lender's Domestic Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and

liabilities in respect of payments hereunder or under the Term Notes being hereinafter referred to as "TAXES"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Agent, (i) the sum payable by the Borrower shall be increased as may be necessary so that after the Borrower and the Agent have made all required deductions (including deductions applicable to additional sums payable under this Section 2.12), such Lender or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make all such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other governmental authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future stamp, documentary, excise, property or similar taxes, charges or levies that arise from any payment made hereunder or under the Term Notes or from the execution, delivery or registration of performance under, or otherwise with respect to, this Agreement or the Term Notes (hereinafter referred to as "OTHER TAXES").

(c) The Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.12, imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment. In the case of any payment hereunder or under the Term Notes by or on behalf of the Borrower through an account or branch outside the United States or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of subsections (d) and (e) of this Section 2.12, the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower or the Agent (but only so long thereafter as such Lender remains lawfully able to do so), provide the Agent and the Borrower, with two original Internal Revenue Service Forms 1001 or 4224 or (in the case of a Lender that has certified in writing to the Agent that it is not a "bank" as defined in Section 881(c) (3) (A) of the Internal Revenue Code) Form W-8 (and, if such Lender delivers a Form W-8, a certificate representing that such Lender is not a "bank" for purposes of Section 881(c) of the Internal Revenue Code, is not a 10-percent shareholder (within the meaning of

Section 871(h) (3) (B) of the Internal Revenue Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d) (4) of the Internal Revenue Code)), as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Term Notes or, in the case of a Lender providing a Form W-8, certifying that such Lender is a foreign corporation, partnership, estate or trust. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; provided, however, that if at the effective date of the Assignment and Acceptance pursuant to which a Lender becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) of this Section 2.12 in respect of United States withholding tax with respect to interest paid at such date, then, to such

extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any applicable with respect to the Lender, assigned on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service Form 1001, 4224 or W-8 (or the related certificate described above), that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such form otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under subsection (a) or (c) of this Section 2.12 with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender, shall reasonably request to assist such Lender to recover such Taxes.

SECTION 2.13. Sharing of Payments, Etc. If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, other than as a result of an assignment pursuant to Section 8.07) (a) on account of Obligations due and payable to such Lender hereunder and under the Term Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the Term Notes at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the Term Notes at such time obtained by all the Lenders at such time or (b) on account of Obligations owing (but not due and payable) to such Lender

hereunder and under the Term Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the Term Notes at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the Term Notes at such time obtained by all of the Lenders at such time, such Lender shall forthwith purchase from the other Lenders such interests or participating interests in the Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (i) the purchase price paid to such Lender, to (ii) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such other Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total

amount so recovered. The Borrower agrees that any Lender so purchasing an interest or participating interest from another Lender pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such interest or participating interest, as the case may be, as fully as if such Lender were the direct creditor of the Borrower in the amount of such interest or participating interest, as the case may be.

SECTION 2.14. Use of Proceeds. The proceeds of the Existing Advances were applied by the Borrower for the purposes set forth in Section 2.14 of the Existing Credit Agreement.

SECTION 2.15. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Term Loan owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Agent) to the effect that a Term Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Term Loans owing to or to be made by such Lender, the Borrower shall promptly execute and deliver to such Lender a Term Note payable to the order of such Lender, in a principal amount equal to the Term Loan Exposure of such Lender. All references to "Notes" in the Loan Documents shall mean Term Notes, if any, to the extent issued hereunder.

(b) The Register maintained by the Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Term Loan made hereunder, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register each Lender and, in

27

the case of such account or accounts such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

(d) References herein to Notes shall mean and be references to the Term Notes, unless otherwise specifically indicated, to the extent issued hereunder.

SECTION 2.16. Maximum Lawful Rate. Anything in this Agreement, the Term Notes or the other Loan Documents to the contrary notwithstanding, in no event shall the rate or amount of interest payable by Borrower in respect of the Obligations exceed the maximum rate or amount of interest that may be charged or

collected under applicable law (including, without limitation, applicable law limiting the rate or amount of interest that may be charged or collected without penalty or other legal sanction, whether civil or criminal, against the payee thereof). For purposes of this Section 2.16, "interest" shall be defined to include interest as defined pursuant to or for the purpose of such applicable law; provided that to the extent permitted by applicable law, Agents and Lenders may amortize, prorate, allocate and spread such interest throughout the term of the Obligations until payment in full so that the rate or amount of such interest does not exceed the maximum amount allowed by such applicable law.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Closing. The obligation of each Lender to convert Existing Advances to Term Loans and to continue any Term Loan on the Second Restatement Date is subject to the satisfaction of the following conditions precedent before or concurrently with the Second Restatement Date:

(a) The Agent shall have received on or before the Second Restatement Date the following, each dated as of the Second Restatement Date (unless otherwise specified), in form and substance satisfactory to the Agent (unless otherwise specified) and (except for any Term Note) in sufficient copies for each Lender:

(i) (A) Original counterparts to this Agreement executed by each Loan Party, and (B) Term Notes payable to the order of each Lender to the extent requested by any Lender pursuant to Section 2.15.

(ii) (A) U.S. Security Agreement Supplement in form and substance satisfactory to Agent executed by TLSP Investments pursuant to which the TLSP Investments Subordinated Debt is pledged to the Collateral Agent for its benefit and the benefit of the Lenders and (B) U.S. Guaranty Supplement in form and substance satisfactory to Agent executed by TLSP Investments.

(iii) The Acknowledgment and Consent executed by the Borrower and each other Loan Party that is a U.S. Subsidiary or Canadian Subsidiary of the Borrower, in substantially the form of Exhibit I, together with:

28

(A) certificates representing the Pledged Interests accompanied by undated stock powers executed in blank, and instruments evidencing the Pledged Debt indorsed in blank including, without limitation, notes evidencing all TLSP Subordinated Debt (in each case to the extent not previously delivered to the Agent in connection with the Existing Credit Agreement),

(B) financing statements, to be duly filed on the Second Restatement Date under the Uniform Commercial Code of the States of all jurisdictions that the Agent may deem necessary or desirable in order to perfect and protect the Liens created under the Collateral Documents, covering the Collateral described in the U.S. Security Agreement (taking into account all financing statements previously filed in connection with the Existing Credit Agreement),

(C) completed requests for information, dated on or before the date of the Second Restatement Date, listing all effective financing statements filed in the jurisdictions referred to in clause (B) above that name any Loan Party or any of its Subsidiaries as debtor, together with copies of such other financing statements,

(D) evidence of the completion of all other recordings and filings of or with respect to the Security Agreements that the Agent may deem necessary or desirable in order to perfect and protect the Liens created thereby,

(E) evidence of the insurance required by the terms of the U.S. Security Agreement,

(F) copies of the Assigned Agreements, if any, referred to in the U.S. Security Agreement, together with a consent to such assignment, in substantially the form of Exhibit B to the U.S. Security Agreement, duly executed by each party to such Assigned Agreements other than the Loan Parties,

(G) executed termination statements (Form UCC-3 or a comparable form), in proper form to be duly filed on the date of the Second Restatement Date under the Uniform Commercial Code of all jurisdictions that the Agent may deem desirable in order to terminate or amend existing Liens in favor of any Person other than Agent on the Collateral described in the U.S. Security Agreement.

(H) the Blocked Account Letters referred to in the U.S. Security Agreement, duly executed by each Blocked Account Bank listed on Schedule 3.01(a)(iii)(H), in form and substance satisfactory to the Agent (to the extent not previously delivered to the Agent in connection with the Existing Agreement),

(I) the Securities Account Control Agreement, if any, referred to in the U.S. Security Agreement, duly executed by each securities intermediary referred to in such Security Agreement, and

29

(J) evidence that all other action that the Agent may deem necessary or desirable in order to perfect and protect the Liens and security interests created under the Security Agreements, the Debenture and the Debenture Pledge Agreement has been taken.

(iv) The First Amendment to U.S. Security Agreement in form and substance satisfactory to Agent executed by the Borrower and each other Loan Party that is a U.S. Subsidiary of the Borrower.

(v) The First Amendment to the TLSP Trademarks Subordination Agreement in form and substance satisfactory to Agent executed by TLSP Trademarks, Inc., TeleSpectrum Worldwide (Canada) and the Borrower.

(vi) The Agent, as secured party for the Lenders, shall have released its Lien on the stock of eSatisfy.com, Inc. and payables owing from eSatisfy.com, Inc. to the Company as of the date hereof which shall

be assigned to McCown De Leeuw and certain of their affiliates in settlement of the MDC Subordinated Debt.

(vii) [Intentionally Omitted]

(viii) Borrower shall have made a payment in the amount of \$176,215.28 to the Agent for distribution to the Lenders in accordance with their Pro Rata Shares under the Existing Credit Agreement.

(ix) A copy of a certificate of the Secretary of State of the jurisdiction of incorporation of each Loan Party and TLSP Investments, dated reasonably near the Second Restatement Date, in each case listing the charter of each Loan Party or TLSP Investments, as applicable, and each amendment thereto on file in such office and certifying that (A) such charter is a true and correct copy thereof, (B) such amendments are the only amendments to such charter on file in such office, (C) such Person has paid all franchise taxes to the date of such certificate and (D) such Person is duly incorporated and in good standing under the laws of the State of the jurisdiction of its incorporation.

(x) A copy of a certificate of the Secretary of State of each of the States listed on Schedule 3.01(a)(x), dated reasonably near the Second Restatement Date, with respect to each Loan Party as listed on Schedule 3.01(a)(x) and TLSP Investments, stating that such Person is duly qualified and in good standing as a foreign corporation in such State and has filed all annual reports required to be filed to the date of such certificate.

(xi) A certificate of each Loan Party and TLSP Investments, signed on behalf of each such Person by its President and its Secretary, dated the Second Restatement Date (the statements made in which certificate shall be true on and as of the Second Restatement Date), certifying as to (A) the absence of any amendments to the charter of such Person since the date of the Secretary of State's certificate referred to in Section 3.01(a)(ix), (B) a true and correct copy of the bylaws of such Person as in effect on the Second Restatement Date, copies of which shall be attached, (C) the due incorporation and good standing or valid existence of such Person as a corporation

30

organized under the laws of the jurisdiction of its incorporation and the absence of any proceeding for the dissolution or liquidation of such Person, (D) the completeness and accuracy of the representations and warranties contained in the Loan Documents as though made on and as of the Second Restatement Date, (E) the absence of any event occurring and continuing that constitutes a Default, (F) the approval and authorization of the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party as evidenced by appropriate resolutions of the board of directors of each such Loan Party, copies of which shall be attached, and (G) the signature and incumbency certificates of the officers of each such Loan Party executing the Loan Documents to which it is a party.

(xii) [Intentionally Omitted]

(xiii) Such financial, business and other information

regarding each Loan Party and its Subsidiaries as the Lenders shall have requested, including, without limitation, information as to possible contingent liabilities, tax matters, environmental matters, obligations under or with respect to Plans, Multiemployer Plans and Welfare Plans, collective bargaining agreements and other arrangements with employees, audited annual financial statements dated December 31, 2001, which shall classify the Obligations of the Borrower to the Lenders as long term liabilities, and forecasts prepared by management, in form and substance satisfactory to the Lenders, of balance sheets, income statements and cash flow statements on a monthly basis for the period commencing on the Second Restatement Date through and including the Final Maturity Date.

(xiv) [Intentionally Omitted]

(xv) A letter, in form and substance satisfactory to the Agent, from the Borrower to Arthur Andersen LLP, its independent certified public accountants, advising such accountants that the Agent and the Lenders have been authorized to exercise all rights of the Borrower to require such accountants to disclose any and all financial statements and any other information of any kind that they may have with respect to the Borrower and its Subsidiaries and directing such accountants to comply with any reasonable request of the Agent or any Lender for such information.

(xvi) Evidence of insurance naming the Agent as additional insured and loss payee with such responsible and reputable insurance companies or associations, and in such amounts and covering such risks as is satisfactory to the Lenders, including, without limitation, business interruption insurance, product liability insurance, and directors and officers insurance.

(xvii) [Intentionally Omitted]

(xviii) Favorable opinions of (A) Cozen O'Connor, counsel to the Loan Parties, in the form of Exhibit H-1 and (B) McMillan Binch, Canadian counsel to the Loan Parties, in the form of Exhibit H-2.

(xix) [Intentionally Omitted]

31

(xx) Evidence of (i) each Structured Vendor Settlement set forth on Schedule 5.02(b)(ii)(F), and (ii) with the exception of Debt identified on Schedule 3.01(a)(xx) as "Unrestructured Debt," a restructuring of all other Debt of the Loan Parties, including, without limitation, Debt evidenced by the MDC Subordinated Debt (as defined in the Existing Credit Agreement) in each case in form and substance satisfactory to the Agent and the Lenders, duly executed by each of the requisite parties and appropriate Loan Party.

(b) The board of directors of the Borrower shall be comprised of five (5) directors, with three (3) directors designated by the holders of the Series B Convertible Preferred Stock (who shall not be current employees of any Lender).

(c) The Lenders shall be satisfied with the corporate and legal structure and capitalization of the Borrower and its Subsidiaries.

(d) Before giving effect to the transactions contemplated by this Agreement, except with respect to the revenue deterioration previously disclosed to Agent and Lenders, there shall have occurred no Material Adverse Change since December 31, 2001.

(e) Other than as set forth on Schedule 4.01(j), there shall exist no action, suit, investigation, litigation or proceeding affecting the Borrower or any other Loan Party or any of their Subsidiaries pending or threatened before any court, governmental agency or arbitrator that could have a Material Adverse Effect.

(f) The Lenders shall have completed a due diligence investigation of the Borrower and its Subsidiaries (including, without limitation, a field examination of the quality of their current assets and of their management information systems) in scope and with results satisfactory to the Lenders, and nothing shall have come to the attention of the Lenders during the course of such due diligence investigation to lead them to believe (i) that any material information provided to the Agent or the Lenders has become misleading, incorrect or incomplete in any material respect and (ii) without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries, as they shall have requested.

