

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-11-14** | Period of Report: **1995-09-30**  
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### FILER

#### **UNIFORCE TEMPORARY PERSONNEL INC**

CIK: **740285** | IRS No.: **131996648** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **000-11876** | Film No.: **95593034**  
SIC: **7363** Help supply services

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1995  
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OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-11876  
-----

Uniforce Services, Inc.  
(formerly known as Uniforce Temporary Personnel, Inc.)  
-----

(Exact name of registrant as specified in its charter)

New York 13-1996648  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1335 Jericho Turnpike, New Hyde Park, NY 11040  
-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (516) 437-3300  
-----

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date. 4,157,713 (as of November 1, 1995)

UNIFORCE SERVICES, INC.

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## ITEM 6. Exhibits and Reports:

## (a) Exhibits

- 10(a) Agreement dated November 3, 1995 among Uniforce Staffing Services, Inc. ("USSI") the Registrant, the subsidiaries of the Registrant, Natwest Bank N.A. ("Natwest") and Chemical Bank ("Chemical").
- 10(b) Promissory Note in the maximum principal amount of \$7,000,000 made by USSI to Chemical.
- 10(c) Promissory Note in the maximum principal amount of \$5,000,000 made by USSI to Natwest.
- 27 Financial Data Schedule.

## (b) Reports on Form 8-K

There were no Current Reports on Form 8-K filed during the quarter ended September 30, 1995.

## PART I - FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

UNIFORCE SERVICES, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS  
(Unaudited)

<TABLE>  
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1995 ----	1994 ----	1995 ----	1994 ----
<S>	<C>	<C>	<C>	<C>
Sales of supplemental staffing services	\$33,609,759	\$29,525,629	\$93,248,631	\$79,482,745
Service revenues and fees	2,336,979	1,943,205	5,530,092	5,094,896
	-----	-----	-----	-----
Total revenues	35,946,738	31,468,834	98,778,723	84,577,641
	-----	-----	-----	-----
Costs and expenses:				
Cost of supplemental staffing services	26,260,124	23,028,161	72,663,664	62,076,558
Licenses' share of gross margin	2,597,035	2,567,202	7,166,125	7,309,871
General and administrative	5,005,916	4,228,463	13,878,639	11,078,070
Depreciation & amortization	227,008	246,179	693,343	674,917
	-----	-----	-----	-----
Total costs and expenses	34,090,083	30,070,005	94,401,771	81,139,416
	-----	-----	-----	-----
Earnings from operations	1,856,655	1,398,829	4,376,952	3,438,225
Other income (expense):				
Interest - net	(278,498)	(26,216)	(527,793)	(6,077)
Other - net	(5,696)	29,937	28,737	83,888
	-----	-----	-----	-----
Earnings before provision for income taxes	1,572,461	1,402,550	3,877,896	3,516,036
Provision for income taxes	599,000	533,000	1,473,000	1,336,000
	-----	-----	-----	-----
NET EARNINGS	\$ 973,461	\$ 869,550	\$ 2,404,896	\$ 2,180,036
	=====	=====	=====	=====
Weighted average number of shares outstanding	4,260,056	4,667,266	4,330,296	4,536,748
Earnings per share	\$ .23	\$ .19	\$ .56	\$ .48
	=====	=====	=====	=====

&lt;/TABLE&gt;

See accompanying notes to consolidated condensed financial statements.

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UNIFORCE SERVICES, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS

	September 30, 1995	December 31, 1994
	-----	-----
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 6,771,569	\$ 7,298,823
Accounts receivable - net	16,165,968	11,818,740
Funding and service fees receivable - net	19,686,643	14,466,995
Current maturities of notes receivable from licensees - net	237,952	399,714
Prepaid expenses and other current assets	722,976	501,088
Deferred income taxes	379,771	379,771
	-----	-----
Total current assets	43,964,879	34,865,131
	-----	-----
Notes receivable from licensees - net	165,357	277,767
Fixed assets - net	2,257,591	1,294,550
Deferred costs and other assets - net	888,488	1,336,284
Cost in excess of fair value of net assets acquired	3,576,324	3,722,576
	-----	-----
	\$50,852,639	\$ 41,496,308
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Loan payable	\$10,500,000	\$ 3,500,000
Payroll and related taxes payable	8,508,901	7,007,921
Payable to licensees and clients	2,304,045	1,910,111
Income taxes payable	381,024	---
Accrued expenses and other liabilities	3,484,060	3,165,869
	-----	-----
Total current liabilities	25,178,030	15,583,901
	-----	-----

Loan payable - non-current	2,200,000	2,800,000
Capital lease obligation - non-current	438,599	---
Stockholders' equity:		
Common stock \$.01 par value	49,872	49,468
Additional paid-in capital	7,660,918	7,411,572
Retained earnings	22,958,437	20,952,594
	-----	-----
	30,669,227	28,413,634
Treasury stock, at cost, 829,500 shares in 1995 and 578,750 shares in 1994	(7,633,217)	(5,301,227)
	-----	-----
Total stockholders' equity	23,036,010	23,112,407
	-----	-----
	\$50,852,639	\$ 41,496,308
	=====	=====

See accompanying notes to consolidated condensed financial statements.

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UNIFORCE SERVICES, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Nine Months Ended September 30,	
	1995	1994
	----	----
Cash flows from operating activities:		
Net earnings	\$2,404,896	\$2,180,036
Adjustments to reconcile net earnings to net cash (used) by operating activities:		
Depreciation and amortization	693,343	674,917
(Increase) in receivables and prepaid expenses	(9,788,764)	(8,144,504)
Stock option compensation expense	13,500	13,500
Increase in liabilities	2,508,305	3,411,980
	-----	-----
Net cash (used) by operating activities	(4,168,720)	(1,864,071)
	-----	-----
Cash flows from investing activities:		
Purchases of fixed assets	(709,995)	(401,382)
(Increase) decrease in deferred costs and other investments	172,082	(4,620,452)

Decrease in notes receivable from licensees	274,172	120,855
	-----	-----
Net cash (used) by investing activities	(263,741)	(4,900,979)
	-----	-----
Cash flows from financing activities:		
Increase in loan payable	6,400,000	6,600,000
Cash dividends paid	(399,053)	(397,240)
Purchase of treasury stock	(2,331,990)	(293,753)
Proceeds from issuance of common stock	236,250	734,405
	-----	-----
Net cash provided by financing activities	3,905,207	6,643,412
	-----	-----
Net (decrease) in cash and cash equivalents	(527,254)	(121,638)
Cash and cash equivalents at beginning of period	7,298,823	7,155,081
	-----	-----
Cash and cash equivalents at end of period	\$6,771,569	\$7,033,443
	=====	=====
Supplemental disclosures:		
Cash paid for:		
Interest	\$ 422,730	\$ 110,601
	-----	-----
Income taxes	\$1,084,548	\$1,428,289
	-----	-----

Non-cash investing and financing activity:

In April 1994, the Company issued 127,720 shares of common stock in connection with the acquisition of certain assets of Brannon & Tully.

During 1995, the Company entered into a capital lease agreement for \$524,423 of computer software.

See accompanying notes to consolidated condensed financial statements.

