

As filed with the Securities and Exchange Commission on March 14, 2003.

---

---

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

---

## FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES  
PURSUANT TO SECTION 12(b) OR 12(g) OF  
THE SECURITIES EXCHANGE ACT OF 1934

---

### HUDSON HIGHLAND GROUP, INC.

(Exact Name of Registrant As Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**59-3547281**  
(I.R.S. Employer  
Identification Number)

**622 Third Avenue, New York, New York 10017**  
(Address of Principal Executive Offices)  
**(212)351-7200**  
(Registrant's telephone number, including area code)

---

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None.**  
**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

Title of class to be so registered

Name of each exchange on which  
class is to be registered

---

Common Stock, \$.001 par value per share

---

The Nasdaq National Market

---

---

### HUDSON HIGHLAND GROUP, INC. ("HH Group")

#### I. INFORMATION INCLUDED IN INFORMATION STATEMENT AND INCORPORATED IN FORM 10 BY REFERENCE

##### CROSS REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Our information statement may be found as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in the information statement.

Item No.	Caption	Location in Information Statement
1.	Business	"Business"; "Summary—Summary of Historical and Pro Forma Financial Data"; "Risk Factors"
2.	Financial Information	"Summary—Summary of Historical and Pro Forma Financial Data"; "Management's Discussion and Analysis of Financial Condition and Results of Operations"
3.	Properties	"Business—Properties"
4.	Security Ownership of Certain Beneficial Owners and Management	"Security Ownership of Certain Beneficial Owners and Management"
5.	Directors and Executive Officers	"Management"
6.	Executive Compensation	"Management—Compensation of Executive Officers"; "Management—Compensation of Directors"
7.	Certain Relationships and Related Transactions	"Certain Relationships and Related Transactions"; "Arrangements Between HH Group and TMP Relating to the Distribution"
8.	Legal Proceedings	"Business—Legal Proceedings"
9.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	"The Distribution—Approval and trading of shares of HH Group common stock"; "Risk Factors"
10.	Recent Sales of Unregistered Securities	Not included. (See Part II Item 10)
11.	Description of Registrant's Securities to be Registered	"Description of Capital Stock of HH Group"; "Certain Anti-Takeover Effects"
12.	Indemnification of Directors and Officers	"Liability and Indemnification Officers and Directors"
13.	Financial Statements and Supplementary Data	"Summary—Summary of Historical and Pro Forma Financial Data";

14.	Changes in and Disagreements with Accountants and Accounting and Financial Disclosure	"Selected Historical Financial Data" None.
15.	Financial Statements and Exhibits	"Index to Combined Financial Statements"

2

---

**II. INFORMATION NOT INCLUDED IN INFORMATION STATEMENT.**

**Item 10. Recent Sales of Unregistered Securities.**

None.

**Item 15. Financial Statements and Exhibits.**

(b) Exhibits:

Exhibit No.	Description
2.1	Form of Distribution Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
3.1	Amended and Restated Certificate of Incorporation of Hudson Highland Group, Inc.
3.2	Amended and Restated By-laws of Hudson Highland Group, Inc.
4.1	Specimen Stock Certificate of Hudson Highland Group, Inc.
4.2	Form of Hudson Highland Group, Inc. Long Term Incentive Plan
4.3	Form of Hudson Highland Group, Inc. Employee Stock Purchase Plan.
10.1	Form of Distribution Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc. (filed as Exhibit 2.1)
10.2	Form of Transition Services Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
10.3	Form of Tax Separation Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
10.4	Form of Loan Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
21	List of Subsidiaries of Hudson Highland Group, Inc.
99.1	Hudson Highland Group, Inc. Information Statement dated March 14, 2003

3

---

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

HUDSON HIGHLAND GROUP, INC.

By: /s/ JON F. CHAIT

Name: Jon F. Chait  
Title: Chairman, President and CEO

Dated: March 14, 2003

4

---

**INDEX TO EXHIBITS**

Exhibit No.	Description
2.1	Form of Distribution Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
3.1	Amended and Restated Certificate of Incorporation of Hudson Highland Group, Inc.
3.2	Amended and Restated By-laws of Hudson Highland Group, Inc.
4.1	Specimen Stock Certificate of Hudson Highland Group, Inc.
4.2	Form of Hudson Highland Group, Inc. Long Term Incentive Plan.
4.3	Form of Hudson Highland Group, Inc. Employee Stock Purchase Plan.
10.1	Form of Distribution Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc. (filed as Exhibit 2.1)
10.2	Form of Transition Services Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
10.3	Form of Tax Separation Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
10.4	Form of Loan Agreement by and between TMP Worldwide Inc. and Hudson Highland Group, Inc.
21	List of Subsidiaries of Hudson Highland Group, Inc.
99.1	Hudson Highland Group, Inc. Information Statement dated March 14, 2003