(g) The Borrower shall have delivered to the Agent and each Lender a copy of the unaudited consolidated financial statements for January 2002.

(h) The Borrower shall have delivered to the Agent and each Lender a copy of the annual audit report for the Borrower and its Subsidiaries for the Fiscal Year ended on December 31, 2001, which shall classify the Obligations of the Borrower to the Lenders as long term liabilities, and which shall include a Consolidated balance sheet of the Borrower and its Subsidiaries, as of December 31, 2001, and Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries, in each case for the Fiscal Year ending December 31, 2001, accompanied by an opinion of Arthur Andersen, LLP, together with (i) a copy of any management letter prepared by Arthur Andersen, LLP with respect to such Fiscal Year 2001 and distributed to the Borrower, (ii) a certificate of the chief financial officer of the Borrower stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a

32

statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto, (iii) in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP, and (iv) a schedule in form satisfactory to the Agent of the computations used by the Borrower in determining compliance with the financial covenants contained in this Agreement.

(i) All conditions to Closing set forth in the Restructuring Agreement shall have been satisfied or waived in writing by the appropriate party.

(j) The Borrower shall have delivered to the Agent and each Lender a copy of its preliminary report containing forecasts prepared by management of the Borrower, in form satisfactory to the Agent, of Consolidated balance sheets,

statements of operations and cash flows on a monthly basis for the Fiscal Year 2002.

(k) The Borrower shall have delivered to the Agent and each Lender a copy of its report identifying all leased real property together with a description of the lease term, the annual rent payments, and any options to extend such Lease, all leased property for facilities in which the Borrower and its Subsidiaries are no longer conducting operations, all leased real property which has been disposed of during the most recent Fiscal Year, and all leased real property to be disposed of in the succeeding Fiscal Year, in form and substance satisfactory to the Agent and the Lenders (the "LEASED REAL PROPERTY REPORT").

(l) [Intentionally Omitted]

(m) [Intentionally Omitted]

(n) [Intentionally Omitted]

(o) The Borrower shall have delivered to the Agent and each Lender (i) a corporate organizational chart, and (ii) a list of all management level employees of the Borrower and its Subsidiaries terminated during the six months immediately preceding the Second Restatement Date, as well as any severance arrangements relating to any such termination in form satisfactory to the Agent.

(p) All fees and expenses payable to counsel for and the financial advisors to the Agent and the Lenders incurred on or prior to the Second Restatement Date shall have been paid in full.

SECTION 3.02. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Second Restatement Date specifying its objection thereto.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Each Loan Party (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed could not be reasonably likely to have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. All of

the outstanding Equity Interests in the Borrower have been validly issued, are fully paid and non-assessable.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of each Loan Party, showing as of the date hereof (as to each such Subsidiary) the jurisdiction of its incorporation, the number of shares of each class of its Equity Interests authorized, and the number outstanding, on the date hereof and the percentage of the outstanding shares of each such class of its Equity Interests owned (directly or indirectly) by such Loan Party and the number of shares covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the date hereof. All of the outstanding Equity Interests in each Loan Party's Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by such Loan Party or one or more of its Subsidiaries free and clear of all Liens, except those created under the Collateral Documents. Each such Subsidiary (i) is a corporation duly organized, validly, existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed could not be reasonably likely to have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. Each of CRW Financial Acquisition Corp., IDRC, Federal Compliance Corp., ProMark One Marketing Services Inc., IntelliSell Corporation, IDRC Teleservices Inc., Telnet Systems Inc. and IDRC New York, Inc. have been dissolved or merged with or into the Borrower. TeleSpectrum Worldwide (Canada) Inc. has been dissolved or amalgamated with or into S&P Data Corp., and S&P Data Corp. has amended its name to TeleSpectrum Worldwide (Canada) Inc.

(c) The execution, delivery and performance by each Loan Party of each Transaction Document to which it is or is to be a party, and the consummation of the transactions contemplated by the Transaction Documents, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Loan Party's charter or bylaws, (ii) violate any law, rule, regulation (including, without limitation,

34

Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which could be reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice

to or filing with any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of any Transaction Document to which it is or is to be a party or for the transactions contemplated by the Transaction Documents, (ii) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created under the Collateral Documents (including the first priority nature thereof) or (iv) the exercise by the Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d) hereto, all of which have been duly obtained, taken, given or made and are in full force and effect. All applicable waiting periods in connection with the transactions contemplated by the Transaction Documents have expired without any action having been taken by any competent authority restraining, preventing or imposing materially adverse conditions upon the Borrower, and the other transactions contemplated by the Transaction Documents have expired without any action having been taken by any competent authority restraining, preventing or imposing materially adverse conditions upon the rights of the Loan Parties or their Subsidiaries freely to transfer or otherwise dispose of, or to create any Lien on, any properties now provided or hereafter acquired by any of them.

(e) This Agreement has been, each other Transaction Document when delivered hereunder will have been, and each of the Collateral Documents have been duly executed and delivered by each Loan Party party thereto. This Agreement is, and each other Transaction Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms. The Collateral Documents, whether or not amended, supplemented or otherwise modified in connection with the execution and delivery of this Agreement, are, and shall continue to be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms.

(f) (i) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2001, and the related Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied, as to the Consolidated financial statements of the Borrower and its Subsidiaries, by an opinion of Arthur Andersen LLP, independent public accountants, fairly present, the Consolidated financial condition of the Borrower and its Subsidiaries as at such dates and the Consolidated results of the

35

operations of the Borrower and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles applied on a consistent basis, and

(ii) since December 31, 2001 there has occurred no Material Adverse Change, except with respect to the revenue deterioration previously disclosed to Agent and Lenders.

(g) [Intentionally Omitted]

(h) The Consolidated forecasted balance sheet, statements of operations and statements of cash flows of the Borrower and its Subsidiaries delivered to the Lenders pursuant to Section 3.01(h) and Section 5.03(d) were

prepared in good faith on the basis of the assumptions stated therein, which assumptions were reasonable in the light of conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery and on the Second Restatement Date, the Borrower's best estimate of the future financial performance of the Borrower and its Subsidiaries.

(i) None of the other information, exhibits or reports (excluding any financial projections) taken as a whole, furnished by or on behalf of any Loan Party to the Agent or any Lender, in connection with the negotiation of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading in light of the circumstances under which such information was provided and on the Second Restatement Date.

(j) There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries, including any Environmental Action, pending or threatened before any court, governmental agency or arbitrator that could be reasonably likely to have a Material Adverse Effect except as set forth on Schedule 4.01(j). There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries, pending or threatened before any court, governmental agency or arbitrator that purports to affect the legality, validity or enforceability of any Transaction Document or the consummation of the transactions contemplated hereby and thereby.

(k) No Loan Party is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Term Loan will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(l) The Collateral Documents create a valid and perfected first priority security interest in the Collateral securing the payment of the Secured Obligations subject only to Permitted Liens, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. The Loan Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for Permitted Liens and security interests created under the Loan Documents.

(m) Neither any Loan Party nor any of its Subsidiaries is an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as

36

amended. Neither the making of any Advances, nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the other transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(n) [Intentionally Omitted]

(o) (i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(ii) As of the last annual actuarial valuation date, the

funded current liability percentage, as defined in Section 302(d)(8) of ERISA, of each Plan exceeds 90% and there has been no material adverse change in the funding status of any such Plan since such date.

(iii) Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(iv) Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(v) Except as set forth in the financial statements referred to in this Section 4.01 and in Section 5.03, the Loan Parties and their respective Subsidiaries have no material liability with respect to "expected post retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

(vi) Set forth on Schedule 4.01(o) hereto is a complete and accurate list of all Plans, Multiemployer Plans and Welfare Plans.

(vii) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and furnished to the Lenders, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(p) (i) Each Loan Party and each of its Subsidiaries and Affiliates has filed, has caused to be filed or has been included in all tax returns (federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties.

(ii) Set forth on Schedule 4.01(p) hereto is a complete and accurate list, as of the date hereof, of each taxable year of each Loan Party and each of its Subsidiaries and Affiliates for which federal income tax returns have been filed and for which the expiration of the applicable statute of limitations for assessment or collection has not occurred by reason of extension or otherwise (an "OPEN YEAR").

37

(iii) There is no unpaid amount, as of the date hereof, of adjustments to the federal income tax liability of any Loan Party or any of its Subsidiaries or Affiliates proposed by the Internal Revenue Service with respect to Open Years. No issues have been raised by the Internal Revenue Service in respect of Open Years that, in the aggregate, could have a Material Adverse Effect.

(iv) There is no unpaid amount, as of the date hereof, of adjustments to the state, local and foreign tax liability of any Loan Party or any of its Subsidiaries or Affiliates proposed by all state, local and foreign taxing authorities (other than amounts arising from adjustments to federal income tax returns, if any). No issues have been

raised by such taxing authorities that, in the aggregate, could have a Material Adverse Effect.

(q) Neither the business nor the properties of any Loan Party or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that could be reasonably likely to have a Material Adverse Effect.

(r) [Intentionally Omitted]

(s) Set forth on Schedule 3.01(a)(xx) hereto is a complete and accurate list of all Debt (other than Debt due under the Structured Vendor Settlements set forth on Schedule 5.02(b)(ii)(F)) including all letters of credit outstanding on the date hereof, showing as of the date hereof the principal amount outstanding or amount available to be drawn (assuming all conditions to drawing are satisfied) thereunder, the maturity date thereof and the amortization schedule therefor.

(t) Neither the Borrower nor any of its Subsidiaries is the beneficial owner of any real property.

(u) All Inventory of the Borrower or any of its Subsidiaries is owned by the Borrower or such Subsidiary free and clear of any Lien, other than under the Loan Documents, and is located at the addresses specified on Schedule 4.01(u).

(v) Set forth on Schedule 4.01(v) hereto is a complete and accurate list of all leases of real property under which any Loan Party or any of its Subsidiaries is the lessee, showing as of the date hereof the street address, county or other relevant jurisdiction, state, lessor, lessee, expiration date and annual rental cost thereof, and all information contained therein is complete and accurate. Each such lease is the legal, valid and binding obligation of the lessor thereof enforceable in accordance with its terms.

(w) Set forth on Schedule 4.01(w) hereto is a complete and accurate list of all Investments held by any Loan Party or any of its Subsidiaries, showing as of the date hereof the amount, obligor or issuer and maturity, if any, thereof.

(x) Set forth on Schedule 4.01(x) hereto is a complete and accurate list of all patents, trademarks, trade names, service marks and copyrights, and all applications therefor and

38

licenses thereof of each Loan Party, or any of its Subsidiaries, showing as of the date hereof the jurisdiction in which registered, the registration number, the date of registration and the expiration date.

(y) Set forth on Schedule 4.01(y) hereto is a complete and accurate list of all Liens on the property or assets of any Loan Party or any of its Subsidiaries, showing as of the date hereof the lienholder thereof, the principal amount of the obligations secured thereby and the property or assets of such Loan Party or such Subsidiary subject thereto.

(z) The assets and property of TLSP Investments and TSLP Trademarks

(other than the TSLP Subordinated Debt) and the demand deposit accounts of TLSP Investments permitted under Section 5.02(g) (ii) do not exceed \$50,000 in the aggregate.

(aa) Set forth on Schedule 4.01(aa) hereto is a complete and accurate list of all deposit accounts of the Borrower and each of its Subsidiaries as of the date hereof.

(bb) [Intentionally Omitted]

(cc) [Intentionally Omitted]

(dd) Set forth on Schedule 4.01(dd) hereto is a complete and accurate list of all Material Contracts as of the Second Restatement Date.

ARTICLE V

COVENANTS

SECTION 5.01. Affirmative Covenants. So long as any Term Loan or any other Obligation of any Loan Party under or in respect of any Loan Document shall remain unpaid or any Lender Party shall have any Term Loan Exposure hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property which is not otherwise permitted hereunder; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Compliance with Environmental Laws. Comply, and cause each of its Subsidiaries and all lessees and other Persons operating or occupying its properties to comply, in

all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew, and cause each of its Subsidiaries to obtain and renew, all Environmental Permits necessary for its operations and properties; and conduct, and cause each of its Subsidiaries to conduct, any investigation, study-sampling and testing, make an appropriate response to any Environmental Action against the Borrower or any Loan Party or any of their Subsidiaries and discharge any obligations it may have to any Person thereunder (except if the Borrower or any Loan Party and their Subsidiaries do not have standing to contest or respond to such Environmental Action), and undertake any cleanup,

removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in material compliance with the requirements of all governmental authorities and Environmental Laws; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances.

(d) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates.

(e) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory), permits, licenses, approvals, privileges and franchises; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to preserve any right, permit, license, approval, privilege or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower, such Subsidiary or the Lenders.

(f) Visitation Rights. At any reasonable time and from time to time, upon reasonable prior notice, permit the Agent or any Lenders or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants.