UNIFORCE SERVICES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
(Unaudited)

1. PRINCIPLES OF CONSOLIDATION

The consolidated condensed financial statements include the accounts of Uniforce Services, Inc. and its wholly-owned subsidiaries (the "Company"). All

significant intercompany accounts and transactions have been eliminated in consolidation.

## 2. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

The consolidated condensed financial statements as shown in the accompanying index have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at September 30, 1995, and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed, reclassified or omitted. It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's December 31, 1994 financial statements. The results of operations for the period ended September 30, 1995 are not necessarily indicative of the operating results which may be achieved for the full year.

Tax accruals have been made based on estimated effective annual tax rates for the periods presented.

## 3. CONTINGENCIES

In April 1994, various prior insurance carriers and their not-for-profit trade association filed an action against the Company, its officers, a director and various unrelated parties. The carriers amended the complaint in October 1995. The action alleges breach of contracts of insurance, negligence, fraud, conspiracy to defraud and fraudulent inducement resulting in underpayment of premiums. The time for the Company to respond to the complaint has not yet expired and the Company continues to deny the validity of the claims of the Plaintiffs. Further, it intends to assert substantial claims in opposition to the claims of the Plaintiffs. Additionally, the Company and its subsidiaries have filed suit against various prior worker compensation carriers alleging claims mismanagement.

Management believes that the ultimate outcome of these matters will not have a material adverse affect upon the financial position of the Company.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total revenues increased by \$4,477,904, or 14.2% from \$31,468,834 in the third quarter of 1994 to \$35,946,738 in the third quarter of 1995. For the first nine months, total revenues increased by \$14,201,082 or 16.8% from \$84,577,641 in 1994 to \$98,778,723 in 1995.

Sales of supplemental staffing services increased by \$4,084,130 and \$13,765,886, respectively, for the third quarter and the first nine months of 1995 as compared to 1994. These increases resulted principally from the Company's acquisition in April 1994 of certain assets of Brannon & Tully, Inc.,



a provider of information services ("IS") contract professionals. This company now operates under the tradename of Brannon & Tully/Uniforce Information Services. This acquisition contributed \$6,713,154 and \$18,499,048, respectively, for the third quarter and the first nine months of 1995 and \$4,396,829 for the third quarter of 1994 and \$7,374,599 for the period from April 18, 1994 to September 30, 1994. This acquisition has had a favorable impact on the Company's results of operations and its ability to develop higher margin professional services. Sales by the Company's subsidiaries, PrO Unlimited, and to a lesser degree LabForce, continued to increase as the Company emphasized the marketing of these services.

The Company's strategy is to expand through the development of higher margin professional services such as IS, technical, automated office and other professional support services as well as through its PrO Unlimited and LabForce subsidiaries, while continuing to reduce the percentage of its sales derived from light industrial assignments. In addition, the Company intends to continue to pursue acquisitions of established independent supplemental staffing service companies that offer specialty services.

Service revenues and fees increased by 20.3% from \$1,943,205 in the third quarter of 1994 to \$2,336,979 in the third quarter of 1995 and increased by 8.5% from \$5,094,896 for the first nine months of 1994 to \$5,530,092 for the first nine months of 1995. Service revenues and fees generated by Temporary Help Industry Servicing Company, Inc. (THISCO) and Brentwood Service Group, Inc. (BSG), two of the Company's subsidiaries, increased by \$318,614 and \$763,475, respectively, for the third quarter and the first nine months of 1995 as compared to 1994. The Company intends to continue to expand this portion of its business through THISCO and BSG. The nine month increase was offset by certain licensee service revenues and fees which were reported in 1994 and for which there were lower amounts in 1995. For the third quarter, licensee service revenues and fees were higher in 1995 as compared to 1994. In addition, system-wide sales, which include sales of Associated Offices serviced by THISCO and BSG, increased \$13,430,382 or 19.8% from \$67,787,639 in the third quarter of 1994 to \$81,218,021 in the third quarter of 1995. In the first nine months, system-wide sales increased by \$41,447,494 or 22.8% from \$182,058,511 in 1994 to \$223,506,005 in 1995.

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Cost of supplemental staffing services was 78.1% of sales of supplemental staffing services in the third quarter of 1995, compared to 78.0% in the third quarter of 1994. For the first nine months, cost of supplemental staffing services was 77.9% of sales of supplemental staffing services in 1995 and 78.1% in 1994.

Licenses' share of gross margin is principally based upon a percentage of the gross margin generated from sales by licensed offices. The gross margin from sales of supplemental staffing services amounted to \$7,349,635 and \$6,497,468 for the third quarter of 1995 and 1994, respectively. For the first nine months, gross margin from such sales amounted to \$20,584,967 in 1995 and \$17,406,187 in 1994. Licenses' share of gross margin was 35.3% for the third quarter of 1995 as compared to 39.5% for the third quarter of 1994. For the first nine months, licenses' share of gross margin was 34.8% in 1995 and 42.0% in 1994. The lower share as a percentage of total gross margin in 1995 is due, in part, to the sales of Brannon & Tully/Uniforce Information Services for which there are no related licensee distributions, and to the sales of PrO Unlimited for which there are limited distributions.

General and administrative expenses increased by \$777,453 or 18.4% during the third quarter of 1995 as compared to the third quarter of 1994. For the first nine months, general and administrative expenses increased by \$2,800,569 or 25.3% in 1995 compared to 1994. As a percentage of revenues, general and administrative expenses were 13.9% and 13.4% for the third quarter of 1995 and 1994, respectively and 14.1% in 1995 and 13.1% in 1994 for the first nine month periods. These increases resulted principally from expenses relating to the Brannon & Tully/Uniforce Information Services operations. Further contributing to the increase were higher expenses relating to payroll costs with respect to permanent staff offset by savings in staff recruiting costs and increased professional fees relating to the litigation described in Note 3 of the notes to the consolidated condensed financial statements.

The increase in net interest expense in the 1995 periods as compared to 1994 is a direct result of increased borrowings used for the acquisition of Brannon & Tully, Inc. and to meet working capital requirements due to the increased system-wide sales.

As a result of the factors discussed above, net earnings increased by 12.0% from \$869,550 (\$.19 per share) in the third quarter of 1994 to \$973,461 (\$.23 per share) in the third quarter of 1995. For the first nine months, net earnings increased by 10.3% from \$2,180,036 (\$.48 per share) in 1994 to \$2,404,896 (\$.56 per share) in 1995.

#### FINANCIAL CONDITION

As of September 30, 1995, the Company's working capital decreased to \$18,786,849, as compared to \$19,281,230 at December 31, 1994. This decrease was due primarily to the continuing profitable operations of the Company being more than offset by the repurchase of its common stock, the acquisition of fixed assets and the payment of the cash dividend detailed below. Funding and service fees receivables increased by \$5,219,648 to \$19,686,643 during the first nine months of 1995. This increase is due principally to the increased service revenues and fees generated by THISCO and BSG.

During 1995, the Company has paid quarterly cash dividends on shares of common stock of Uniforce at the quarterly rate of \$.03 per share. Subsequent to September 30, 1995, the Board of Directors declared a quarterly cash dividend of \$.03 per share, which was paid on October 27, 1995 to holders of record on October 13, 1995.