---

## QuickLinks

[HUDSON HIGHLAND GROUP, INC. \("HH Group"\)](#)

[SIGNATURES](#)

[INDEX TO EXHIBITS](#)

**DISTRIBUTION AGREEMENT**  
**by and between**  
**TMP WORLDWIDE INC.**  
**and**  
**HUDSON HIGHLAND GROUP, INC.**  
**Dated as of March       , 2003**

**TABLE OF CONTENTS**

		<u>Page</u>
<b>ARTICLE 1</b>		
<b>DEFINITIONS</b>		
1.01	Definitions	1
<b>ARTICLE 2</b>		
<b>PRE-DISTRIBUTION TRANSACTIONS; CERTAIN COVENANTS</b>		
2.01	Corporate Restructuring Transactions	5
2.02	Charter and Bylaws of HHGI	5
2.03	Election of Directors of HHGI	5
2.04	TMP Board Action	5
2.05	Transfer and Assignment of Certain Licenses and Permits	5
2.06	Transfer and Assignment of Certain Agreements	6
2.07	Consents	6
2.08	Other Transactions	6
2.09	Preparation and Filing of Form 10	7
2.10	Election of Officers	7
2.11	Employee Benefit Plans	7
2.12	State Securities Laws	7
2.13	Listing Application	7
2.14	Certain Financial and Other Arrangements	7
2.15	Director, Officer and Employee Resignations	7
2.16	Transfer Not Effected Prior to the Distribution; Transfer Deemed Effective as of the Distribution Date	8
2.17	Ancillary Agreements	8
<b>ARTICLE 3</b>		
<b>THE DISTRIBUTION</b>		
3.01	Conditions Precedent to the Distribution	9
3.02	The Distribution	9
3.03	Subdivision of HHGI Common Stock to Accomplish the Distribution	10
3.04	Fractional Shares	10
<b>ARTICLE 4</b>		
<b>INDEMNIFICATION</b>		
4.01	Release of Pre-Distribution Claims	10
4.02	HHGI Indemnification of the TMP Group	12
4.03	TMP Indemnification of the HHGI Group	12
4.04	Insurance; Third Party Obligations; Tax Benefits	12
4.05	Notice and Payment of Claims	13
4.06	Notice and Defense of Third-Party Claims	13
4.07	Contribution	14
4.08	Non-Exclusivity of Remedies	14
<b>ARTICLE 5</b>		
<b>EMPLOYEE MATTERS</b>		
5.01	Certain Employee and Employee Benefits Matters	14
5.02	Payment of Outstanding Credit Card Balances	17

ARTICLE 6  
ACCESS TO INFORMATION

6.01	Provision of Corporate Records	18
6.02	Access to Information	18
6.03	Litigation Cooperation	18
6.04	Reimbursement	18
6.05	Retention of Records	18
6.06	Confidential Information	18
6.07	Inapplicability of Article 6 to Tax Matters	19

ARTICLE 7  
CERTAIN OTHER AGREEMENTS

7.01	Leased Real Property	19
7.02	Insurance Policies	19
7.03	Tax Matters	21
7.04	Use of Names, Trademarks, etc	21
7.05	Intellectual Property	24
7.06	Certain Business Matters	25
7.07	Reimbursement of HHGI Group Liabilities	26
7.08	Delivery of Property	26
7.09	Further Assurances and Consents	26

ARTICLE 8  
MISCELLANEOUS

8.01	Notices	26
8.02	Amendments; No Waivers	27
8.03	Expenses	27
8.04	Successor and Assigns	28
8.05	Governing Law	28
8.06	Counterparts; Effectiveness	28
8.07	Entire Agreement	28
8.08	Set-Offs	28
8.09	Arbitration	28
8.10	Existing Arrangements	28
8.11	Termination Prior to the Distribution	29
8.12	Publicity	29
8.13	Captions	29
8.14	Third Party Beneficiaries	29

**DISTRIBUTION AGREEMENT**

This DISTRIBUTION AGREEMENT, dated as of March , 2003 (this "*Agreement*"), is by and between TMP Worldwide Inc., a Delaware corporation ("*TMP*"), and Hudson Highland Group, Inc., a Delaware corporation ("*HHGI*").