(g) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(h) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are reasonably required in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

40

(i) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(j) Covenant to Guarantee Obligations and Give Security. Upon (x) the request of the Agent, (y) the formation or acquisition of any new direct or indirect Subsidiary of any Loan Party (other than a Foreign Subsidiary that is not a Canadian Subsidiary if the effect of such undertaking would have material

adverse tax consequences to the Loan Parties taken as a whole) or (z) the acquisition of any property by any Loan Party, and such property in the judgment of the Agent shall not already be subject to a perfected first priority security interest in favor of the Agent for the benefit of the Lenders, then the Borrower shall, in each case at the Borrower's expense:

(i) within 10 days after the formation or acquisition of a Subsidiary, cause each such Subsidiary and each direct and indirect Subsidiary of such Subsidiary, to duly execute and deliver to the Agent a guaranty or guaranty supplement, in form and substance satisfactory to the Agent, guaranteeing all of the Loan Parties' Obligations under the Loan Documents, provided that no guaranty may be required (if acceptable to the Agent) from a Foreign Subsidiary that is not a Canadian Subsidiary if the execution and delivery thereof would result in adverse tax consequences to the Loan Parties;

(ii) within 10 days after such request, formation or acquisition, furnish to the Agent a description of the real and personal properties of the Borrower and its Subsidiaries in detail satisfactory to the Agent;

(iii) within 15 days after such request, formation or acquisition, duly execute and deliver, and cause each such Subsidiary and cause each direct and indirect parent of such Subsidiary to duly execute and deliver, to the Agent mortgages, pledges, assignments, security agreement supplements and other security agreements, as specified by and in form and substance satisfactory to the Agent, securing payment of all the Obligations of the Loan Parties under the Loan Documents and constituting Liens on all such properties, provided that no mortgage, pledge, assignment, security agreement supplement or other security agreement may be required (if acceptable to the Agent) from a Foreign Subsidiary that is not a Canadian Subsidiary if the execution and delivery thereof would result in adverse tax consequences to the Loan Parties;

(iv) within 30 days after such request, formation or acquisition, duly, execute and deliver, and cause each such Subsidiary and cause each direct and indirect parent of such Subsidiary (other than any foreign Subsidiary that is not a Canadian Subsidiary) to take whatever action (including, without limitation, the recording of mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) as may be necessary or advisable in the opinion of the Agent to vest and perfect in the Agent (or in any representative of the Agent) Liens on the properties purported to be subject to the mortgages, pledges, assignments, security agreement supplements and other security,

41

agreements delivered pursuant to this Section 5.01(j), enforceable against all third parties in accordance with their terms;

(v) within 30 days after such request, formation or acquisition, deliver to the Agent, upon the request of the Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Agent and the other Secured Parties, of counsel for the Loan Parties acceptable to the Agent as to the matters contained in clauses (i), (iii) and (iv) above, as to such mortgages, pledges, assignments, security

agreement supplements and other security agreements being legal, valid and binding obligations of each such Loan Party enforceable in accordance with their terms and as to such other matters as the Agent may reasonably request;

(vi) as promptly as practicable after such request, formation or acquisition, deliver, upon the request of the Agent in its sole discretion, to the Agent with respect to each parcel of real property owned or held by the entity that is the subject of such request, formation or acquisition title reports, surveys and engineering, soils and other reports, and environmental assessment reports, each of scope, form and substance satisfactory to the Agent, provided, however, that to the extent that any Loan Party, or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to such real property such items shall promptly after the receipt thereof be delivered to the Agent, at any time and from time to time, promptly execute and deliver any and all further instruments and documents and take all such other action as the Agent may deem necessary or desirable in obtaining the full benefits of, or in perfecting and presenting the Liens of, such guaranties, mortgages, pledges, assignments, security agreements and security agreement supplements; and

(vii) promptly upon organizing, or within five days after organizing any Subsidiary or joint venture specified in clause (A) below, or within 15 days after organizing any Person specified in clause (B), each Loan Party shall pledge to the Agent on behalf of the Secured Parties (A) in the case of any U.S. Subsidiary or Canadian Subsidiary, 100% of the outstanding Equity Interests of such Person owned by such Loan Party; (B) in the case of any Foreign Subsidiary that is not a Canadian Subsidiary or foreign joint venture, 65 % of the total outstanding Equity Interests of such Person owned by such Loan Party; and (C) in the case of any domestic joint venture, 100% of the Equity Interests of such Person held by such Loan Party.

(k) Further Assurances. (i) Promptly upon request by the Agent or by any Lender Party through the Agent, correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and

(ii) Promptly upon request by the Agent or by any Lender Party through the Agent, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as the Agent, or any Lender Party through the Agent, may reasonably require from time to time in order to (A) carry out more

effectively the purposes of the Loan Documents, (B) to the fullest extent permitted by applicable law, subject any Loan Party's or any of its Subsidiaries' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created

thereunder and (D) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Agent and the Lender parties the rights granted or now or hereafter intended to be granted to the Agent and the Lender Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

(l) [Intentionally Omitted]

(m) Preparation of Environmental Reports. At the request of the Agent, provide to the Lenders within 60 days after such request, at the expense of the Borrower, a Phase I environmental site assessment report for any of its or its Subsidiaries' properties described in such request, prepared by an environmental consulting firm acceptable to the Agent (and, if based upon the recommendation of such environmental consulting firm, a Phase II environmental site assessment report) indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance, removal or remedial action in connection with any Hazardous Materials on such properties. Without limiting the generality of the foregoing, if the Agent determines at any time that a material risk exists that any such report will not be provided within the time referred to above, the Agent may retain an environmental consulting firm to prepare such report at the expense of the Borrower, and the Borrower hereby grants and agrees to cause any Subsidiary that owns any property described in such request to grant at the time of such request, to the Agent, the Lenders, such firm and any agents or representatives thereof an irrevocable non-exclusive license, subject to the rights of tenants, to enter onto their respective properties to undertake such an assessment. The Borrower will deliver to Agent promptly following receipt thereof, copies of material environmental audits, investigations, analyses and reports of any kind or character, whether prepared by personnel of the Borrower or any of its Subsidiaries or by independent consultants, governmental authorities or any other Persons, with respect to material environmental matters affecting the properties of the Borrower or any of its Subsidiaries or with respect to any material Environmental Actions. Agent may, from time to time and in its reasonable discretion, at the Borrower's expense, retain an independent professional consultant to review any environmental audits, investigations, analyses and reports prepared by or for the Borrower or any of its Subsidiaries.

(n) Compliance with Terms of Leaseholds and Material Contracts. Except in any case in clause (i) or (ii) where the failure to do so would not be reasonably likely to have a Material Adverse Effect, (i) with respect to all leases of real property to which the Borrower or any of its Subsidiaries is a party, make all payments and otherwise perform all obligations in respect of all such leases, keep all such leases in full force and effect and not allow any of such leases to lapse or be terminated or any rights to renew such leases to be forfeited or canceled, promptly notify the Agent of any material default by any party with respect to any such lease and cooperate with the Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so, and (ii) with respect to all Material Contracts, make all payments and

perform all obligations in respect of all Material Contracts, keep all Material Contracts in full force and effect and not allow any Material Contract to lapse or be terminated or any rights to renew such Material Contract to be forfeited or canceled, promptly notify the Agent of any default by any party with respect

to any Material Contract and cooperate with the Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so.

(o) [Intentionally Omitted]

(p) [Intentionally Omitted]

(q) Access to Advisors. Permit the Agent and any Lender or any agents or representatives thereof full and direct access to any investment banker and/or financial advisor working for or on behalf of the Borrower.

(r) Annual Forecast and Business Plan. Deliver to the Agent and each Lender prior to or on October 31, 2002, forecasts prepared by management of the Borrower, in form satisfactory to the Agent, of Consolidated balance sheets, statements of operations and cash flows on a monthly basis for Fiscal Year 2003 together with a narrative description of the business strategy with respect to each business segment for Fiscal Year 2003.

SECTION 5.02. Negative Covenants. So long as any Term Loan or any other Obligation of any Loan Party under or in respect of any Loan Document shall remain unpaid or any Lender shall have any Term Loan Exposure hereunder, the Borrower will not at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file or suffer to exist, or permit any of its Subsidiaries to sign or file or suffer to exist, under the Uniform Commercial Code of any jurisdiction, a financing statement that names the Borrower or any of its Subsidiaries as debtor, or sign or suffer to exist, or permit any of its Subsidiaries to sign or suffer to exist, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, excluding, however, from the operation of the foregoing restrictions the following (in each case other than under subclauses (i), (ii) and (iii), subject to Section 5.02(r) with respect to TLSP Investments and TLSP Trademarks):

(i) Liens created under the Loan Documents;

(ii) Permitted Liens;

(iii) Liens existing on the date hereof and described on Schedule 4.01(y) hereto;

(iv) Liens arising in connection with Capitalized Leases permitted under Section 5.02(b) (ii) (B), provided that no such Lien shall extend to or cover any Collateral or assets other than the assets subject to such Capitalized Leases;

44

(v) purchase money Liens upon or in real property or equipment acquired or held by the Borrower or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of any such property or equipment to be subject

to such Liens, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any property, not theretofore subject to the Lien being extended, renewed or replaced; and provided further that the aggregate principal amount of the Debt secured by Liens permitted by this clause (v) shall not exceed the amount permitted under Section 5.02(b) (ii) (B) at any time outstanding and that any such Debt shall not otherwise be prohibited by the terms of the Loan Documents;

(vi) Liens arising in connection with Government Loans permitted under Section 5.02(b) (ii) (B) and solely for the benefit of the governmental entity making such Government Loan, provided that no such Lien shall extend to or cover any Collateral or assets other than the equipment, real property and other property purchased or financed with such Government Loans;

(vii) the filing of financing statements solely as a precautionary measure in connection with operating leases not prohibited under Section 5.02(c); and

(viii) the replacement, extension or renewal of any Lien permitted by clause (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Debt. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt other than:

(i) in the case of the Borrower, Debt to its wholly owned U.S. Subsidiaries and Canadian Subsidiaries that are Loan Parties as of the date hereof to the extent permitted by Section 5.02(g), so long as such Debt (x) is subordinated to the Obligations under the Loan Documents pursuant to an intercompany subordination agreement in substantially the form of Exhibit K-1 hereto (each as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, an "INTERCOMPANY SUBORDINATION AGREEMENT"), duly executed by such Subsidiary, (y) is evidenced by an intercompany note in substantially the form of Exhibit K-2 thereto (each, as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms, an "INTERCOMPANY NOTE"), duly executed by the Borrower as payor, and (z) shall constitute Pledged Debt and shall be delivered to the Agent in accordance with Section 5.01(j); provided, however, that in each case, immediately after giving effect thereto, no Default shall have occurred and be continuing; and

(ii) in the case of the Loan Parties,

(A) Debt under the Loan Documents;

(B) Debt secured by Liens permitted under Section 5.02(a)(v), Capitalized Leases and Government Loans, the aggregate principal amount of which shall at no time exceed \$3,000,000;

(C) Debt described on Schedule 3.01(a)(xx);

(D) [Intentionally Omitted]

(E) Debt owed to the Borrower by its wholly owned U.S. Subsidiaries and Canadian Subsidiaries, subject to the requirements of Section 5.02(b)(i) (except that each reference to the Borrower in each of clauses (x) and (y) thereof shall be a reference to such U.S. Subsidiary or Canadian Subsidiary for the purposes of this subclause (E) and in each case to the extent permitted by Section 5.02(g); provided, however, that in each case, immediately after giving effect thereto, no Default shall have occurred and be continuing;

(F) Debt consisting of amounts due under the Structured Vendor Settlements set forth on Schedule 5.02(b)(ii)(F); and

(G) In the case of the Borrower and TeleSpectrum Worldwide (Canada) Inc., the TLSP Subordinated Debt; provided that the requirements of 5.02(b)(i) have been satisfied; and

(iii) in the case of the Borrower and any of its Subsidiaries, endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, subject to Section 5.02(r) in the case of TLSP Investments and TLSP Trademarks.

(c) Lease Obligations. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any obligations as lessee for the rental or hire of real or personal property in connection with any sale and leaseback transaction; provided, however, that so long as no Default has occurred and is continuing, any Loan Party may enter into an operating lease of equipment sold pursuant to Section 5.02(f)(iii).

(d) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof.

(e) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that any Subsidiary of the Borrower may merge into or consolidate with the Borrower or any other such Subsidiary, so long as the surviving Person is the Borrower or, if the merger or consolidation is with a Subsidiary other than the Borrower, such surviving Person is a wholly-owned U.S. Subsidiary or Canadian Subsidiary of the Borrower and complies with Section 5.01(j).

46

(f) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except:

(i) inventory in the ordinary course;

(ii) in a transaction authorized by subsection (e) of this Section; and

(iii) sales or trade-ins of used equipment for fair value in the ordinary course of business for like assets or cash in an aggregate amount not to exceed \$100,000 in the aggregate from and after the Second Restatement Date.

(g) Investments. Make or hold, or permit any of its Subsidiaries to make or hold, any Investment other than:

(i) Investments by the Borrower and the other Loan Parties in wholly-owned Subsidiaries which Investments are outstanding on the date hereof;

(ii) Investments by the Borrower and its Subsidiaries (other than TLSP Investments) in demand deposit accounts maintained in the ordinary course of business with any Lender and in Cash Equivalents not on deposit in Blocked Accounts (x) in an aggregate amount not to exceed \$50,000, (y) in the demand deposit accounts set forth on Schedule 4.01(w) which will be closed on or before June 30, 2002 and which at no time shall have an aggregate balance in excess of \$1,500,000 and (z) in prefunded accounts in support of ACH transactions; provided, however, that TLSP Investments may maintain two demand deposit accounts upon, and subject to, the Agent's prior written consent;

(iii) [Intentionally Omitted];

(iv) Investments existing on the date hereof and described on Schedule 4.01(w) hereto; and

(v) Investments by Subsidiaries of the Borrower in the Borrower.

(h) Restricted Payments. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such or issue or sell any Equity Interests or accept any capital contributions, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value Equity Interests of the Borrower or to issue or sell any Equity Interests therein, except that, so long as no Default shall have occurred and be continuing at the time of any action described in clause (i) or (ii) below or would result therefrom;

(i) the Borrower may declare and pay dividends solely in respect of the Series A Preferred Stock in cash or in additional shares of Series A Preferred Stock; and

(ii) any Subsidiary of the Borrower may (A) declare and pay cash dividends to the Borrower, (B) declare and pay cash dividends to any other wholly-owned U.S. Subsidiary or Canadian Subsidiary of the Borrower of which it is a Subsidiary, and (C) if not a wholly-owned Subsidiary of

the Borrower, declare and pay cash dividends to each holder of an Equity Interest therein in proportion to such holding, provided that the Borrower or other Loan Party, as a holder of Equity Interest therein, shall also receive cash distributions from such Subsidiary on terms no less favorable than afforded to any other holder of Equity Interests of the same as such Loan Party's holding.

(i) Amendment of Constitutive Documents. Except for the Charter Amendment, amend, or permit any of its Subsidiaries to amend, its certificate of incorporation, bylaws or other constitutive documents.