On April 18, 1994, the Company acquired certain assets of Brannon & Tully, Inc., a provider of IS contract professionals. The purchase price consisted of \$3,150,000 in cash and the issuance of 127,720 shares of common stock of the Company. The Company also acquired from Brannon & Tully, Inc. certain accounts receivable, with recourse, for \$1,301,595. The cash portion of the purchase price and the accounts receivable acquired were initially financed through a \$4,500,000 borrowing under the Company's working capital credit facility noted below.

The Company maintains, with two banks, a working capital credit facility and a revolving credit and term loan facility. The working capital credit facility represents an open line of credit of up to \$12,000,000

(increased from \$10,000,000, effective in November 1995), borrowings under which are payable on demand or December 31, 1995. Outstanding borrowings bear interest, at the Company's option, at the banks' prime rate or at a rate 120 basis points above the banks' LIBOR Rate (a rate based upon the London Interbank Offered Rate). At September 30, 1995, the Company had outstanding borrowings of \$9,700,000 with interest being charged as follows: 7.075% (120 basis points above the LIBOR) on \$7,200,000 and 8.75% (Prime Rate) on \$2,500,000.

On August 31, 1994, the Company entered into a new revolving credit and term loan agreement establishing a two-year \$6,000,000 facility, outstanding borrowings under which, at the Company's option, could be converted at the maturity of the revolving credit facility into a five-year term loan. Effective November 1995, in connection with the increase in the Company's working capital facility described above, the revolving credit and term loan agreement (under which there were no outstanding borrowings) was terminated. The terminated facility had replaced a prior revolving credit facility that matured in June 1994. Borrowings under the prior facility, which aggregated \$4,000,000 at maturity, were converted into a five-year term loan. At September 30, 1995, \$3,000,000 was outstanding with interest being charged at 7.325% (145 basis points above the 90-day LIBOR). The terms of the

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prior facility contain restrictive covenants relating to, among other things, minimum net worth and profitability, with which the Company is in compliance.

The Company is in active negotiations with regard to replacement financing arrangements, which it currently anticipates will be completed within the next 30 days.

The Company does not currently have material commitments for capital expenditures and does not anticipate entering into any such commitments during the next 12 months. The Company believes that internally generated cash flow and existing borrowing facilities will be adequate to meet operating requirements through December 31, 1995. It further believes that the replacement financing arrangement currently being negotiated will be adequate to meet its operating requirements subsequent to such date. The Company intends to expand its business through the development of higher margin professional services as well as through Pro Unlimited, LabForce and Brannon & Tully/Uniforce Information Services. Additionally, the Company continues to pursue expansion by acquisition of established independent supplemental staffing service companies that offer specialty services. The Company anticipates that this expansion will be financed from internally generated cash flow and borrowing facilities.

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## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Reference is made to Item 3. Legal Proceedings of the Company's Annual Report on Form 10-K for the year ended December 31, 1994, to Item 1. Legal Proceedings of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, and to the description therein of a civil action commenced in the Circuit Court, for the Fifteenth Judicial Circuit, Palm Beach County, Florida by National Council on Compensation Insurance, Inc., National Workers Compensation Reinsurance Pool, Insurance Company of North America, The Travelers Insurance Company and Liberty Mutual Insurance Company, Case No. CL-94-03275AD. In October 1995 the Plaintiffs filed a Second Amended Complaint. In the Second Amended Complaint the Plaintiffs added several defendants unrelated to the registrant and additionally, three licensees of Uniforce, Gordon Robinett, a director of Uniforce and the registrant's former Vice-President of Finance, and the registrant's independent public auditors. The Plaintiffs allege causes of action for breach of contracts of insurance, negligence, fraud, conspiracy to defraud, and fraudulent inducement. The Plaintiffs allege that by virtue of the manner in which the Company conducted its business, the Company secured workers' compensation coverage for its temporary employees at premiums below those that should have been paid. The Plaintiffs seek an audit, accounting, and damages in an unspecified amount not less than \$11,500,000. The time for the Company to respond to the Complaint has not expired. The Company denies the claims and intends to assert substantial counter-claims.

#### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

##### (a) Exhibits:

- |       |  |
|-------|--|
| 10(a) | Agreement dated November 3, 1995 among Uniforce Staffing Services, Inc. ("USSI") the Registrant, the subsidiaries of the Registrant, Natwest Bank N.A. ("Natwest") and Chemical Bank ("Chemical"). |
| 10(b) | Promissory Note in the maximum principal amount of \$7,000,000 made by USSI to Chemical.   |
| 10(c) | Promissory Note in the maximum principal amount of \$5,000,000 made by USSI to Natwest.  |
| 27    | Financial Data Schedule.   |

##### (b) Reports on Form 8-K:

There were no reports on Form 8-K filed during the quarter ended September 30, 1995.

#### SIGNATURES

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: November 13, 1995

UNIFORCE SERVICES, INC.

By:/s/ John Fanning

-----  
John Fanning, Chairman of the Board  
and President

By:/s/ Harry Maccarrone

-----  
Harry Maccarrone, V.P. of Finance,  
Principal Financial and Accounting  
Officer

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	PAGE
10(a)	Agreement dated November 3, 1995 among Uniforce Staffing Services, Inc. ("USSI") the Registrant, the subsidiaries of the Registrant, Natwest Bank N.A. ("Natwest") and Chemical Bank ("Chemical").	
10(b)	Promissory Note in the maximum principal amount of \$7,000,000 made by USSI to Chemical.	
10(c)	Promissory Note in the maximum principal amount of \$5,000,000 made by USSI to Natwest.	
27	Financial Data Schedule.	

## AGREEMENT

WHEREAS, the company known as UNIFORCE SERVICES, INC. has changed its name to UNIFORCE STAFFING SERVICES, INC. (the "Company");

WHEREAS, the company known as UNIFORCE TEMPORARY PERSONNEL, INC. has changed its name to UNIFORCE SERVICES, INC.;

WHEREAS, the Company has requested that Chemical Bank ("Chemical") increase the amount available to the Company under its line of credit to \$7,000,000.00 and extend the termination date of its line of credit to the earlier of demand or December 31, 1995;

WHEREAS, the Company has requested that NatWest Bank N. A. ("NatWest") extend the termination date of its line of credit to the earlier of demand or December 31, 1995;

WHEREAS, the Company has agreed from and after October 13, 1995 not to repurchase stock of the Company;

WHEREAS, the Company has requested that Chemical and NatWest (Chemical and NatWest, collectively, the "Banks") enter into an intercreditor agreement due to such increase in availability under the Chemical line of credit;

WHEREAS, the Company has requested that the commitment of Chemical and NatWest to make revolving credit advances to the Company pursuant to that certain revolving credit and term loan agreement among the Company, certain related companies and the Banks dated as of August 31, 1994 be terminated;

WHEREAS, the Company and the Banks wish to memorialize their understanding with respect to the foregoing;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the parties hereto agree as follows:

1) Effective retroactive to August 21, 1995, in any document entered into with or delivered to either of the Banks, the name "Uniforce Services, Inc." shall be substituted with the name "Uniforce Staffing Services, Inc." and the name "Uniforce Temporary Personnel, Inc." shall be substituted with the name "Uniforce Services, Inc." in each place in which such names appear.