W I T N E S S E T H:

WHEREAS, HHGI is presently a wholly-owned subsidiary of TMP;

WHEREAS, the Board of Directors of TMP has determined that it is in the best interests of TMP, its stockholders and HHGI that all shares of HHGI Common Stock (as defined below) owned by TMP be distributed pro rata to TMP's stockholders;

WHEREAS, TMP and HHGI are concurrently herewith entering into the Tax Separation Agreement (as defined below); and

WHEREAS, the parties hereto desire to set forth herein the principal corporate transactions to be effected in connection with the Distribution (as defined below) and certain other matters relating to the relationship and the respective rights and obligations of the parties following the Distribution.

NOW, THEREFORE, the parties hereto agree as follows:

**ARTICLE 1  
DEFINITIONS**

1.01 *Definitions.* The following terms, as used herein, have the following meanings:

"*Action*" means any claim, suit, action, arbitration, inquiry, investigation or other proceeding by or before any court, governmental or other regulatory or administrative agency or commission or any other tribunal.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Ancillary Agreement" means each of the Contribution Agreement, each Financing Agreement, each Real Estate Agreement, the Services Agreement and the Tax Separation Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the Securities and Exchange Commission.

"Contribution Agreement" means the Contribution Agreement, dated as of March , 2003, between TMP and HHGI, providing for the contribution of all of the outstanding shares of capital stock of certain wholly-owned Subsidiaries of TMP to HHGI.

"Corporate Restructuring Transactions" means, collectively, (i) each of the distributions, transfers, conveyances, contributions, assignments and other transactions described in the Contribution Agreement, and (ii) such other distributions, transfers, conveyances, contributions, assignments and other transactions (so long as such other distributions, transfers, conveyances, contributions, assignments and other transactions do not, individually or in the aggregate, adversely affect the TMP Business (other than to a de minimis extent)) that may be required to be accomplished, effected or consummated by TMP, HHGI or any of their respective Subsidiaries or Affiliates in order to separate and divide, in a series of transactions that, to the extent possible, shall qualify for tax-free treatment under the Code, the existing businesses of TMP so that, except as otherwise provided in the Distribution Documents, (A) the business, assets and liabilities necessary for the continuing operation

---

of the HHGI Business shall be owned, directly or indirectly, by HHGI, and (B) the business, assets and liabilities of TMP that remain after the separations and divisions described above, including, without limitation, the business, assets and liabilities necessary for the continuing operation of the TMP Business, are, after giving effect to the Distribution, owned, directly or indirectly, by TMP.

"Distribution" means a distribution by TMP of all HHGI Common Stock owned by it to the holders of TMP Common Stock as of the Record Date.

"Distribution Agent" means The Bank of New York.

"Distribution Date" means the day as of which the Distribution shall be effected.

"Distribution Documents" means all of the agreements and other documents entered into in connection with the Distribution as contemplated hereby, including, without limitation, this Agreement and the Ancillary Agreements.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, permits, licenses and governmental restrictions, whether now or hereafter in effect, relating to the environment, the effect of the environment on human health or to emissions, discharges, releases, manufacturing, storage, processing, distribution, use, treatment, disposal, transportation or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic, radioactive or hazardous substances or wastes or the clean-up or other remediation thereof.

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

"Finally Determined" means, with respect to any Action or other matter, that the outcome or resolution of such Action or matter has been determined by judgment or order not subject to further appeal or discretionary review.

"Financing Agreements" shall mean the following agreements and instruments to be entered into by TMP and/or HHGI on or prior to the Distribution Date (as such agreements and instruments may thereafter be amended, modified or supplemented in accordance with their respective terms): (i) the promissory note in the principal amount of \$15,000,000 from HHGI to and in favor of TMP; (ii) the loan agreement between TMP and HHGI entered into in connection with such promissory note; (iii) the security agreement entered into between TMP and HHGI in connection with such loan agreement; and (iv) any other supplementary agreements or instruments delivered to TMP by HHGI in connection with the foregoing.

"Form 10" means the registration statement on Form 10 filed by HHGI with the Commission to effect the registration of HHGI Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended from time to time.

"Group" means, as the context requires, the HHGI Group or the TMP Group.

"HHGI Business" means the businesses, including TMP's existing executive search and eResourcing businesses, that, after giving effect to the Corporate Restructuring Transactions, are conducted by (i) the HHGI Group and (ii) any business entity acquired or established by or for TMP or HHGI or any of their respective Subsidiaries between the date of this Agreement and the close of business on the Distribution Date that is engaged in, or intends to engage in, any business that is of a type or nature that would have resulted in such business being a Subsidiary included in, or an asset of, the HHGI Group.