(j) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in (i) accounting policies or reporting practices, except (A) as required by GAAP or (B) if such change has no material effect on the financial information reported, or (ii) Fiscal Year.

(k) Prepayments, Etc. of Debt. Prepay, redeem, or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt other than the prepayment of the Term Loans in accordance with the terms of this Agreement.

(l) [Intentionally Omitted]

(m) Negative Pledge. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its property or assets other than (i) in favor of the Agent and the Lenders or (ii) in connection with any Debt that is secured by purchase money Liens or is a Capitalized Lease or a Government Loan, in each case, to the extent permitted under Section 5.02(b)(ii)(B), and solely to the extent such agreement is limited to the property covered by such Liens.

(n) Partnerships. Become a general partner in any general or limited partnership or joint venture, or permit any of its Subsidiaries to do so other than any Subsidiary the sole assets of which consist of its interest in such partnership or joint venture.

(o) Formation of Subsidiaries. Organize or invest, or permit any Subsidiary to organize or invest, in any new Subsidiary.

(p) Payment Restrictions Affecting Subsidiaries. Directly or indirectly, enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist any agreement or arrangement limiting the ability of any of its Subsidiaries to declare or pay dividends or other distributions in respect of its Equity Interests or repay or prepay any Debt owed to, make loans or advances to, or otherwise transfer assets to or invest in, the Borrower or any Subsidiary of the Borrower (whether through a covenant restricting dividends, loans, asset transfers or investments, a financial covenant or otherwise), except the Loan Documents.

(q) Other Transactions. Engage, or permit any of its Subsidiaries to engage, in any transaction involving commodity, options or futures contracts or any similar speculative transactions (including, without limitation, take-or-pay contracts).

(r) Restricted Subsidiaries. Permit TLSP Investments or TLSP Trademarks to create, incur, assume or suffer to exist Obligations or Liens in an aggregate amount in excess of \$50,000 at any time, or suffer to exist or permit TLSP Investments or TSLP Trademarks to create, acquire, assume or own property and assets in the aggregate exceeding \$50,000 (other than the TLSP Subordinated Notes, and, in the case of TLSP Investments, the demand deposit accounts permitted under Section 5.02(g)(ii)), unless, in the case of TLSP Investments, TLSP Investments shall have complied with Section 5.01(j).

(s) Amendment, Etc. of Material Contracts. Cancel or terminate any Material Contract, or consent to or accept any cancellation or termination thereof, amend, modify or change in any manner any term or condition of any Material Contract or give any consent, waiver or approval thereunder, waive any default under or any breach of any term or condition of any Material Contract, agree in any manner to any other amendment, modification or change of any term or condition of any Material Contract or take any other action in connection with any Material Contract that would impair the value of the interest or rights of any Loan Party thereunder, that would, in any such case, would be reasonably likely to cause a Material Adverse Change, or permit any of its Subsidiaries to do any of the foregoing, in each case without the written consent of the Agent and the Required Lenders.

(t) [Intentionally Omitted]

(u) [Intentionally Omitted]

SECTION 5.03. Reporting Requirements. So long as any Obligation of any Loan Party under or in respect of any Loan Document shall remain unpaid, or any Lender shall have any Term Loan Exposure hereunder, the Borrower will furnish to the Agent and the Lenders:

(a) Default and Prepayment Notices. (i) As soon as possible and in any event within two Business Days after the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default, event, development or occurrence and the action that the Borrower has taken and proposes to take with respect thereto, and (ii) as soon as possible and in any event no later than 11:00 A.M. (New York City time) at least three Business Days before any prepayment of Term Loans is to be made by the Borrower pursuant to Section 2.06 (the "PREPAYMENT DATE"), written notice of the principal amount of such prepayment (the "PREPAYMENT AMOUNT") and the applicable Prepayment Date. Each such notice (a "PREPAYMENT NOTICE") shall be by telex or telecopier or otherwise as provided in Section 8.02.

(b) Monthly and Quarterly Financials; Weekly Cash Flow Statements and Variance Reports. (i) Monthly Financials. As soon as available and in any event within 30 days after the end of each month, commencing with the month of April 2002, a Consolidated balance

sheet of the Borrower and its Subsidiaries, in each case as of the end of such month, and Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries, in each case for the period commencing at the end of the previous month and ending with the end of such month, and Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries for

the period commencing at the end of the previous Fiscal Year and ending with the end of such month, setting forth in each case in comparative form the corresponding figures for the corresponding month and Fiscal Year-to-date period of the preceding Fiscal Year and the corresponding figures for the corresponding month and Fiscal Year-to-date period of the annual forecast previously delivered pursuant to Section 5.03(d), all in reasonable detail and duly certified by the chief financial officer of the Borrower, together with (A) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto, (B) a schedule in form satisfactory to the Agent of the computations used by the Borrower in determining compliance with the covenants contained in Sections 5.04(a) through (c), and (C) in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP and (D) a brief narrative prepared by the chief financial officer of the Borrower, outlining the factors impacting the financial results of the Borrower and its Subsidiaries for such month.

(ii) Quarterly Financials. As soon as available and in any event within 45 days after the end of each Fiscal Quarter, commencing with the Fiscal Quarter ended March 31, 2002, a Consolidated balance sheet of the Borrower and its Subsidiaries, in each case as of the end of such Fiscal Quarter, and Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries, in each case for the period commencing at the end of the previous Fiscal Quarter and ending with the end of such Fiscal Quarter, and Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous Fiscal Quarter and ending with the end of such Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding Fiscal Quarter and Fiscal Year-to-date period of the preceding Fiscal Year and the corresponding figures for the corresponding month and Fiscal Year-to-date period of the annual forecast previously delivered pursuant to Section 5.03(d), all in reasonable detail and duly certified by the chief financial officer of the Borrower, together with (A) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto, (B) a schedule in form satisfactory to the Agent of the computations used by the Borrower in determining compliance with the covenants contained in Sections 5.04(a) through (d), and (C) in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP.

(iii) Weekly Cash Flow Statements; Variance Reports. As soon as available and in any event not later than the last Business Day of each week after the Second Restatement Date, Consolidated cash flow statements in form and substance satisfactory to the Agent reflecting on a line-item basis cash receipts and disbursements for the Borrower and its Subsidiaries, and a Variance Report with respect to the

preceding week. Such weekly statement shall include a weekly cash flow forecast for the 13 week period immediately following the date of

delivery, a statement of the assumptions underlying such forecast (including, without limitation, assumptions as to days sales outstanding and days payable outstanding), and shall state with particularity whether, for any week contained in such forecast, 10% or more of projected revenues are dependent upon collections from a single account debtor.

(c) Annual Financials. As soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, including therein a Consolidated balance sheet of the Borrower and its Subsidiaries, as of the end of such Fiscal Year, and Consolidated statements of operations and cash flows of the Borrower and its Subsidiaries, in each case for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Year, accompanied as to such Consolidated statements by an opinion of an independent public accountant of recognized standing acceptable to the Required Lenders, together with (i) a copy of any management letter prepared by such accounting firm with respect to such Fiscal Year and distributed to the Borrower, (ii) a certificate of the chief financial officer of the Borrower stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower has taken and proposes to take with respect thereto, (iii) in the event of any change from GAAP in the generally accepted accounting principles used in the preparation of such financial statements, a statement of reconciliation conforming such financial statements to GAAP, and (iv) a schedule in form satisfactory to the Agent of the computations used by the Borrower in determining compliance with the covenants contained in Sections 5.04(a) through (c).

(d) Annual Forecasts. As soon as available and in any event no later than 60 days prior to the end of each Fiscal Year, a detailed business plan prepared by management of the Borrower and approved by the Board of Directors, in form satisfactory to the Agent, setting forth the financial projections for the Borrower on a monthly basis for the following Fiscal Year, and including Consolidated balance sheets, statements of operations and cash flows on a monthly basis and a detailed narrative description of the financial and other assumptions utilized by management in preparing such plan.

(e) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Loan Party or any of its Subsidiaries of the type described in Section 4.01(j).

(f) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that any Loan Party or any of its Subsidiaries sends to its stockholders, and copies of all regular, periodic and special reports, and all registration statements, that any Loan Party or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or with any national securities exchange.

(g) Creditor Reports. Promptly after the furnishing thereof copies of any statement or report furnished to any other holder of the Debt of any Loan Party or of any of its

Subsidiaries (including, without limitation, loan or credit or similar agreement) and not otherwise required to be furnished to the Lender Parties pursuant to any other clause of this Section 5.03.

(h) Agreement Notices. Promptly upon receipt thereof, copies of all notices, requests and other documents received by any Loan Party or any of its Subsidiaries under or pursuant to any Related Documents or indenture, loan or credit or similar agreement regarding or related to any breach or default by any party thereto or other event that could materially impair the value of the interests or the rights of any Loan Party or any of its Subsidiaries or otherwise have a Material Adverse Effect, and copies of any amendment, modification or waiver of any provision of any Related Agreement or indenture, loan or credit or similar agreement and, from time to time upon request by the Agent, such information and reports regarding the Related Documents as the Agent may reasonably request.

(i) ERISA. (i) ERISA Events and ERISA Reports. (A) Promptly and in any event within 10 days after any Loan Party or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (B) on the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

(ii) Plan Terminations. Promptly and in any event within two Business Days after receipt thereof by any Loan Party or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan.

(iii) Plan Annual Reports. Promptly and in any event within 10 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan.

(iv) Multiemployer Plan Notices. Promptly and in any event within five Business Days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the position of Withdrawal Liability imposed by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by such Loan Party or any ERISA Affiliate in connection with any event described in clause (A) or (B).

(j) Environmental Conditions. Promptly after the assertion or occurrence thereof, notice of any Environmental Action against or of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that, and notice of any Release required to be reported to any federal, state, local or foreign governmental or regulatory agency under any applicable Environmental Laws and of any remedial action taken by the Borrower or any of its Subsidiaries or any other Person of which the Borrower has knowledge in response to any Hazardous Materials or any Environmental Actions that, could (i) reasonably be expected to have a Material Adverse Effect or (ii) cause any property described

in the mortgages to be subject to any restrictions on ownership, occupancy use or transferability under any Environmental Law.

(k) Supplemental Leased Property Report. As soon as available and in any event within 45 days after the end of each Fiscal Quarter, a report supplementing Schedule 4.01(v) hereto, including an identification of all leased property disposed of by the Borrower or any of its Subsidiaries during such Fiscal Quarter, a list and description (including the street address, county or other relevant jurisdiction, state, record owner, book value thereof and in the case of leases of property, lessor, lessee, expiration date and annual rental cost thereof) of all real property acquired or leased during such Fiscal Quarter and a description of such other changes in the information, included in such Schedule as may be necessary for such Schedule to be accurate and complete.

(l) Insurance. As soon as available and in any event within 30 days after the end of each Fiscal Year, a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for the Borrower and its Subsidiaries and containing such additional information as any Lender Party (through the Agent) may reasonably specify.

(m) Accounts Receivable and Accounts Payable Aging. As soon as available and in any event within 30 days after the end of each month, a detailed schedule, in form and substance satisfactory to the Agent, setting forth (as of the end of the immediately preceding month) (a) all accounts receivable (by customer) , together with a statement of the number of days each such account receivable has been outstanding since invoice date, (b) the amount (by customer) of all unbilled accounts, (c) all accounts payable (by payee), together with a statement of the number of days each such account payable has been outstanding since invoice date, and (d) the amount (by payee) of all accrued and unpaid expenses.

(n) Other Information. Such other information (i) delivered to the shareholders of the Borrower or any of its Subsidiaries, including, without limitation, proxy statements, financial statements and reports, or required to be filed with the SEC or any national securities exchange, including, without limitation, any Forms 10-K, 10-Q and 8-K, in each case promptly after the sending or filing thereof and (ii) respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Lender Party (through the Agent) may from time to time reasonably request.

(o) [Intentionally Omitted]

(p) [Intentionally Omitted]

(q) [Intentionally Omitted]

SECTION 5.04. Financial Covenants. So long as any Term Loan or any other Obligation of any Loan Party under or in respect of any Loan Document shall remain unpaid or any Lender shall have any Term Loan Exposure hereunder, the Borrower will:

(a) Minimum Consolidated EBITDA. Not permit Consolidated EBITDA for any period set forth below to be less than the correlative amount indicated:

<TABLE>
<CAPTION>

PERIOD	MINIMUM CONSOLIDATED EBITDA
April 1, 2002 - June 30, 2002	\$ 733,970
July 1, 2002 - September 30, 2002	\$1,187,127
October 1, 2002 - December 31, 2002	\$1,109,047
January 1, 2003 - March 31, 2003	\$1,349,323

For each Fiscal Quarter commencing after March 31, 2003, Minimum Consolidated EBITDA shall not be less than 85% of the projected Consolidated EBITDA for such Fiscal Quarter as set forth in the business plan covering such Fiscal Quarter, delivered pursuant to Section 5.03(d) hereof.

(b) Minimum Fixed Charge Coverage Ratio. Not permit the ratio of (i) Consolidated EBITDA to (ii) Consolidated Fixed Charges for any period set forth below to be less than the correlative ratio indicated:

<TABLE>
<CAPTION>

PERIOD	MINIMUM FIXED CHARGE COVERAGE RATIO
April 1, 2002 - June 30, 2002	0.76:1.00
April 1, 2002 - September 30, 2002	1.01:1.00
April 1, 2002 - December 31, 2002	1.07:1.00

The ratio of (i) Consolidated EBITDA to (ii) Consolidated Fixed Charges for any rolling four-Fiscal Quarter period ending after December 31, 2002 shall not be less than 1.04:1.00.