2) The Banks and the Company agree that the outstanding principal balance of the Term Loans evidenced by the Term Notes dated June 19, 1993 is \$1,500,000.00 as to each Bank as of October 30, 1995 and all interest due on the Term Loans has been paid to such date.

3) As used herein, (a) "Guarantors" shall mean Uniforce Services, Inc., Temporary Help Industry Servicing Company, Inc., E.O. Operations Corp., E.O. Servicing Co., Inc., UTS Corp. of Minnesota, USI Inc. of California, UTS of Delaware, Inc., Tempfunds International, Inc., PrO Unlimited, Inc., THISCO of Canada, Inc., Uniforce Payrolling Services, Inc., Brentwood Service Group, Inc., Uniforce MIS Services of Georgia, Inc., Labforce of America, Inc., Uniforce Medical Office Support, Inc. and Computer Consultants Funding & Support, Inc. and any other subsidiary of the Company or any Guarantor.

(b) "Agreement" shall mean the Revolving Credit and Term Loan Agreement among the Banks, the Company and certain related companies dated as of June 19, 1991.

(c) "Loan Documents" shall mean each of the Agreement and any documents executed in connection therewith and any documents executed in connection with a line of credit made available by either of the Banks.

4) As an inducement for the Banks to enter into this Agreement, the Company and the Guarantors hereby jointly and severally represent and warrant as follows:

(A) There are no defenses or offsets to their respective obligations under the Agreement or any of the Loan Documents, and if any such defenses or offsets exist without the knowledge of the Company or the Guarantors, the same are hereby waived.

(B) All the representations and warranties made by the Company and the Guarantors in the Agreement or any of the Loan Documents are true and correct in all respects as if made on the date hereof.

(C) No event which constitutes a Default or an Event of Default has occurred and is continuing under the Agreement or any of the Loan Documents.

5) Chemical hereby agrees to increase the availability under its line of credit to the Company to \$7,000,000.00 which line of credit will terminate on the earlier of demand or December 31, 1995, provided however, that notwithstanding the foregoing, advances under such line of credit shall be within the sole discretion of Chemical.

6) NatWest hereby agrees to make its line of credit available to the Company in an amount not to exceed \$5,000,000.00 which line of credit will terminate on the earlier of demand or December 31, 1995; provided however, that notwithstanding the foregoing, advances under such line of credit shall be within the sole discretion of NatWest.

7) The Company hereby agrees from and after October 13, 1995 not to repurchase stock of the Company. The commencement by the Company of a tender offer for its common stock shall not constitute a breach of this Agreement so long as no common stock has been purchased pursuant to such tender offer.

8) The Company and the Banks agree that the commitment of Chemical and NatWest to make revolving credit advances to the Company pursuant to that certain revolving credit and term loan agreement among the Company and the Banks dated as of August 31, 1994, is hereby terminated at the Company's request.

9) This Agreement shall become effective on such date as all of the following conditions shall be satisfied:

(A) NOTES. NatWest and Chemical shall have received the duly executed notes in the forms of Exhibit A and Exhibit B hereto.

(B) INTERCREDITOR AGREEMENT. The Banks shall have received a duly executed intercreditor agreement in the form of Exhibit C hereto.

(C) REAFFIRMATIONS. The Banks shall have received the duly executed reaffirmations of security agreements and reaffirmations of guaranties.

(D) UCC-3 AMENDMENTS. The Banks shall have received duly executed UCC-3 amendments reflecting the name change of Uniforce Services, Inc. to Uniforce Staffing Services, Inc. and Uniforce Temporary Personnel, Inc. to Uniforce Services, Inc.

(E) FEES. The Banks shall have received evidence of payment of the Banks' fees and all attorneys' fees and expenses associated with the preparation of this Agreement and any documents executed in connection herewith.

(F) APPROVAL OF THE BANKS' COUNSEL. All legal matters incident to this Agreement shall be reasonably satisfactory to counsel to the Banks.

10) This Agreement is dated for convenience as of November 3, 1995 and shall be effective, unless otherwise indicated, upon the date of the execution of this Agreement by the Banks.

11) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the dates set forth below.

UNIFORCE STAFFING SERVICES, INC. formerly known as UNIFORCE SERVICES, INC. UNIFORCE SERVICES, INC. formerly known as UNIFORCE TEMPORARY PERSONNEL, INC. TEMPORARY HELP INDUSTRY SERVICING COMPANY, INC. E.O. OPERATIONS CORP. E.O. SERVICING CO., INC. UTS CORP, OF MINNESOTA USI INC. OF CALIFORNIA UTS OF DELAWARE, INC. TEMPFUNDS INTERNATIONAL, INC. PRO UNLIMITED, INC. THISCO OF CANADA, INC. UNIFORCE PAYROLLING SERVICES, INC. UNIFORCE MIS SERVICES OF GEORGIA, INC. LABFORCE OF AMERICA, INC. UNIFORCE MEDICAL OFFICE SUPPORT, INC. COMPUTER CONSULTANTS FUNDING & SUPPORT, INC.

By:/s/ Harry V. Maccarrone

-----  
Harry V. Maccarrone  
Vice President - Finance

Dated: November 3, 1995

BRENTWOOD SERVICE GROUP, INC.

By:/s/ Harry V. Maccarrone

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Harry V. Maccarrone  
President

Dated: November 3, 1995

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BANKS:

NATWEST BANK N.A.

By:/s/ Tara M. Kazak

Tara M. Kazak  
Vice President

Dated: November 3, 1995

CHEMICAL BANK

By: /s/ Richard E. Grabowski

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Richard E. Grabowski  
Vice President

Dated: November 3, 1995

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STATE OF NEW YORK            )  
                                  :ss.:  
COUNTY OF NASSAU            )

On the 3rd day of November, 1995, before me personally came HARRY V. MACCARRONE, to me known, who, being by me duly sworn, did depose and say that he resides at c/o 1335 Jericho Turnpike, New Hyde Park, New York 11040 that he is the Vice President-Finance of UNIFORCE STAFFING SERVICES, INC., formerly known as UNIFORCE SERVICES, INC., UNIFORCE SERVICES, INC., formerly known as UNIFORCE TEMPORARY PERSONNEL, INC., TEMPORARY HELP INDUSTRY SERVICING COMPANY, INC., E.O. OPERATIONS CORP., E.O. SERVICING CO., INC., UTS CORP. OF MINNESOTA, USI INC. OF CALIFORNIA, UTS OF DELAWARE INC., TEMPFUNDS INTERNATIONAL, INC., PRO UNLIMITED, INC., THISCO OF CANADA, INC., UNIFORCE PAYROLLING SERVICES, INC., UNIFORCE MIS SERVICES OF GEORGIA, INC., LABFORCE OF AMERICA, INC., UNIFORCE MEDICAL OFFICE SUPPORT, INC., and COMPUTER CONSULTANTS FUNDING & SUPPORT, INC., the corporations described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said corporations.

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Notary Public

STATE OF NEW YORK            )  
                                  :ss.:  
COUNTY OF NASSAU            )

On the 3rd day of November, 1995, before me personally came HARRY V. MACCARRONE, to me known, who, being by me duly sworn, did depose and say that he resides at c/o 1335 Jericho Turnpike, New Hyde Park, New York 11040; that he is the President of BRENTWOOD SERVICE GROUP, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said corporation.