"HHGI Common Stock" means the common stock, par value \$.001 per share, of HHGI.

"HHGI Group" means HHGI and its Subsidiaries as of and after the Distribution Date (including all predecessors to such Persons).

---

"HHGI Liabilities" means all (i) Liabilities of the HHGI Group under this Agreement and (ii) except as otherwise specifically provided herein or in any Ancillary Agreement, other Liabilities, whether arising before, on or after the Distribution Date, of or relating to the HHGI Group or arising from or in connection

with the conduct of the HHGI Business or the ownership or use of assets in connection therewith, including, without limitation, any Liabilities arising under or relating to Environmental Laws and any liabilities under the provisions of any joint agreement assigned to it pursuant to Section 2.06(c). Notwithstanding the foregoing, "HHGI Liabilities" shall exclude (x) any Liabilities for Taxes (since such Liabilities shall be governed by the Tax Separation Agreement) and (y) any Liabilities specifically retained or assumed by TMP pursuant to this Agreement.

"Information Statement" means the information statement to be sent to each holder of TMP Common Stock in connection with the Distribution.

"Intellectual Property" means (a) inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents (including utility and design patents, industrial designs and utility models), patent applications, patent and invention disclosures and all other rights of inventorship, worldwide, together with all reissues, continuations, continuations-in-part, divisions, revisions, supplementary protection certificates, extensions and re-examinations thereof; (b) copyrights in copyrightable works and all other rights of authorship, worldwide, and all applications (including the right to file applications), registrations and renewals in connection therewith; (c) trade secrets and confidential business and technical information (including ideas, research and development, know-how, formulas, technology, compositions, manufacturing and production processes and techniques, technical data, engineering, production and other designs, drawings, engineering notebooks, industrial models, software and specifications and any other information meeting the definition of a trade secret under the Uniform Trade Secrets Act); (d) computer and electronic data processing programs and software, both source code and object code (including data and related documentation, flow charts, diagrams, descriptive texts and programs, computer print-outs, underlying tapes, computer databases and similar items), computer applications and operating programs; (e) rights to sue for and remedies against past, present and future infringements of any or all of the foregoing and rights of priority and protection of interests therein under the laws of any jurisdiction worldwide; (f) all copies and tangible embodiments of any or all of the foregoing (in whatever form or medium, including electronic media); (g) all other proprietary and intellectual property rights and interests (excluding names, trademarks and other rights and interests that are the subject of Section 7.04 hereof); and (h) all other rights relating to any or all of the foregoing.

"Liabilities" means any and all claims, debts, liabilities and obligations, absolute or contingent, matured or not matured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses relating thereto, and including, without limitation, those debts, liabilities and obligations arising under this Agreement, any law, rule, regulation, any action, order, injunction or consent decree of any governmental agency or entity, or any award of any arbitrator of any kind, and those arising under any agreement, commitment or undertaking.

"Losses" means, with respect to any Person, any and all damage, loss, liability and expense incurred or suffered by such Person (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any and all Actions or threatened Actions).

"Person" means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Real Estate Agreements" means all subleases, releases, assignments, consents and agreements relating to the division of real property and interests therein between members of the TMP Group and

3

---

members of the HHGI Group entered into as of or prior to the Distribution Date, in each case as amended from time to time.

"Record Date" means the date determined by TMP's Board of Directors (or determined by a committee of such Board of Directors pursuant to authority delegated to such committee by TMP's Board of Directors) as the record date for determining the holders of TMP Common Stock entitled to receive the Distribution.

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

"Services Agreement" means the Transition Services Agreement, dated as of the date hereof, between TMP and HHGI.

"Subsidiary" means, with respect to any Person, any other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"Tax" means tax of any kind, a levy or other like assessment, customs, duties, imposts, charges or fees imposed or payable to the United States or any state, county, local or foreign government or subdivision or agency thereof, and in each instance such term shall include any interest, penalties or additions to tax attributable to any such Tax.

"Tax Separation Agreement" means the Tax Separation Agreement, dated as of the date hereof, between TMP and HHGI.