(c) Maximum Capital Expenditures. Not permit Capital Expenditures during any of the periods set forth below to exceed the correlative amounts indicated:

<TABLE>
<CAPTION>

PERIOD	MAXIMUM CONSOLIDATED EXPENDITURES
April 1, 2002 - June 30, 2002	\$325,000
July 1, 2002 - September 30, 2002	\$300,000
October 1, 2002 - December 31, 2002	\$300,000
January 1, 2003 - March 31, 2003	\$750,000

For any Fiscal Quarter commencing after March 31, 2003, Capital Expenditures shall not exceed projected Capital Expenditures for such Fiscal Quarter as set forth in the business plan covering such Fiscal Quarter, delivered pursuant to Section 5.03(d) hereof.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) (i) the Borrower shall fail to pay any principal of any Term Loan when the same becomes due and payable, or (ii) the Borrower shall fail to pay any interest on any Term Loan or any Loan Party shall fail or make any other payment under any Loan Document within two Business Days of when the same becomes due and payable; or

(b) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) any Loan Party shall fail to perform or observe any term, covenant or agreement contained in Sections 2.14, 5.01(e), (f), (i), (j), (m) and (r), 5.02, 5.03 or 5.04; or

(d) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 15 days after the earlier of the date on which (A) a Responsible Officer of the Borrower becomes aware of such failure or (B) written notice thereof shall have been given to the Borrower by the Agent or any Lender Party; or

(e) any Loan Party or any of its Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Debt that is outstanding in a principal amount of at least \$250,000 either individually or in the aggregate (but excluding Debt outstanding hereunder) of such Loan Party or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature, or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, in each case prior to the stated maturity thereof; or

(f) any Loan Party or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Loan Party or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver,

trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur, or any Loan Party or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) any judgment or order for the payment of money in excess of \$250,000 (to the extent not fully paid or discharged) shall be rendered against any Loan Party or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) any non-monetary judgment or order shall be rendered against any Loan Party or any of its Subsidiaries that could reasonably be likely to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any provision of any Loan Document after delivery thereof, pursuant to Section 3.01 or 5.01(j) or (k), shall for any reason cease to be valid and binding on or enforceable against any Loan Party to it, or any such Loan Party shall so state in writing; or

(j) any Collateral Document after delivery thereof, pursuant to Section 3.01 or 5.01(j) or (k), shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority lien on and security interest in the Collateral purported to be covered thereby, subject only to the Liens permitted hereunder; or

(k) [Intentionally Omitted]

(l) any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Loan Parties and the ERISA Affiliates related to such ERISA Event) exceeds \$250,000; or

(m) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Loan Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$250,000 or requires payments exceeding \$50,000 per annum; or

(n) any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or

termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding \$50,000; or

(o) there shall occur any Material Adverse Change (as determined based on the financial conditions of the Borrower and its Subsidiaries as of the Second Restatement Date); or

(p) the failure of the Charter Amendment to be effective and properly filed with the Secretary of State of the State of Delaware within 120 days after the Second Restatement Date (unless such failure is the direct result of any action by the Lenders (whether individually or collectively) or the result of the failure of Lenders to take any action within their control to facilitate approval of the Charter Amendment);

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to maintain Term Loans to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Term Loans, all interest thereon and all other amounts payable under this Agreement, the Term Notes, if any, and the other Loan Documents to be forthwith due and payable, whereupon the Term Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Loan Party or any of its Subsidiaries under the Bankruptcy Code, (x) the obligation of each Lender to maintain Term Loans shall automatically be terminated and (y) the Term Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender Party hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Debt resulting from the Term Loans), the 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 upon all Lender Parties and all holders of Term Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that

is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender Party prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (a) may treat the Lender that made any Term Loan as the holder of the Debt resulting therefrom until the Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (b) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender Party and shall not be responsible to any Lender Party for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or to inspect the property (including the books and records) of any Loan Party; (e) shall not be responsible to any Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; and (f) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, telecopy or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. BNP and Affiliates. With respect to the Term Loans made by it and any Term Notes issued to it, BNP shall have the same rights and powers under the Loan Documents as any other Lender Party and may exercise the same as though it were not the Agent; and the term "Lender Party" or "Lenders Parties" shall, unless otherwise expressly indicated, include BNP in its individual capacity. BNP and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person who may do business with or own securities of any Loan Party or any such Subsidiary, all as if BNP were not the Agent and without any duty to account therefor to the Lender Parties.

SECTION 7.04. Lender Party Credit Decision. Each Lender Party acknowledges that it has, independently and without reliance upon the Agent or any other Lender Party and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender Party also acknowledges that it will, independently and without reliance upon the Agent or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. (a) Each Lender Party severally agrees to indemnify each Agent (to the extent not promptly reimbursed by the Borrower) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and expenses of counsel) (collectively, the "INDEMNIFIED COSTS") that may be imposed on, incurred by or asserted or awarded against the Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Agent under the Loan Documents; provided, however, that no Lender Party shall be liable for any portion of such Indemnified Costs resulting from the Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender Party agrees to reimburse the Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrower under Section 8.04, to the extent that the Agent is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05, the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to the sum of the aggregate principal amount of the Term Loans outstanding at such time and owing to the respective Lender Parties. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender, any other Lender Party or a third party. The failure of any Lender Party to reimburse the Agent promptly upon demand for its ratable share of any amount required to be paid by the Lender Party to the Agent as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse the Agent for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse the Agent for such other Lender Party's ratable share of such amount.

(b) Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 7.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lender Parties and the Borrower, and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent or Agents, as the case may be, with the consent of the Borrower, so long as no Default has occurred and is continuing, which consent shall not be unreasonably withheld. If no such successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after such retiring Agent's giving of notice of resignation or the Required Lenders' removal of such retiring Agent, then such retiring Agent may, on behalf of the Lender Parties, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance of any appointment as Agent, hereunder by a successor Agent, and upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to the mortgages, if any, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may

request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, such successor Agent shall succeed to and become vested with the rights, powers, discretion, privileges and duties of such retiring Agent, and such retiring Agent shall be discharged from its duties and obligations under the Loan Documents. If within 45 days after written notice is given of such retiring Agent's resignation or removal under this Section 7.06 no successor Agent, shall have been appointed and shall have accepted such appointment, then on such 45th day (i) such retiring Agent's resignation or removal shall become effective, (ii) such retiring Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of such retiring Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent, as provided above. After any retiring Agent's resignation or removal hereunder as Agent, shall become effective, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent, under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or any Notes or any other Loan Document, nor consent to any departure by the Borrower or any other Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed (or, in the case of the Collateral Documents, consented to) by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (i) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following at any time: (A) waive any of the conditions specified in Section 3.01, (B) change the percentage of the aggregate unpaid principal amount of the Term Loans that, in each case, shall be required for the Lenders or any of them to take any action hereunder, (C) release all or substantially all of the Collateral in any transaction or series of related transactions or permit the creation, incurrence, assumption or existence of any Lien on all or substantially all of the Collateral in any transaction or series of related transactions to secure any Obligations, other than Obligations owing to the Agent and Lenders under the Loan Documents, (D) amend this Section 8.01 or (E) release any Guarantor from its obligations under the Loan Documents (except in connection with a transaction permitted under Section 5.02(e)); and (ii) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender that has any Term Loan if affected by such amendment, waiver or consent (A) reduce the principal of, or interest on, the Term Loans payable to such Lender or any fees or other amounts payable hereunder to such Lender, (B) postpone any date fixed for any payment of principal of, or interest on, the Obligations payable to such Lender or any fees or other amounts payable hereunder to such Lender or (C) change the order of application of any prepayment set forth in Section 2.06 in any manner that materially affects such Lender; provided further, however, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or the other Loan Documents.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication) and mailed, telegraphed, telecopied, telexed or delivered by an overnight courier of nationally recognized standing, if to the Borrower or any other Loan Party, at the address of the Borrower at TeleSpectrum Worldwide Inc., 443 South Gulph Road, King of Prussia, PA 19406, Attention: Chief Financial Officer, telecopier number (610) 878-7475; if to any Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender Party, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender Party; and if to the Agent, at its address at 787 Seventh Avenue, New York, New York 10019, Attention: Amy Kirschner, telecopier number (212) 841-3565; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telegraphed, telecopied, telexed or sent by courier, be effective when deposited in the mails, delivered to the telegraph company, transmitted by telecopier, confirmed by telex answerback or delivered to the overnight courier, respectively, except that notices and communications to the Agent pursuant to Articles II, III or VIII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender Party or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand (i) all costs and expenses of the Agent and each Lender in connection with the negotiation, preparation, execution, delivery, administration, modification and amendment of this Agreement and the Loan Documents (including, without limitation, (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable fees and expenses of counsel for the Agent and each Lender and financial advisers for the Agent, with respect to advising the Agent as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default, and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto), and (ii) all costs and expenses of the Agent and Lender in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Agent and each Lender Party and any financial advisor for the Agent and each Lender Party with respect thereto).

(b) The Borrower agrees to indemnify and hold harmless the Agent,

each Lender Party and each of their Affiliates and their officers, directors, employees, agents and

advisors (each an "INDEMNIFIED PARTY") from and against any and all Indemnified Costs that may be incurred by, imposed on or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of the preparation for a defense of any investigation, litigation or proceeding arising out of, related to or in connection with (i) the Term Loan Facility, the actual or proposed use of the proceeds of the Term Loans, the Loan Documents or any of the transactions contemplated thereby, including, without limitation, any acquisition or proposed acquisition by the Borrower or any of its Subsidiaries or Affiliates of all or any portion of the stock or debt securities or substantially all the assets of IDRC or any of its Subsidiaries, or (ii) the actual or alleged presence of Hazardous Materials on any property of any Loan Party or any of its Subsidiaries or any Environmental Action relating in any way to any Loan Party or any of its Subsidiaries, except to the extent such Indemnified Costs are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim against the Agent, any Lender Party or any of their Affiliates, or any of their respective officers, directors, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Facilities, the actual or proposed use of the proceeds of the Term Loans, the Loan Documents or any of the transactions contemplated thereby.

(c) [Intentionally Omitted]

(d) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by the Agent or any Lender Party, in its sole discretion.

(e) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrower contained in Sections 2.10 and 2.12 and this Section 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

SECTION 8.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Term Loans due and payable pursuant to the provisions of Section 6.01, each Lender Party and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for the credit or the account of the Borrower against any and all of the Obligations of the

Borrower now or hereafter existing under this Agreement and the Term Note or Term Notes (if any) held by such Lender Party, irrespective of whether such Lender

Party shall have made any demand under this Agreement or such Term Note or Term Notes and although such obligations may be unmatured. Each Lender Party agrees promptly to notify the Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its respective Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender Party and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender Parties.

SECTION 8.07. Assignments and Participations. (a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of the Term Loans owing to it and any Term Note or Term Notes held by it); provided, however, that (i) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender, or an Approved Fund of any Lender, or an assignment of all of a Lender's rights and obligations under the Term Loan Facility, the aggregate amount of the Term Loans being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$1,000,000 (or such lesser amount as may be agreed by the Agent, such agreement not to be unreasonably withheld) and shall be in an integral multiple of \$500,000, (ii) such assignment (other than an assignment to an Affiliate) shall be accompanied by an assignment by such Lender and/or its Affiliates of the Percentage Interest of the Series A Preferred Stock, Series B Convertible Preferred Stock (if any) and any other Equity Interest in the Borrower then held by such Lender and its Affiliates, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Term Note or Term Notes subject to such assignment and a processing and recordation fee of \$3,500. As used herein, "Percentage Interest" shall mean (x) the aggregate principal amount of the Term Loans being assigned divided by (y) the aggregate principal amount of all Term Loans held by the assigning Lender and its Affiliates.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder, and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement

(and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

63

(c) By executing and delivering an Assignment and Acceptance, each Lender assignor thereunder and each assignee thereunder confirm to and agree with each other and the other parties thereto and hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in, or in connection with, this Agreement or any other Loan Document or the execution, legality, validity, enforceability, efficiency or value of or genuineness of the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes each of the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Agent shall maintain at its address referred to in Section 8.02 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 Lender Parties and principal amount of the Term 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 the Borrower, the Agent and the Lender Parties 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 the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Term Note or Term Notes requested by the Assignee subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(f) Each Lender may sell participations in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of the Term Loans owing to it, and any Term Note or Term Notes held by it), to any Person other than any

64

Loan Party or any of its Subsidiaries or Affiliates; 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) such Lender shall remain the holder of such Term Loans and any such Term Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender, in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Term Loans or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Term Loans or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or release all or substantially all of the Collateral.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower or any Loan Party furnished to such Lender by or on behalf of the Borrower.

(h) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security, interest in all or any portion of its rights under this Agreement (including, without limitation, the Term Loans owing to it and any Term Note or Term Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System or, if such Lender is an Approved Fund, to the trustee of such Approved Fund solely to the extent required by, and in accordance with, the indenture and other constituting documents of such Approved Fund.

SECTION 8.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.09. [Intentionally Omitted]

SECTION 8.10. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any jurisdiction thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the

parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final Judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions, by

65

suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.11. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.12. Judgment. (a) Rate of Exchange. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Loan Document in another currency into Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Agent could purchase such other currency with Dollars in New York City, New York, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

(b) Currency Indemnity. The obligation of the Borrower in respect of any sum due from it to the Agent or any Lender hereunder or under any other Loan Document shall, notwithstanding any judgment in a currency other than Dollars, be discharged only to the extent that on the Business Day next succeeding receipt by the Agent or such Lender of any sum adjudged to be so due in such other currency, the Agent or such Lender, as the case may be, may, in accordance with normal banking procedures, purchase Dollars with such other currency. If the Dollars so purchased are less than the sum originally due to the Agent or such Lender in Dollars, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or such Lender against such loss, and if the Dollars so purchased exceed the sum originally due to the Agent or any Lender in Dollars, the Agent or such Lender agrees to remit to such Borrower such excess.

SECTION 8.13. Waiver of Jury Trial. Each of the Loan Parties, the Agent and the Lender Parties irrevocably waives all right to trial by Jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Term Loans or the actions of the Agent or any Lender Party in the negotiation, administration, performance or enforcement thereof by their respective officers thereunto duly authorized, as of the date first above written.