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Notary Public

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STATE OF NEW YORK            )  
                                  :ss.:  
COUNTY OF NASSAU            )

On the 3rd day of November, 1995, before me personally came TARA M. KAZAK, to me known, who, being by me duly sworn, did depose and say that she resides at c/o 1335 Jericho Quadrangle, Jericho, New York 11753; that she is a Vice President of NATWEST BANK N.A., the banking institution described in and which executed the foregoing document and that she signed his name thereto by authority of such banking institution.

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Notary Public

STATE OF NEW YORK            )  
                                  :ss.:  
COUNTY OF NASSAU            )

On the 3rd day of November, 1995, before me personally came RICHARD E. GRABOWSKI, to me known, who, being by me duly sworn, did depose and say that he resides at c/o 7600 Jericho Turnpike, Woodbury, New York 11797; that he is a Vice President of CHEMICAL BANK, the banking institution described in and which executed the foregoing document and that he signed his name thereto by authority of such banking institution.

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Notary Public



PROMISSORY NOTE

\$7,000,000

New York, New York  
November 3, 1995

1. FOR VALUE RECEIVED, UNIFORCE STAFFING SERVICES, INC. (the "Borrower"), by this promissory note (the "Note") unconditionally promises to pay to the order of CHEMICAL BANK (the "Bank"), in lawful money of the United States, the principal amount of SEVEN MILLION DOLLARS (\$7,000,000) or the aggregate unpaid principal amount of all advances (individually, an "Advance" and collectively, "Advances") made by the Bank to the Borrower and recorded on the schedules attached hereto, whichever is less. Each Advance evidenced hereby shall be made available and shall bear interest at the applicable rate selected by the Borrower, subject to availability, as provided in subparagraph (a) hereof (a "Prime Rate Advance") or subparagraph (b) hereof (an "Adjusted Libor Rate Advance").

- (a) Each Prime Rate Advance shall be made available by the Bank to the Borrower at the Bank's New York, New York office and shall bear interest at the rate per annum which is equal to the Bank's Prime Rate. "Prime Rate" shall mean the rate per annum publicly announced by the Bank at its principal office from time to time as its prime rate. Each change in the Prime Rate shall result in a change in the interest rate herein, effective as of the opening of business on the day on which such change in the Prime Rate becomes effective.
- (b) Each Adjusted Libor Rate Advance shall be made available by the Bank to the Borrower at the lending office designated by the Bank (the "Lending Office"), shall be in a minimum amount of \$500,000 and shall bear interest for each Interest Period (as hereinafter defined in paragraph 3) applicable thereto at a rate per annum which is equal to 1.20% above the rate per annum, adjusted as provided in the last sentence of this paragraph, at which U.S. dollar deposits are offered to the Lending Office in the London interbank market as at 11:00 a.m., local time of such Lending Office, two Working Days prior to the first day of such Interest Period in an amount equal to the amount of such Advance which will be outstanding during such Interest Period for delivery on the first day of such Interest Period for the number of days in such Interest Period. The maximum aggregate principal amount of Adjusted Libor Rate Advances made by the Bank to the Borrower shall not exceed \$5,000,000 outstanding at any time. "Working Day" shall mean a day on which dealings in currencies and exchange between banks may be carried on in New York, New York and on which dealings in currencies and exchange between banks are also carried on

in the London interbank market and banks are open for business in London and the place where such Lending Office is located. The interest rate determined hereunder shall be adjusted by dividing such interest rate by the number equal to 1.00 minus the rate (expressed as a decimal and rounded upward, if necessary, to the next higher 1/16 of 1%) of reserves which are required to be maintained (or which will be required to be maintained), under Regulation D of the Board of Governors of the Federal Reserve System (as in effect on the date of determination of such interest rate), against "Eurocurrency liabilities" (as such term is defined in Regulation D) from time to time during the period for which the interest rate is determined.

2. The Bank may lend, in its sole discretion in each instance, such amounts as may be requested by the Debtor hereunder, which Loans shall in no event exceed \$7,000,000 in aggregate principal amount outstanding at any time. Each such request for an Advance shall be made by an officer of the Borrower or any person designated in writing by any such officer, all of which are hereby designated and authorized by the Borrower to request Advances and agree to the terms thereof (including without limitation the applicable interest rate and Maturity Date with respect thereto). The Debtor shall give the Bank notice at least two (2) Working Days prior to the date hereof and the end of each Interest Period (as hereafter defined) specifying whether the Advance shall be a Prime Rate Advance or an Adjusted Libor Rate Advance and the Interest Period applicable thereto. In the event the Borrower shall fail to provide such notice, the Advance shall be deemed to bear interest at the applicable Prime Rate.

3. "Interest Period" shall mean (i) with respect to each Adjusted Libor Rate Advance, the period beginning on the date of such Advance and ending 1, 2 or 3 months thereafter, as agreed between the Borrower and the Bank not less than two (2) Working Days prior to the date of such Advance. "Business Day" shall mean a day other than a Saturday, Sunday or other day on which the Bank is authorized to close under the laws of the State of New York.

4. Each Prime Rate Advance shall be payable on the earlier of demand or December 31, 1995. Each Adjusted Libor Rate Advance shall be payable on the last day of the Interest Period therefor (the "Maturity Date") but not later than December 31, 1995. Interest on each Prime Rate Advance shall be payable monthly on the last day of each month and upon payment or prepayment in full of the unpaid principal amount thereof. Interest on each Adjusted Libor Rate Advance shall be payable on the Maturity Date thereof.

5. Each Advance, the date on which it is made, the Maturity Date and the rate charged thereon, if other than a Prime

Rate Advance, and each payment made on account of the principal thereof shall be noted on the appropriate schedule attached hereto. The failure of the Bank, however, to record any such information shall not relieve the Borrower of its obligation to repay such Advance with interest thereon as applicable. This Note shall be used to record all Advances and payments of principal made hereunder until it is surrendered to the Borrower by the Bank and it shall continue to be used even though there may be periods prior to such surrender when no amount of principal or interest is owing hereunder.

6. If all or a portion of any Adjusted Libor Rate Advance shall not be paid when due (whether as stated, by acceleration or otherwise), such Advance shall bear interest for the period from the due date until the Maturity Date of such Advance at the rate per annum which is equal to 2% above the rate which would otherwise be applicable hereunder and thereafter until paid in full at the rate per annum which is equal to 2% above the rate which the Bank would charge the Borrower on such Maturity Date for a Prime Rate Advance. If all or any portion of any Prime Rate Advance is not paid when due (whether as stated, by acceleration or otherwise), such Advance shall bear interest from the due date until paid in full at the rate per annum which is equal to 2% above the rate which was in effect on the due date.

7. The Borrower may not prepay any Adjusted Libor Rate Advance without the prior written consent of the Bank.

8. If any payment in respect of a Prime Rate Advance becomes due and payable on a day which is not a Business Day, such payment shall be made on, and interest at the applicable rate shall be payable to, the next succeeding Business Day. If any payment in respect of an Adjusted Libor Rate Advance becomes due and payable on a day which is not a Working Day, such payment shall be made on, and interest at the applicable rate shall be payable to, the next succeeding Working Day, unless such succeeding Working Day shall fall in the next succeeding calendar month, in which event such payment shall be made on the next preceding Working Day, and any relevant Interest Period shall be adjusted accordingly by the Bank.

9. Interest shall be computed on the basis of a 360 day year for actual days elapsed. Anything in this Note to the contrary notwithstanding, the Bank shall not be permitted to charge or receive, and the Borrower shall not be obligated to pay, interest in excess of the maximum rate from time to time permitted by applicable law; provided, however, if the maximum rate permitted by law changes, the rate hereunder shall change, without notice to the Borrower, on the same day the maximum rate permitted by law changes.

10. All payments on account of Prime Rate Advances to be made

hereunder by the Borrower shall be made in immediately

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available funds at the office of the Bank located at 7600 Jericho Turnpike, Woodbury, New York 11797 or such other office as the Bank may designate. All payments on account of Adjusted Libor Rate Advances to be made hereunder by the Borrower shall be made in immediately available funds at the office of the Bank located at 4 New York Plaza, New York, New York.

11. If any existing or future applicable law, regulation or directive, or any change therein or in the interpretation thereof, or compliance by the Bank with any request (whether or not having the force of law) of any relevant central bank or other comparable agency, subjects the Bank to any tax of any kind whatsoever with respect to this Note or changes the basis of taxation of payments to the Bank of principal, interest or any other amount payable hereunder (except for changes in the rate of any tax presently imposed on the Bank) or imposes, modifies or deems applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Bank which are not otherwise included in the determination of the rate applicable to Adjusted Libor Rate Advances hereunder, or imposes on the Bank any other condition with respect to the London interbank market or this Note or the loans evidenced hereby, and the result of any of the foregoing is to increase the cost to the Bank of maintaining advances or credit hereunder or to reduce any amount receivable in respect thereof, then the Borrower agrees to pay to the Bank, upon demand, additional amounts which will compensate the Bank for such increased cost or reduced amount receivable as determined by the Bank with respect to this Note. The Bank's certificate as to any additional amounts payable pursuant to the preceding sentence shall be conclusive as to the amounts due in the absence of manifest error.

12. Notwithstanding anything to the contrary contained elsewhere in this Note, if any change after the date hereof in any law or regulation or in the interpretation thereof by any governmental authority charged with the administration thereof shall make it unlawful (based on the opinion of any counsel, whether in-house, special or general, for the Bank) for the Bank to make or maintain any Adjusted Libor Rate Advance or to give effect to its obligations as contemplated hereby with respect to any Adjusted Libor Rate Advance, then, by written notice to the Borrower by the Bank the Bank may require that all outstanding Adjusted Libor Rate Advances made hereunder be converted to Prime Rate Advances, whereupon all such Adjusted Libor Rate Advances shall be automatically converted to Prime Rate Advances as of the effective Date of such notice as provided herein for purposes of this paragraph, a notice to the Borrower by the Bank pursuant to this paragraph shall be effective, if lawful and if any Adjusted Libor Rate Rate Advances shall then be



outstanding, on the last day

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of the then current Interest Period; otherwise, such notice shall be effective on the date of receipt by the Borrower.

13. The Borrower agrees to pay all the Bank's costs and out-of-pocket expenses (including, without limitation, reasonable attorneys' fees) arising in connection with the enforcement of, and preservation of its rights under, this Note.

14. The Borrower agrees to indemnify the Bank for, and to hold the Bank harmless from, any loss or expense which the Bank may sustain or incur, including any interest payment by the Bank to lenders of funds borrowed by it in order to make or maintain the loans evidenced hereby, as a consequence of (i) default by the Borrower in payment of the principal amount of, or interest on, this Note and (ii) with respect to Adjusted Libor Rate Advances, payment by the Borrower on a day other than the Maturity Date thereof as a result of acceleration of the obligations hereunder or otherwise. This covenant shall survive payment of this Note.

15. Upon the occurrence, with respect to the Borrower, or any endorser or guarantor, of any of the following: default in payment of this Note or any other obligation of any nature or description to the Bank including, without limitation any obligations pursuant to the Term Loan Note dated June 6, 1994 made by the Borrower payable to the Bank or pursuant to the terms of that certain Revolving Credit and Term Loan Agreement among the Borrower, certain of its subsidiaries and National Westminster Bank USA dated as of June 19, 1991, as such agreement was amended pursuant to (i) a First Amendment dated as of November 1, 1991, (ii) a Second Amendment dated as of November 30, 1992, of which 50% of the indebtedness due thereunder was assigned to the Bank pursuant to the Second Amendment (collectively, the "Obligations"), (iii) a Third Amendment dated August 31, 1994, and (iv) a Fourth Amendment dated as of April 26, 1995 (as amended, the "Agreement"); the occurrence of any material breach of any covenant or provision of any agreement between the Bank and any of them; calling a meeting of any creditors; filing of a voluntary or involuntary petition under the Federal Bankruptcy Code which, in the case of an involuntary petition, is not dismissed, discharged or bonded within 60 days of the date of such petition; insolvency; failure to pay or remit any tax when assessed or due unless contested in good faith by appropriate proceedings, for which adequate reserves are being provided; failing to furnish financial information or to permit inspection of books or records; making any material representation to the Bank in obtaining credit; then the Obligations shall be due and payable immediately without notice or demand.

16. The Bank shall have a continuing lien and/or right of set-off on deposits (general and special) and credits with the Bank of the Borrower and every endorser and guarantor, and may apply all or part of same to the

Obligations (whether contingent or unmatured), at any time or times, without notice. The Bank shall

have a continuing lien on all property of the Borrower and every endorser and guarantor and the proceeds thereof held or received by or for the Bank for any purpose. Any notice of disposition of property shall be deemed reasonable if mailed at least five (5) days before such disposition to the last address of the Borrower or such endorser or guarantor on the Bank's records. Each of the Borrower and each endorser and guarantor agrees to pay the costs and expenses (including, without limitation, reasonable attorneys' fees) of enforcing the Obligations. Each of the Borrower and each maker, endorser and guarantor waives protest and, in any litigation (whether or not relating to the Obligations) in which the Bank and any of them shall be adverse parties, waives the right to interpose any set-off or counterclaim of any nature or description. Time for payment extended by law shall be included in the computation of interest.

17. The Borrower hereby irrevocably (a) submits, in any legal proceeding relating to this Note, to the non-exclusive in personam jurisdiction of any state or United States court of competent jurisdiction sitting in the State of New York and agrees to suit being brought in any such court, and (b) agrees that nothing contained herein shall affect the Bank's right to effect service of process in any other manner permitted by law; and the Borrower and the Bank hereby irrevocably waive, in any such legal proceeding, trial by jury.

18. This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

UNIFORCE STAFFING SERVICES, INC.