SECTION 8.14. Confidentiality. The Agent and each Lender shall hold all non-public information obtained pursuant to the requirements of this Agreement which has been identified as confidential by the Borrower in accordance with such Lender's customary procedures for handling confidential information of this nature and in accordance with safe and

66

sound banking practices, it being understood and agreed by the Borrower that in any event a Lender may make disclosures to Affiliates of such Lender or disclosures reasonably required by any bona fide assignee, transferee or participant or prospective assignee, transferee or participant in connection with the contemplated assignment or transfer by such Lender of any Loans or any participations therein or disclosures required or requested by any governmental agency or representative thereof or pursuant to legal process; provided that, unless specifically prohibited by applicable law or court order, each Lender shall notify the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with any examination of the financial condition of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; and provided, further that in no event shall any Lender be obligated or required to return any materials furnished by the Borrower or any of its Subsidiaries.

SECTION 8.15. Release and Waiver. The Borrower and each of its Subsidiaries (collectively, the "RELEASORS") hereby releases, remises, acquits and forever discharges Agent, each Lender, their Affiliates, and each of their respective employees, agents representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors, participants and assigns, (all of the foregoing hereinafter called the "RELEASED PARTIES"), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, setoffs, recoupments, counterclaims, defenses, damages and expenses of any and every character, known or unknown, suspected or unsuspected, direct and/or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Agreement, the Existing Credit Agreement and the agreements entered into in connection therewith, the other Loan Documents or any of the Related Documents (all of the foregoing hereinafter called the "RELEASED MATTERS"). Each Releasor acknowledges that the agreements in this Section 8.15 are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters and constitute a complete waiver of any right of setoff or recoupment, counterclaim or defense of any nature whatsoever which arose prior to the date hereof to payment or performance of the Obligations. Each Releasor represents and warrants that it has no knowledge of any claim by it against the Released Parties or of any facts, or acts or omissions of the Released Parties which on the date hereof would be the basis of a claim by the Releasors against the Released Parties which is not released hereby. Each Releasor represents and warrants that it has not purported to transfer, assign, pledge or otherwise convey any of its right, title or interest in any Released Matter to any other person or entity and that the foregoing constitutes a full and complete release of all Released Matters. Releasors have granted this release freely, and voluntarily and without duress.

The Borrower and its Subsidiaries for itself and any successor (including any trustee or debtor in possession in a case under the Bankruptcy Code) hereby knowingly, voluntarily, intentionally and irrevocably waive any right which it may have upon the commencement of a case under the Bankruptcy Code to object to or otherwise seek to disallow or subordinate any of the Obligations of any Loan Party under the Loan Documents.

[Remainder of page intentionally left blank.]

67

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

TELESPECTRUM WORLDWIDE INC.

By: /s/ Kurt Dinkelacker
Name: Kurt Dinkelacker
Title: Chief Financial Officer

S-1

BNP PARIBAS (F/K/A BANQUE NATIONALE DE PARIS), as Administrative Agent, Collateral Agent and a Lender

By: /s/ Amy Kirschner
Name: Amy Kirschner
Title: Director

By: /s/ Albert A. Young, Jr.
Name: Albert A. Young, Jr.
Title: Managing Director

S-2

ENDEAVOR, LLC
by its manager, PPM America, Inc.
as a Lender

/s/ Ronnie Kaplan
By: _____
Name: Ronnie Kaplan
Title: Vice President

S-3

FLEET NATIONAL BANK (F/K/A BANKBOSTON,
N.A.), as a Lender

/s/ G. Christopher Miller

By: _____
Name: G. Christopher Miller
Title: Vice President

S-4

VAN KAMPEN PRIME RATE INCOME
TRUST, as a Lender

By: Van Kampen Investment Advisory Corp.

/s/ Christina Jamieson

By: _____
Name: Christina Jamieson
Title: Vice President

S-5

VAN KAMPEN SENIOR FLOATING RATE
FUND, as a Lender

By: Van Kampen Investment Advisory Corp.

/s/ Darvin D. Pierce

By: _____
Name: Darvin D. Pierce
Title: Executive Director

S-6

VAN KAMPEN SENIOR INCOME TRUST,
as a Lender

By: Van Kampen Investment Advisory Corp.

By: /s/ Brad Langs

Name: Brad Langs
Title: Vice President

S-7

TBH-I, L.P., as a Lender

By:/s/ Gary P. Thomason

Name: Gary P. Thomason
Title: Authorized Signatory

S-8

WELLS FARGO BANK, N.A., as a Lender

By:/s/ Ranzia Damji

Name: Ranzia Damji
Title: Vice President/Principal

S-9

FIRST SOURCE LOAN OBLIGATIONS TRUST,
as a Lender

By: First Source Financial, Inc., its Servicer and
Administrator

By: /s/ Kathi J. Inorio

Name: Kathi J. Inorio
Title: Senior Vice President

S-10

ENDURANCE CLO I, LTD, as a Lender

By: ING Capital Advisors, LLC
As Portfolio Manager

By: /s/ Helen Rhee

Name: Helen Rhee
Title: Senior Vice President

S-11

KZH ING-2 LLC, as a Lender

By: /s/ Susan Lee

Name: Susan Lee
Title: Authorized Agent

S-12

KZH ING-3 LLC, as a Lender

By: /s/ Susan Lee

Name: Susan Lee
Title: Authorized Agent

S-13

ARCHIMEDES FUNDING, L.L.C. , as a Lender

By: ING Capital Advisors, LLC,
as Collateral Manager

By: /s/ Helen Rhee

Name: Helen Rhee
Title: Senior Vice President

S-14

ARCHIMEDES FUNDING II, L.L.C., as a
Lender

By: ING Capital Advisors, LLC,
as Collateral Manager

By: /s/ Helen Rhee

Name: Helen Rhee
Title: Senior Vice President

S-15

FIRST DOMINION FUNDING III, as a Lender

By: /s/ Andrew Marshak

Name: Andrew Marshak
Title: Authorized Signatory

S-16

SCHEDULE I

EXPOSURES, COMMITMENTS AND DOMESTIC LENDING OFFICES

<TABLE>
<CAPTION>

NAME OF LENDER	TERM LOAN EXPOSURE	DOMESTIC LENDING OFFICE
-----	-----	-----
<S> BNP Paribas	<C> \$3,380,554.53	<C> Credit Matters 787 Seventh Avenue New York, NY 10019 Tel: (212) 841-2036 Fax: (212) 841-3565 Attn: Amy Kirschner
		Operations 787 Seventh Avenue New York, NY 10019 Tel: (212) 471-6640 Fax: (212) 471-6603 Attn: Bruce Bonelli
Endeavor, LLC	\$3,123,579.38	Credit Matters: C/O PPMAmerica 225 West Wacker Drive Suite 1200 Chicago, IL 60606 Tel: (312) 634-2545 Fax: (312) 634-0053 Attn: Ronnie Kaplan
		Operations: C/O PPMAmerica 225 West Wacker Drive Suite 1200 Chicago, IL 60606 Tel: (312) 634-2578 Fax: (312) 634-0045 Attn: Emmet Wong
Fleet National Bank	\$2,677,354.47	Credit Matters C/O Fleet National Bank 777 Main Street Mail Stop: CT EH 40221A Hartford, CT 06115 Tel: 860-986-1563 Fax: 860-986-2435 Attn: G. Christopher Miller
		Operations Commercial Loan Services 100 Rustcraft Road Dedham, MA 02026

Tel: (781) 467-2725
Fax: (781) 467-2151
Attn: Julie Eaton

</TABLE>

1

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NAME OF LENDER -----	TERM LOAN EXPOSURE -----	DOMESTIC LENDING OFFICE -----
<S> First Dominion Funding III	<C> \$1,955,518.28	<C> Credit Matters C/O First Dominion Capital, L.L.C. 1330 Avenue of the Americas New York, NY 10019 Tel: (212) 603-8500 Fax: (212) 603-8506 Attn: Michael Monteleone Copy to: Shirley Thompson Tel: (804) 819-2335 Fax: (804) 819-2213 Operations Commercial Loan Services 909 Fannin, Suite 1700 Houston, TX 77010 Tel: (713) 216-1576 Fax: (713) 216-8299 Attn: Judith Drummond Copy to: Shashi Srikantan Tel: (212) 603-8500 Fax: (212) 603-8506
First Source Loan Obligations Trust	\$1,784,903.19	Credit Matters 2850 W. Golf Road Rolling Meadows, IL 60008 Tel: (847) 734-2078 Fax: (847) 734-7910 Attn: Kristin Kaus
TBH-I, L.P.	\$1,784,903.19	717 North Harwood St. Suite 2630 Dallas, TX 75021 Tel: (214) 252-9519 Fax: (214) 252-9546 Attn: Alfred W. Bowman, Jr.
Van Kampen Prime Rate Income	\$1,869,163.33	Credit Matters One Parkview Plaza

Oakbrook Terrace, IL 06181
Tel: (630) 684-6423
Fax: (630) 684-6740/41
Attn: Darvin Pierce

Operations

One Parkview Plaza
Oakbrook Terrace, IL 06181
Tel: (630) 684-6283
Fax: (630) 684-6740/41
Attn: Brian Buscher
and
State Street Bank & Trust Corporate
Trust Department
P.O. Box 778
Boston, MA 02102
Tel: (617) 664-5481
Fax: (617) 664-5366/5367
Attn: Ann Chiebnik

</TABLE>

<TABLE>
<CAPTION>

NAME OF LENDER -----	TERM LOAN EXPOSURE -----	DOMESTIC LENDING OFFICE -----
<S> Van Kampen Senior Floating Rate Fund	<C> \$1,869,163.33	<C> Credit Matters One Parkview Plaza Oakbrook Terrace, IL 06181 Tel: (630) 684-6423 Fax: (630) 684-6740/41 Attn: Darvin Pierce Operations One Parkview Plaza Oakbrook Terrace, IL 06181 Tel: (630) 684-6283 Fax: (630) 684-6740/41 Attn: Brian Buscher and State Street Bank & Trust Corporate Trust Department P.O. Box 778 Boston, MA 02102 Tel: (617) 664-5481 Fax: (617) 664-5366/5367 Attn: Ann Chiebnik
Van Kampen Senior Income Trust	\$1,869,163.33	Credit Matters One Parkview Plaza

Oakbrook Terrace, IL 06181
Tel: (630) 684-6423
Fax: (630) 684-6740/41
Attn: Darwin Pierce

Operations

One Parkview Plaza
Oakbrook Terrace, IL 06181
Tel: (630) 684-6283
Fax: (630) 684-6740/41
Attn: Brian Buscher
and
State Street Bank & Trust Corporate
Trust Department
P.O. Box 778
Boston, MA 02102
Tel: (617) 664-5481
Fax: (617) 664-5366/5367
Attn: Ann Chiebnik

Wells Fargo Bank, N.A.

\$1,033,726.21

Credit Matters

Loan Adjustment Group
333 S. Grand Ave., Ste. 940
Los Angeles, CA 90071
Tel: (213) 253-6822
Fax: (213) 253-5913
Attn: Razia Damji

Operations

201 Third Street, 8th Floor
San Francisco, CA 94103
Tel: (415) 447-5341
Fax: (415) 512-7777
Attn: Efren Gonzales

</TABLE>

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NAME OF LENDER -----	TERM LOAN EXPOSURE -----	DOMESTIC LENDING OFFICE -----
<S> Archimedes Funding, L.L.C.	<C> \$977,759.74	<C> Credit Matters

C/O ING Capital Advisors LLC
333 S. Grand Ave., Ste. 4100
Los Angeles, CA 90071
Tel: (213) 621-3772
Fax: (213) 621-3795
Attn: Dave Scheiber

Operations

333 S. Grand Ave., Ste. 4100
Los Angeles, CA 90071
Tel: (213) 621-3776
Fax: (213) 621-3794
Attn: Lenore Crummey Beniot

Archimedes Funding II, L.L.C. \$718,691.53

Credit Matters

C/O ING Capital Advisors LLC
333 S. Grand Ave., Ste. 4100
Los Angeles, CA 90071
Tel: (213) 621-3772
Fax: (213) 621-3795
Attn: Dave Scheiber

Operations

333 S. Grand Ave., Ste. 4100
Los Angeles, CA 90071
Tel: (213) 621-3776
Fax: (213) 621-3794
Attn: Lenore Crummey Beniot

Endurance CLO, Ltd \$586,656.18

Credit Matters

C/O ING Capital Advisors LLC
333 S. Grand Ave., Ste. 4100
Los Angeles, CA 90071
Tel: (213) 621-3773
Fax: (213) 621-3795
Attn: Dave Scheiber

Operations

140 East 45th Street, 11th Floor
New York, NY 10017
Tel: (212) 622-9353
Fax: (212) 622-0123
Attn: Virginia Conway

KZH ING-2 L.L.C. \$977,759.74

Credit Matters

C/O ING Capital Advisors LLC
333 S. Grand Ave., Ste. 4100
Los Angeles, CA 90071
Tel: (213) 621-3773
Fax: (213) 621-3795
Attn: Dave Scheiber

Operations

140 East 45th Street, 11th Floor
New York, NY 10017
Tel: (212) 622-9353
Fax: (212) 622-0123
Attn: Virginia Conway

</TABLE>

<TABLE>
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NAME OF LENDER	TERM LOAN EXPOSURE	DOMESTIC LENDING OFFICE
<S> KZH ING-3 L.L.C.	<C> \$391,103.57	<C> Credit Matters C/O ING Capital Advisors LLC 333 S. Grand Ave., Ste. 4100 Los Angeles, CA 90071 Tel: (213) 621-3773 Fax: (213) 621-3795 Attn: Dave Scheiber Operations 140 East 45th Street, 11th Floor New York, NY 10017 Tel: (212) 622-9353 Fax: (212) 622-0123 Attn: Virginia Conway

</TABLE>

SCHEDULE IA

LENDERS' PRO RATA SHARES OF THE FACILITIES

<TABLE>
<CAPTION>

Lender	Pro Rata Share of the Facilities
<S> BNP Paribas	<C> 13.522218130%
Endeavor LLC	12.494317529%
Fleet National Bank	10.709417864%
First Dominion Funding III	7.822073130%
First Source Loan Obligations Trust	7.139612762%
TBH-I, L.P.	7.139612762%
Van Kampen Prime Rate Income	7.476653320%
Van Kampen Senior Floating Rate Fund	7.476653320%
Van Kampen Senior Income Trust	7.476653320%
Wells Fargo Bank, N.A.	4.134904856%
Archimedes Funding, L.L.C.	3.911038968%
Archimedes Funding II, LTD.	2.874766102%
Endurance CLO, Ltd	2.346624704%
KZH ING-2 L.L.C.	3.911038968%
KZH ING-3 L.L.C.	1.564414264%

</TABLE>

TELESPECTRUM WORLDWIDE INC.