By: \_\_\_\_\_  
Harry V. Maccarrone  
Vice President - Finance

PRIME RATE ADVANCES

Amount	Interest	Amount of	Unpaid Principal
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NATWEST BANK N.A.  
PROMISSORY NOTE

\$5,000,000.00

100 Jericho Quadrangle  
Jericho, New York 11753

November 3, 1995

ON the earlier of DEMAND or December 31, 1995, for value received, UNIFORCE STAFFING SERVICES, INC., (the "Borrower") promises to pay to the order of NATWEST BANK N.A. (the "Bank") at the office of the Bank located at the place first above stated or at such other place as the holder hereof may from time to time appoint in writing, in lawful money of the United States of America in immediately available funds, the principal sum of FIVE MILLION AND 00/100 (\$5,000,000.00) DOLLARS or such lesser amount as may then be the aggregate unpaid principal balance of all loans made by the Bank to the Borrower hereunder (each a "Loan" and collectively the "Loans") as shown on the schedule attached to and made a part of this Note, on the maturity dates set forth on such schedule. The Borrower also promises to pay interest (computed on the basis of a 360 day year for actual days elapsed) at said office in like money on the unpaid principal amount of each Loan from time to time outstanding at a rate per annum, to be elected by the Borrower at the time each Loan is made, equal to either (i) a fluctuating rate equal to the Prime Rate (the rate of interest established from time to time by the Bank as its "prime rate"; a Loan bearing interest at this rate is sometimes hereinafter called a "Prime Rate Loan"); or (ii) a fixed rate of 120 basis points plus the Reserve Adjusted LIBOR Rate for an Interest Period of 1, 2, 3, 4 or 6 months (a Loan bearing interest at this rate is sometimes hereinafter called a "LIBOR Rate Loan"); provided, that if prior to the end of any such Interest Period the Borrower and the Bank fail to agree upon a new Interest Period therefor so as to maintain such Loan as a LIBOR Rate Loan, such LIBOR Rate Loan shall automatically be converted into a Prime Rate Loan at the end of such Interest Period and shall be maintained as such until a new Reserve Adjusted LIBOR Rate and a new Interest Period therefor are agreed upon. Interest on each Loan shall be payable monthly on the last day of each month commencing the first such day to occur after a Loan is made hereunder and, together with principal, on the maturity thereof. Interest on LIBOR Rate Loans shall also be payable on the last day of each Interest Period applicable thereto. If any payment of principal or interest becomes due on a day on which the banks in New York, New York, are required or permitted by law to remain closed, such payment may be made on the next succeeding day on which such banks are open, and such extensions shall be included in computing interest in connection with such payment; provided, however, that if the result of any such extension would be to extend the maturity date of any LIBOR Rate Loan into another calendar month the payment shall be made on the immediately preceding Business Day. The Borrower further agrees that after any stated or any accelerated maturity of Loans hereunder, all Loans shall bear interest (computer daily) at a rate of 3% per annum in

excess of the Prime Rate, payable on demand. In no event shall interest payable hereunder be in excess of the maximum rate of interest permitted under applicable law.

The Borrower hereby expressly authorizes the Bank to record on the attached schedule the amount and date of each Loan, the rate of interest thereon, Interest Period thereof and the date and amount of each payment of principal. All such notations shall be presumptive as to the correctness thereof; provided, however, the failure of the Bank to make any such notation shall not limit or otherwise affect the obligations of the Borrower under this Note.

In consideration of the granting of the Loans evidenced by this Note, the Borrower hereby agrees as follows:

1. LOAN REQUESTS. Requests for LIBOR Rate Loans, and for Interest Periods subsequent to the initial Interest Period applicable thereto, shall be made not less than three (3) Business Days prior to the first day of each Interest Period for each such Loan. Requests for Prime Rate Loans shall be made not less than one (1) Business Day prior to the date the Loan is to be made. Any request for a Loan shall be written (including by facsimile transmission) effective upon receipt. All notices given hereunder shall be irrevocable and shall be given no later than 11:00 a.m. (New York City time) on the day which is not less than the number of Business Days specified above for such notice. The Bank shall have no obligation to make any Loan hereunder.

2. PREPAYMENT. Subject to the indemnification agreement set forth in Section 3 hereof with respect to LIBOR Rate Loans, the Borrower may prepay any Loan at any time in whole or in part without premium or penalty. Each such prepayment shall be made together with interest accrued thereon to and including the date of prepayment.

3. INDEMNITY; YIELD PROTECTION. The Borrower hereby agrees to indemnify the Bank against any loss or expense which the Bank may sustain or incur as a consequence of any of the following:

(a) the failure of the Borrower to borrow a LIBOR Rate Loan after agreement shall have been reached on the amount, interest rate and Interest Period thereof;

(b) the receipt or recovery by the Bank, whether by acceleration or otherwise, of all or any part of a LIBOR Rate Loan prior to the last day of an Interest Period applicable thereto; or

(c) the conversion, prior to the last day of an applicable Interest Period into a Prime Rate Loan.

Without limiting the effect of the foregoing, the amount to be paid by the Borrower to the Bank in order to so indemnify the Bank

for any loss occasioned by any of the events described in the preceding paragraph, and as liquidated damages therefor, shall be equal to the excess, if any, discounted to its present value as of the date paid to the Bank, of (i) the amount of interest which otherwise would have accrued on the principal amount so received, recovered, converted or not borrowed during the period (the "Indemnity Period") commencing with the date of such receipt, recovery, conversion, or failure to borrow to the last day of the applicable Interest Period for such LIBOR Rate Loan at the rate of interest applicable to such Loan (or the rate of interest agreed to in the case of a failure to borrow) provided for herein (prior to default) over (ii) the amount of interest which would be earned by the Bank during the Indemnity Period if it invested the principal amount so received, recovered, converted or not borrowed at the rate per annum determined by the Bank as the rate it would bid in the London interbank market for a deposit of eurodollars in an amount approximately equal to such principal amount for a period of time comparable to the Indemnity Period.

A certificate as to any additional amounts payable pursuant to this Section 3 setting forth the basis and method of determining such amounts shall be conclusive, absent manifest error, as to the determination by the Bank set forth therein if made reasonably and in good faith. The Borrower shall pay any amounts so certified to it by the Bank within 10 days of receipt of any such certificate.

The indemnities set forth herein shall survive payment in full of all LIBOR Rate Loans and all other Loans made pursuant to this Note.

4. INCREASES COSTS. If the Bank determines that the effect of any applicable law or government regulation, guideline or order of the interpretation thereof by any governmental authority charged with the administration thereof (such as, for example, a change in official reserve requirements which the Bank is required to maintain in respect of loans or deposits or other funds procured for funding such loans) is to increase the cost to the Bank of making or continuing LIBOR Rate Loans hereunder or to reduce the amount of any payment of principal or interest receivable by the Bank thereon, then the Borrower will pay to the Bank on demand such additional amounts as the Bank may reasonably determine to be required to compensate the Bank for such additional costs or reduction. Any additional payment under this section will be computed from the effective date at which such additional costs have to be borne by the Bank. A certificate as to any additional amounts payable pursuant to this Section 4 setting forth the basis and method of determining such amounts shall be conclusive, absent manifest error, as to the determination by the Bank set forth therein if made reasonably and in good faith. The Borrower shall pay any amounts so certified to it by the Bank within ten (10) days of receipt of any such certificate.