SALE MAKEUP PAYMENT PLAN

1. Establishment of Plan. TeleSpectrum Worldwide Inc. (the "Company") hereby establishes, as of April 29, 2002 (the "Effective Date"), this Sale Makeup Payment Plan (this "Plan") for the benefit of certain of its employees as set forth herein. This Plan may not be revoked, altered or amended without the prior written consent of the Principal Executives (as hereinafter defined).
2. Sale Makeup Payment. In the event that on or before two years from the Effective Date there occurs a Change of Control (as hereinafter defined), at the election of the Named Executives (as hereinafter defined), made in writing to the Company within 30 days of such Change of Control (or, if later, within 30 days of notice by the Company to the Named Executives of such Change of Control), the Company shall make payments in an aggregate amount of \$2,000,000 (each such payment, a "Sale Makeup Payment" and collectively, the "Sale Makeup Payments") in such amounts and to such persons who are employees of the Company as of the Effective Date as directed by the Named Executives to the Company in writing signed by all Named Executives; provided, however, that each Principal Executive who is employed by the Company (or deemed to be so employed as set forth below) upon the occurrence of the Change of Control shall receive a Sale Makeup Payment in the amount of \$500,000; and provided, further, that the aggregate amount of all Sale Makeup Payments shall not exceed \$2,000,000. For purposes of this Plan, a Principal Executive shall be deemed to be employed by the Company upon the Change of Control if (a) such Principal Executive's employment is terminated by such Principal Executive or the Company, in each case, under Section 5 of his employment agreement with the Company or (b) such Principal Executive's employment is terminated by the Company after the Employment Term (as defined in such Principal Executive's employment agreement) in such a manner that would not have constituted termination for "cause" under Section 4(c) of his employment agreement with the Company if such agreement were still in effect.
3. Termination of Options. In the event the Named Executives have the Company pay the Sale Makeup Payments, any options granted to any person pursuant to Section 9 of the 2002 Stock Incentive Plan shall be cancelled.
4. Tax Gross-Up.
 - A. In addition to the Sale Makeup Payments provided for in Section 2 above, the Company shall pay to each person who receives a Sale Makeup Payment (a "Recipient") an amount equal to amount by which the Taxes incurred by such Recipient upon receipt of the Sale Makeup

Payment (including any excise taxes) exceed the amount of Taxes that the Recipient would have incurred upon receipt of the Sale Makeup Payment if the Sale Makeup Payment were taxed at then applicable rates for long-term capital gain (and not subject to any excise taxes) (such difference, the "Rate Differential Amount") plus the tax gross-up

amount described herein. The payment made pursuant to this Section 4 (the "Gross-Up Payment") shall be grossed-up such that after payment by the Recipient of any Taxes imposed on the receipt of the Gross-Up Payment, the Recipient shall retain an amount of the Gross-Up Payment equal to the Rate Differential Amount. For illustration purposes only, if the Recipient's Rate Differential Amount is \$100 and the Recipient is subject to a 40% combined federal, state and local tax rate, then the Company shall make a payment to the Recipient equal to \$166.67, an amount equal to (i) the Recipient's tax liability on the receipt of the Gross-Up Payment plus (ii) the Rate Differential Amount ($\$166.67 \times 40\% = \66.67 ; $\$166.67 - \$66.67 = \$100$ (the Rate Differential Amount)).

B. All determinations required to be made under this Section 4, including the amount of the Gross-Up Payment, the Rate Differential Amount and the assumptions to be utilized in arriving at such determinations, shall be made by the public accounting firm which prepares the income tax returns of the Recipient unless otherwise agreed to by the parties. A written summary of such determination and the assumptions used shall be prepared by such accounting firm and delivered to the Company. Any Gross-Up Payment, as determined pursuant to this Section 4, shall be paid by the Company to the Recipient within ten days of Company's receipt of the determination.

5. For purposes of this Plan, the following terms shall be defined as set forth below:

A. "Change of Control" shall be the earliest to occur of the following events: (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (provided that the term "person" shall not be deemed to include the lenders under the Credit Agreement (as defined below) or any affiliates thereof by reason of any voting arrangements to which an acquiror may become subject), other than the lenders listed on the signature pages of the Second Amended and Restated Credit Agreement dated as of April 29, 2002 among the Company and such lenders (the "Credit Agreement"), together with any affiliates thereof, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the capital stock of the Company entitled to vote for the election of directors; (ii) the drag-along provisions of Section 4.2(d) of the Stockholders Agreement dated as of April 29, 2002 among the Company and the stockholders and other

parties named therein are invoked; (iii) any of the following transactions is consummated: (A) the merger or consolidation of the Company with another corporation where the stockholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, immediately after the merger or consolidation, shares entitling such stockholders to 50% or more of all votes to which all stockholders of the surviving corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote), or where the members of the Company's Board or Directors,

2

immediately prior to the merger or consolidation, would not, immediately after the merger or consolidation, constitute a majority of the board of directors of the surviving corporation; (B) the sale or other disposition of all or substantially all of the assets of the Company to an entity that is not either a subsidiary of the Company or an entity whose stockholders and other equity holders, individually, have the same equity interests in the Company and the acquiring company; or (C) a liquidation or dissolution of the Company.

- B. "Named Executives" shall mean each of the following persons who are employed by the Company upon the occurrence of a Change of Control: J. Peter Pierce; Chris Williams; Joe Nezi; and Kurt Dinkelacker; provided, however, if none of such persons are employed by the Company upon the occurrence of a Change of Control, the Named Executives shall be the members of the Company's Board of Directors who have been designated by management as provided in the Stockholders Agreement dated April 29, 2002 among the Company and the other parties named therein.
- C. "Principal Executives" shall mean each of the following persons: J. Peter Pierce; Chris Williams; Joe Nezi; and Kurt Dinkelacker.
- D. "Taxes" shall mean all income taxes, employment taxes which would not have been incurred but for the receipt of the Sale Makeup Payment and the Gross-Up Payment (e.g., FICA and Medicare taxes) and any excise taxes under Section 4999 of the Code or any similar state or local tax, in each case imposed by any federal (including the tax resulting from the loss of any federal deductions or exemptions which would have been available to a Recipient but for receipt of the Sale Makeup Payment or the Gross-Up Payment), state, local, commonwealth or foreign government.

3

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement dated April 29, 2002 (this "Amendment") amends the Employment Agreement (the "Employment Agreement") dated January 2, 2001 between TeleSpectrum Worldwide Inc., a Delaware corporation (the "Company"), and J. Peter Pierce (the "Employee").

RECITALS

WHEREAS, the Employment Agreement reflects the terms and conditions upon which the Employee is employed by the Company; and

WHEREAS, the Company and its secured lenders have reached an agreement to restructure the Company's balance sheet, whereby the secured lenders will convert certain of their debt into equity of the Company (the "Recapitalization") pursuant to that Preferred Stock Issuance and Restructuring Agreement (the "Restructuring Agreement") of even date herewith among the Company, the lenders named therein and BNP Paribas, as Agent; and

WHEREAS, in connection with the Recapitalization, the parties desire to amend certain of the provisions of the Employment Agreement; and

WHEREAS, the Employee desires to participate in the Company's Sale Makeup Payment Plan; and

WHEREAS, the parties agree that the Employee shall receive shares of the Company's common stock in connection with his services provided to the Company; and

WHEREAS, in connection with the Recapitalization, the Company desires to terminate and cancel any and all stock options granted to the Employee pursuant to the Employment Agreement or otherwise (whether such options were granted under the Company's 1996 Equity Compensation Plan (the "1996 Plan") or outside of the 1996 Plan), and the Employee desires to acknowledge such termination.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendment to Section 1(a) of Employment Agreement. Upon the Recapitalization Closing (as defined below), Section 1(a) of the Employment Agreement is hereby amended by deleting the second sentence of Section 1(a) in its entirety.

2. Amendment to Section 3(a) of Employment Agreement. Upon the

Recapitalization Closing, Section 3(a) of the Employment Agreement is hereby amended by adding the following at the end of Section 3(a):

"Upon the Recapitalization Closing, the Company shall issue to the Employee 3,894,997 shares of the Company's common stock (the "Shares"), which Shares shall represent one-half of one percent (.5%) of the outstanding shares of the Company's common stock on a fully diluted basis as of such date and after giving effect to the closing of the Recapitalization (including the conversion of the shares of Series B Convertible Preferred Stock into the Company's common stock). Upon receipt of the Shares, the Employee shall become a party to that certain Stockholders Agreement among the Company and the other parties thereto (the "Stockholders Agreement"). The Shares shall be fully earned upon issuance in consideration of services rendered by the Employee to the Company, and when issued, the Shares shall be duly authorized, validly issued, fully paid and nonassessable, and the Shares will be delivered free and clear of all liens and encumbrances (other than as set forth in the Stockholders Agreement). The Company and the Employee agree that the value of the Shares is \$38,949.97, and the Company shall not take any position on any tax return that is not consistent with the foregoing."

3. Amendment to Section 3(b) of Employment Agreement. Upon the Recapitalization Closing, Section 3(b) of the Employment Agreement is hereby amended by deleting Section 3(b)(iv) and the paragraph which follows and inserting in their place the following:

"(iv) If (A) the Company's EBITDA for calendar year 2002 is at least \$9.5 million and (B) the Company's EBITDA for the third and fourth quarters of calendar year 2002 (July 1 through December 31, 2002) (the "2002 Second Half EBITDA") is at least \$6 million (the "2002 Second Half EBITDA Target"), the Company shall pay the Employee a Bonus for 2002 equal to 75% of \$150,000 (the "Deemed Salary").

(v) In the event the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target, the Company shall increase the Bonus by an amount equal to 5% of the Deemed Salary for every \$250,000 by which the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target; provided that the Bonus with respect to 2002 shall not exceed 100% of the Deemed Salary.

(vi) If the Company does not achieve the EBITDA targets set forth above, the Board, in its discretion, may determine to issue the Employee a Bonus.

(vii) For years after 2002, the Bonus will be based on the budgeted EBITDA for such year as determined by the Board in its sole discretion, in the same manner as set forth in Sections 3(b)(iv) and (v) above.

For purposes of this Agreement, "EBITDA" shall have the meaning of "Consolidated EBITDA," as defined in the Second Amended and Restated Credit Agreement dated as of April 29, 2002 among the Company, the lenders named therein and BNP Paribas, as Agent."

2

4. Amendment to Section 3(c) of Employment Agreement. Upon the Recapitalization Closing, Section 3(c) of the Employment Agreement is hereby amended and restated in its entirety as follows:

"(c) The Employee shall be eligible to participate in the Company's Sale Makeup Payment Plan as provided therein."

5. Amendment to Section 10 of Employment Agreement. Upon the Recapitalization Closing, Section 10 of the Employment Agreement shall be amended by deleting such section in its entirety and replacing it with "[Intentionally Omitted]."

6. Acknowledgment of Termination of Stock Options. Upon the Recapitalization Closing, any and all stock options granted to the Employee by the Company (whether such options were granted under or outside of the 1996 Plan) are hereby cancelled and terminated.

7. Effectiveness of Amendment. This Amendment shall become effective upon the closing of the Recapitalization pursuant to the Restructuring Agreement (the "Recapitalization Closing").

8. Confirmation of Employment Agreement. Except as amended and supplemented by this Amendment, the Employment Agreement is ratified and confirmed in all respects and remains in full force and effect. After the Recapitalization Closing, the Employment Agreement and this Amendment shall be read, taken and construed as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first above written.

TELESPECTRUM WORLDWIDE INC.

By: /s/ Kurt Dinkelacker

Name: Kurt Dinkelacker
Title: Chief Financial Officer

/s/ J. Peter Pierce

J. PETER PIERCE

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement dated April 29, 2002 (this "Amendment") amends the Employment Agreement (the "Employment Agreement") dated January 2, 2001 between TeleSpectrum Worldwide Inc., a Delaware corporation (the "Company"), and Christopher Williams (the "Employee").

RECITALS

WHEREAS, the Employment Agreement reflects the terms and conditions upon which the Employee is employed by the Company; and

WHEREAS, the Company and its secured lenders have reached an agreement to restructure the Company's balance sheet, whereby the secured lenders will convert certain of their debt into equity of the Company (the "Recapitalization") pursuant to that Preferred Stock Issuance and Restructuring Agreement (the "Restructuring Agreement") of even date herewith among the Company, the lenders named therein and BNP Paribas, as Agent; and

WHEREAS, in connection with the Recapitalization, the parties desire to amend certain of the provision of the Employment Agreement; and

WHEREAS, the Employee desires to participate in the Company's Sale Makeup Payment Plan; and

WHEREAS, in connection with the Recapitalization, the Company desires to terminate and cancel any and all stock options granted to the Employee pursuant to the Employment Agreement or otherwise (whether such options were granted under the Company's 1996 Equity Compensation Plan (the "1996 Plan") or outside of the 1996 Plan), and the Employee desires to acknowledge such termination.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendment to Section 3(b) of Employment Agreement. Upon the Recapitalization Closing (as defined below), Section 3(b) of the Employment Agreement is hereby amended by deleting Section 3(b)(iv) and the paragraph which follows and inserting in their place the following:

"(iv) If (A) the Company's EBITDA for calendar year 2002 is at least \$9.5 million and (B) the Company's EBITDA for the third and fourth quarters of calendar year 2002 (July 1 through December 31, 2002) (the "2002 Second Half EBITDA") is at least \$6 million (the "2002 Second Half EBITDA Target"), the Company shall pay the Employee a

Bonus for 2002 equal to 75% of the Salary.