5. CHANGE IN CIRCUMSTANCES. In the event, and on each occasion, that on the day two (2) Business Days prior to the commencement of any Interest Period for a LIBOR Rate Loan, the Bank shall have determined (a) that dollar deposits in the amount of the requested principal amount of such LIBOR Rate Loan are not generally available in the London interbank market, (b) that the rate at which such dollar deposits are being offered will not adequately and fairly reflect the cost to the Bank of making or maintaining such LIBOR Rate Loan during such Interest Period, or (c) that reasonable means do not exist for ascertaining the Reserve Adjusted LIBOR Rate, the Bank shall, as soon as practicable thereafter, give written or telex notice of such determination to the Borrower. In the event of any such determination, until the circumstances giving rise to such notice no longer exist, no LIBOR Rate Loans will be made or continued hereunder. Any LIBOR Rate Loan then outstanding will be converted into a Prime Rate Loan on the expiration of the then current Interest Period. Each determination by the Bank hereunder shall be conclusive absent manifest error.

6. CHANGE IN LEGALITY. (a) Notwithstanding anything to the contrary herein contained, if any change in any law or regulation or in the interpretation thereof by any governmental authority charged with the administration or interpretation thereof shall make it unlawful for the Bank to make or maintain any LIBOR Rate Loan, then, by written notice to the Borrower, the Bank may:

(i) declare that LIBOR Rate Loans will not thereafter be made by the Bank hereunder, whereupon the Borrower shall be prohibited from requesting LIBOR Rate Loans from the Bank hereunder unless such declaration is subsequently withdrawn; and

(ii) require that all outstanding LIBOR Rate Loans made by it to be converted to Prime Rate Loans, in which event (x) all such LIBOR Rate Loans shall be automatically converted to Prime Rate Loans as of the effective date of such notice as provided in paragraph (b) below and (y) all payments and prepayments of the principal which would otherwise have been applied to repay the converted LIBOR Rate Loans shall instead be applied to repay the Prime Rate Loans resulting from the conversion of such LIBOR Rate Loans.

(b) For purposes of this Section 6, a notice to the Borrower by the Bank pursuant to paragraph (a) above shall be effective, if lawful, on the last day of the then current Interest Period; in all other cases, such notice shall be effective on the day of receipt by the Borrower.

7. Warranties and Representations. The Borrower represents and warrants that: a) the financial statements of the Borrower heretofore furnished to the Bank are complete and correct and fairly represent the financial condition of



dates thereof and for the periods covered thereby, which financial condition has not materially, adversely, changed since the date of the most recently dated balance sheet heretofore furnished to the Bank; b) the Borrower shall not use any part of the proceeds of any Loan to purchase or carry any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to others for the purpose of purchasing or carrying any margin stock; c) there is no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator which, if determined adversely to the Borrower, would have a materially adverse effect on the financial condition of the Borrower except as described in the financial statements for the Borrower heretofore furnished to the Bank; and d) on the occasion of the granting of each Loan all representations and warranties contained herein shall be true and correct and with the same force and effect as though such representations and warranties had been made on and as of the date of the making of each such Loan.

8. COLLATERAL SECURITY. This Note is secured pursuant to the terms of continuing general security agreements from the Borrower and certain affiliated corporations. As collateral security for the payment of any and all sums owing under this Note and all other obligations, direct or contingent, joint, several or independent, of the Borrower and each endorser and guarantor hereof now or hereafter existing, due or to become due to, or held, or to be held by, the Bank, whether created directly or indirectly or acquired by assignment or otherwise, (all of such obligations, including this Note, are hereinafter called the "Obligations"), the Borrower hereby grants to the Bank a lien on and security interest in any and all deposits or other sums at any time credited by or due from the Bank to the Borrower, whether in regular or special depository accounts or otherwise, and any and all monies, securities and other property of the Borrower, and the proceeds thereof, now or hereafter held or received by or in transit to the Bank from or for the Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise, and any such deposits, sums, monies, securities and other property, may at any time after demand be set-off, appropriated and applied by the Bank against any of the Obligations whether or not such Obligations are then due or are secured by any collateral, or, if they are so secured, whether or not such collateral held by the Bank is considered to be adequate.

9. DEFINITIONS. As used herein:

(a) "Business Day" means any day other than a Saturday, Sunday or other business day on which commercial banks in New York, New York are authorized or required to close under federal law or the Laws of the State of New York and, if the applicable day relates to a LIBOR Rate Loan, an Interest

Period, or notice with respect to a LIBOR Rate Loan, a day on which dealings in Dollar

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deposits are also carried on in the London Interbank market and banks are open for business in London.

(b) "Reserve Adjusted LIBOR Rate" means with respect to any Interest Period, the average of the respective rates per annum at which deposits in U.S. dollars are offered by a Reference Bank (selected by the Bank) in the London interbank market at approximately 11:00 A.M. (London time) two (2) Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the LIBOR Rate Loan to which such Interest Period is to apply and for a period of time comparable to such Interest Period divided by one minus the LIBOR Reserve Percentage and rounded upward, if necessary, to the next higher 1/16 of 1%.

"LIBOR Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City which deposits exceeding one billion dollars in respect of "Eurocurrency Liabilities" as such term is used in Regulation D of the Board of Governors of the Federal Reserve System, (or in respect of any other category of liabilities which includes deposits by reference to which the interest rates of LIBOR Rate Loans are determined or any category of extensions of credit or other assets which includes loans by a non-United States office of the Bank to United States residents). The Reserve Adjusted LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage.

"Reference Banks" means banks appearing in the display designated as page "LIBO" on the Reuters' Monitor Money Rates Service (or such other page as may replace the LIBOR page on that service for the purpose of displaying London Interbank Offered Rates of major banks); provided that if no such offered rate shall appear on such display, "Reference Banks" shall mean one or more major banks in the London interbank market as selected by the Bank.

(c) "Interest Period" means that period selected by the Borrower, within the limitations of the first paragraph of this Note, during which a LIBOR Rate Loan may bear interest at the LIBOR Rate plus a margin of 120 basis points.

## 10. MISCELLANEOUS.

(a) The Borrower agrees to pay on demand all of the Bank's costs and expenses, including reasonable counsel fees, in connection with collection of

any sums due to the Bank and enforcement of its rights under this Note.

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(b) No modification or waiver of any provision of this Note shall be effective unless such modification or waiver shall be in writing and signed by a duly authorized officer of the Bank and the Borrower, and the same shall then be effective only for the period and on the conditions and for the specific instances specified in such writing. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver hereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any rights, power or privilege.

(c) The Borrower hereby waives presentment, demand for payment, notice of protest, notice of dishonor, and any ad all other notices or demands except as otherwise expressly provided for herein.

(d) This Note shall be construed in accordance with and governed by the laws of the State of New York and the Borrower consents to the jurisdiction of the courts of New York in any action brought to enforce any rights of the Bank under this Note.

(e) The Borrower waives trial by jury and the right to interpose any set-off or counterclaim in any litigation in any court with respect to, in connection with, or arising out of, this Note or any instrument or document delivered pursuant hereto or the validity, protection, interpretation, collection or enforcement hereof or thereof.

The Borrower acknowledges that this instrument is PAYABLE ON DEMAND, and that any condition or requirement set forth in any other agreement between the Borrower and the Bank is not the only basis upon which demand can be made hereunder.

UNIFORCE STAFFING SERVICES, INC.

By: /s/ Harry V. Maccarrone

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Harry V. Maccarrone  
Vice President - Finance

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNIFORCE'S FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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