(v) In the event the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target, the Company shall increase the Bonus by an amount equal to 5% of the Salary for every \$250,000 by which the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target; provided that the Bonus with respect to 2002 shall not exceed 100% of the Salary.

(vi) If the Company does not achieve the EBITDA targets set forth above, the Board, in its discretion, may determine to issue the Employee a Bonus.

(vii) For years after 2002, the Bonus will be based on the budgeted EBITDA for such year as determined by the Board in its sole discretion, in the same manner as set forth in Sections 3(b) (iv) and (v) above.

For purposes of this Agreement, "EBITDA" shall have the meaning of "Consolidated EBITDA," as defined in the Second Amended and Restated Credit Agreement dated as of April 29, 2002 among the Company, the lenders named therein and BNP Paribas, as Agent."

2. Amendment to Section 3(c) of Employment Agreement. Upon the Recapitalization Closing, Section 3(c) of the Employment Agreement is hereby amended and restated in its entirety as follows:

"(c) The Employee shall be eligible to participate in the Company's Sale Makeup Payment Plan as provided therein."

3. Amendment to Section 10 of Employment Agreement. Upon the Recapitalization Closing, Section 10 of the Employment Agreement shall be amended by deleting such section in its entirety and replacing it with "[Intentionally Omitted]."

4. Acknowledgment of Termination of Stock Options. Upon the Recapitalization Closing, any and all stock options granted to the Employee by the Company (whether such options were granted under or outside of the 1996 Plan) are hereby cancelled and terminated.

5. Effectiveness of Amendment. This Amendment shall become effective upon the closing of the Recapitalization pursuant to the Restructuring Agreement (the "Recapitalization Closing").

6. Confirmation of Employment Agreement. Except as amended and supplemented by this Amendment, the Employment Agreement is ratified and confirmed in all respects and remains in full force and effect. After the Recapitalization Closing, the Employment Agreement and this Amendment shall be read, taken and construed as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first above written.

By: /s/ Kurt Dinkelacker

Name: Kurt Dinkelacker
Title: Chief Financial Officer

EMPLOYEE:

/s/ Christopher Williams

CHRISTOPHER WILLIAMS

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement dated April 29, 2002 (this "Amendment") amends the Employment Agreement (the "Employment Agreement") dated September 29, 2000 between TeleSpectrum Worldwide Inc., a Delaware corporation (the "Company"), and Kurt Dinkelacker (the "Employee").

RECITALS

WHEREAS, the Employment Agreement reflects the terms and conditions upon which the Employee is employed by the Company; and

WHEREAS, the Company and its secured lenders have reached an agreement to restructure the Company's balance sheet, whereby the secured lenders will convert certain of their debt into equity of the Company (the "Recapitalization") pursuant to that Preferred Stock Issuance and Restructuring Agreement (the "Restructuring Agreement") of even date herewith among the Company, the lenders named therein and BNP Paribas, as Agent; and

WHEREAS, in connection with the Recapitalization, the parties desire to amend certain of the provisions of the Employment Agreement; and

WHEREAS, the Employee desires to participate in the Company's Sale Makeup Payment Plan; and

WHEREAS, in connection with the Recapitalization, the Company desires to terminate and cancel any and all stock options granted to the Employee pursuant to the Employment Agreement or otherwise (whether such options were granted under the Company's 1996 Equity Compensation Plan (the "1996 Plan") or outside of the 1996 Plan), and the Employee desires to acknowledge such termination.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendment to Section 1(a) of Employment Agreement. Upon the Recapitalization Closing (as hereinafter defined), Section 1(a) of the Employment Agreement is hereby amended by deleting the last sentence of such section in its entirety.

2. Amendment to Section 3(a) of Employment Agreement. Upon the Recapitalization Closing, Section 3(a) of the Employment Agreement is hereby amended by deleting the last sentence of such section and by adding in its place the following:

"In addition to Salary, upon the Recapitalization Closing, the Company shall pay to the Employee the amount of \$70,000."

3. Amendment to Section 3(b) of Employment Agreement. Upon the Recapitalization Closing, Section 3(b) of the Employment Agreement is hereby amended and restated in its entirety as follows:

"(b) The Employee shall be eligible to receive annual performance bonuses (such amounts are referred to herein as the "Bonus") in accordance with the following schedule:

(i) If (A) the Company's EBITDA (as defined below) for calendar year 2002 is at least \$9.5 million and (B) the Company's EBITDA for the third and fourth quarters of calendar year 2002 (July 1 through December 31, 2002) (the "2002 Second Half EBITDA") is at least \$6 million (the "2002 Second Half EBITDA Target"), the Company shall pay the Employee a Bonus for 2002 equal to 75% of the Salary.

(ii) In the event the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target, the Company shall increase the Bonus by an amount equal to 5% of the Salary for every \$250,000 by which the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target; provided that the Bonus with respect to 2002 shall not exceed 100% of the Salary.

(iii) If the Company does not achieve the EBITDA targets set forth above, the Board, in its discretion, may determine to issue the Employee a Bonus.

(iv) For years after 2002, the Bonus will be based on the budgeted EBITDA for such year as determined by the Board in its sole discretion, in the same manner as set forth in Sections 3(b) (i) and (ii) above.

For purposes of this Employment Agreement, "EBITDA" shall have the meaning of "Consolidated EBITDA," as defined in the Second Amended and Restated Credit Agreement of dated April 29, 2002 among the Company, the lenders named therein and BNP Paribas, as Agent."

4. Amendment to Section 3(c) of Employment Agreement. Upon the Recapitalization Closing, Section 3(c) of the Employment Agreement is hereby amended and restated in its entirety as follows:

"(c) The Employee shall be eligible to participate in the Company's Sale Makeup Payment Plan as provided therein."

5. Acknowledgment of Termination of Stock Options. Upon the Recapitalization Closing, any and all stock options granted to the Employee by

the Company (whether such options were granted under or outside of the 1996 Plan) are hereby cancelled and terminated.

2

6. Effectiveness of Amendment. This Amendment shall become effective upon the closing of the Recapitalization pursuant to the Restructuring Agreement (the "Recapitalization Closing").

7. Confirmation of Employment Agreement. Except as amended and supplemented by this Amendment, the Employment Agreement is ratified and confirmed in all respects and remains in full force and effect. After the Recapitalization Closing, the Employment Agreement and this Amendment shall be read, taken and construed as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first above written.

TELESPECTRUM WORLDWIDE INC.

By: /s/ J. Peter Pierce

Name: J. Peter Pierce
Title: Chief Executive Officer

EMPLOYEE:

/s/ Kurt Dinkelacker

KURT DINKELACKER

3

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement dated April 29, 2002 (this "Amendment") amends the Employment Agreement (the "Employment Agreement") dated January 2, 2001 between TeleSpectrum Worldwide Inc., a Delaware corporation (the "Company"), and Joseph Nezi (the "Employee").

RECITALS

WHEREAS, the Employment Agreement reflects the terms and conditions upon which the Employee is employed by the Company; and

WHEREAS, the Company and its secured lenders have reached an agreement to restructure the Company's balance sheet, whereby the secured lenders will convert certain of their debt into equity of the Company (the "Recapitalization") pursuant to that Preferred Stock Issuance and Restructuring Agreement (the "Restructuring Agreement") of even date herewith among the Company, the lenders named therein and BNP Paribas, as Agent; and

WHEREAS, in connection with the Recapitalization, the parties desire to amend certain of the provision of the Employment Agreement; and

WHEREAS, the Employee desires to participate in the Company's Sale Makeup Payment Plan; and

WHEREAS, in connection with the Recapitalization, the Company desires to terminate and cancel any and all stock options granted to the Employee pursuant to the Employment Agreement or otherwise (whether such options were granted under the Company's 1996 Equity Compensation Plan (the "1996 Plan") or outside of the 1996 Plan), and the Employee desires to acknowledge such termination.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendment to Section 3(b) of Employment Agreement. Upon the Recapitalization Closing (as defined below), Section 3(b) of the Employment Agreement is hereby amended by deleting Section 3(b)(iv) and the paragraph which follows and inserting in their place the following:

"(iv) If (A) the Company's EBITDA for calendar year 2002 is at least \$9.5 million and (B) the Company's EBITDA for the third and fourth quarters of calendar year 2002 (July 1 through December 31, 2002) (the "2002 Second Half EBITDA") is at least \$6 million (the "2002 Second Half EBITDA Target"), the Company shall pay the Employee a

Bonus for 2002 equal to 75% of the Salary.

(v) In the event the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target, the Company shall increase the Bonus by an amount equal to 5% of the Salary for every \$250,000 by which the 2002 Second Half EBITDA exceeds the 2002 Second Half EBITDA Target; provided that the Bonus with respect to 2002 shall not exceed 100% of the Salary.

(vi) If the Company does not achieve the EBITDA targets set forth above, the Board, in its discretion, may determine to issue the Employee a Bonus.

(vii) For years after 2002, the Bonus will be based on the budgeted EBITDA for such year as determined by the Board in its sole discretion, in the same manner as set forth in Sections 3(b) (iv) and (v) above.

For purposes of this Agreement, "EBITDA" shall have the meaning of "Consolidated EBITDA," as defined in the Second Amended and Restated Credit Agreement dated as of April 29, 2002 among the Company, the lenders named therein and BNP Paribas, as Agent."

2. Amendment to Section 3(c) of Employment Agreement. Upon the Recapitalization Closing, Section 3(c) of the Employment Agreement is hereby amended and restated in its entirety as follows:

"(c) The Employee shall be eligible to participate in the Company's Sale Makeup Payment Plan as provided therein."

3. Amendment to Section 10 of Employment Agreement. Upon the Recapitalization Closing, Section 10 of the Employment Agreement shall be amended by deleting such section in its entirety and replacing it with "[Intentionally Omitted]."

4. Acknowledgment of Termination of Stock Options. Upon the Recapitalization Closing, any and all stock options granted to the Employee by the Company (whether such options were granted under or outside of the 1996 Plan) are hereby cancelled and terminated.

5. Effectiveness of Amendment. This Amendment shall become effective upon the closing of the Recapitalization pursuant to the Restructuring Agreement (the "Recapitalization Closing").

6. Confirmation of Employment Agreement. Except as amended and supplemented by this Amendment, the Employment Agreement is ratified and confirmed in all respects and remains in full force and effect. After the Recapitalization Closing, the Employment Agreement and this Amendment shall be read, taken and construed as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first above written.

TELESPECTRUM WORLDWIDE INC.

By: /s/ J. Peter Pierce

Name: J. Peter Pierce
Title: Chief Executive Officer

EMPLOYEE:

/s/ Joseph Nezi

JOSEPH NEZI

[TELESPECTRUM WORLDWIDE INC. LOGO]

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NEWS: FOR IMMEDIATE RELEASE

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TELESPECTRUM WORLDWIDE INC.
ANNOUNCES FINANCIAL RESTRUCTURING

KING OF PRUSSIA, PA - April 30, 2002 - TeleSpectrum Worldwide Inc. (OTC: TLSP) announced today that it has entered into agreements with its bank lenders resulting in a recapitalization of its balance sheet and a substantial reduction of its debt. Under the terms of such agreements, the amounts due under the Company's existing credit facilities, totaling approximately \$161 million, were converted into a three-year term facility of \$25 million, \$40 million of the Company's Series A Preferred Stock, and shares of the Company's Series B Convertible Preferred Stock, which will convert into common stock representing 95% of the Company's common stock on a fully diluted basis.

The three-year term facility, which is classified as long-term debt, matures in May 2005 and requires the Company to meet certain financial covenants, including a fixed charge coverage ratio and EBITDA targets. The Series A Preferred Stock has a cumulative 10% annual dividend rate, which is payable either in cash or in additional shares of Series A Preferred Stock. A portion of the Series B Preferred Stock was converted into shares of the Company's common stock immediately after the closing of the recapitalization, and the remainder will convert common stock as soon as the Company increases its authorized number of shares of common stock.

The Company's Board of Directors is comprised of five members, including J. Peter Pierce, the Company's Chairman and Chief Executive Officer, and Chris Williams, the Company's Chief Operating Officer, who are continuing as directors, and three designees of the bank group.

Mr. Pierce said, "We are pleased that our bank lenders concurred with our assessment that a consensual conversion of much of their debt to equity was the best course of action

for the Company. We believe that the recapitalization of our balance sheet sets a solid financial foundation for TeleSpectrum's future and will greatly benefit both our customers and employees by allowing us to reinvest in our infrastructure and continue to focus on our customers' needs."

ABOUT TELESPECTRUM WORLDWIDE INC.

Headquartered in King of Prussia, Pennsylvania, TeleSpectrum Worldwide Inc. is a leading full-service provider of multi-channel customer relationship management (CRM) solutions for Global 1,000 companies in diverse industries, including financial services, telecommunications, technology, insurance, healthcare, pharmaceuticals and government. In addition to providing both traditional business-to-consumer and business-to-business teleservices, TeleSpectrum also offers inbound customer service, customer care, as well as the ability to measure, monitor and improve the customer service experience.

FORWARD-LOOKING STATEMENTS

Many statements contained in this release regarding future events or our financial performance are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that these forward-looking statements involve substantial risks and uncertainties. Actual future events or results may differ materially. The factors that could cause such differences include, among others: our ability to maintain our current business and generate new business; the effects the change of control will have on our business; our ability to improve profitability and cash flow and meet our projected financial performance; our ability to hire and retain effective management; increased competition; and changes in laws regulating our industry. A more extensive discussion of the risk factors that could impact these areas and our overall business and financial performance can be found in our reports filed with the Securities and Exchange Commission. The forward-looking statements are made as of the date of this press release, and we assume no obligation to update these statements or the reasons why actual results could differ.

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