"TMP Business" means the businesses (other than the HHGI Business) that, after giving effect to the Corporate Restructuring Transactions, are or were conducted by (i) the TMP Group, (ii) any other division, Subsidiary or investment of TMP, any TMP Subsidiary or any of the other members of the TMP Group managed or operated or in existence as of the date of this Agreement or any prior time, unless such other division, Subsidiary or investment is expressly included in the HHGI Group immediately after giving effect to the Corporate Restructuring Transactions, and (iii) any business entity acquired or established by or for TMP or any of its Subsidiaries between the date of this Agreement and the close of business on the Distribution Date that is engaged in, or intends to engage in, any business that is of a type or nature that would have resulted in such business being a Subsidiary included in, or an asset of, the TMP Group.

"TMP Common Stock" means the common stock, par value \$.001 per share, of TMP.

"TMP Group" means TMP and its Subsidiaries (other than any Subsidiary or member of, or other entity in, the HHGI Group).

"TMP Liabilities" means all (i) Liabilities of the TMP Group under this Agreement and (ii) except as otherwise specifically provided herein or in any Ancillary Agreement, other Liabilities, whether arising before, on or after the Distribution Date, of or relating to the TMP Group or arising from or in connection with the conduct of the businesses of the TMP Group (other than the HHGI Business) or the ownership or use of assets in connection therewith, including, without limitation, any Liabilities arising under or relating to Environmental Laws and any liabilities under the provisions of any joint agreement assigned to it pursuant to Section 2.06(c). Notwithstanding the foregoing, "TMP Liabilities" shall exclude (x) any Liabilities for Taxes (since such Liabilities shall be governed by the Tax Separation Agreement) and (y) any Liabilities specifically retained or assumed by HHGI pursuant to this Agreement.

4

**ARTICLE 2**  
**PRE-DISTRIBUTION TRANSACTIONS;**  
**CERTAIN COVENANTS**

2.01 *Corporate Restructuring Transactions.* On or prior to the Distribution Date, TMP and HHGI shall, and shall cause each of their respective Subsidiaries to, as applicable, take such actions as are necessary to cause, effect and consummate the Corporate Restructuring Transactions. TMP and HHGI hereby agree that any one or more of the Corporate Restructuring Transactions may be modified, supplemented or eliminated; provided such modification, supplement or elimination (i) is necessary or appropriate to divide the existing businesses of TMP so that the HHGI Business shall be owned, directly or indirectly, by HHGI, and (ii) does not, individually or in the aggregate, adversely affect the TMP Business (other than to a de minimis extent). After the completion of the Corporate Restructuring Transactions, the Subsidiaries listed on *Schedule 2.01* (other than any such Subsidiary that is liquidated or merged into or consolidated with another entity in connection with the Corporate Restructuring Transactions) shall be direct or indirect Subsidiaries of HHGI. On or prior to the Distribution Date, TMP and HHGI shall cause the name of any Subsidiary listed on *Schedule 2.01* that includes the name "TMP" to be changed such that "TMP" is no longer included in the name of such Subsidiary; *provided, however*, that in the case of any such Subsidiary organized under the laws of a European jurisdiction, TMP and HHGI shall cause such Subsidiary, on or prior to the Distribution Date, to adopt a resolution and to submit to any applicable authority a duly completed application to change its name such that "TMP" is no longer included in the name of such Subsidiary.

2.02 *Charter and Bylaws of HHGI.* On or prior to the Distribution Date, TMP and HHGI shall take all necessary actions so that, as of the Distribution Date, HHGI's certificate of incorporation (the "*HHGI Charter*") and bylaws will be substantially in the forms attached hereto as *Exhibits A* and *B*, respectively.

2.03 *Election of Directors of HHGI.* On or prior to the Distribution Date, TMP, as the sole stockholder of HHGI, shall take all necessary action so that as of the Distribution Date the directors of HHGI will be as set forth in the Information Statement.

2.04 *TMP Board Action.* TMP's Board of Directors shall, in its discretion, establish (or delegate authority to establish) the Record Date and the Distribution Date and any appropriate procedures in connection with the Distribution.

2.05 *Transfer and Assignment of Certain Licenses and Permits.*

(a) *Licenses and Permits Relating to the HHGI Business.* On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, TMP shall (and, if applicable, shall cause any other Person over which it has legal or effective direct or indirect control to) duly and validly transfer or cause to be duly and validly transferred to the appropriate member of the HHGI Group (as directed by HHGI) all material transferable licenses, permits and authorizations issued by any governmental authority which relate to the HHGI Business but which are held in the name of any member of the TMP Group, or any of their respective employees, officers, directors, stockholders or agents.

(b) *Licenses and Permits Relating to the TMP Business.* On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, HHGI shall (and, if applicable, shall cause any other Person over which it has legal or effective direct or indirect control to) duly and validly transfer or cause to be duly and validly transferred to the appropriate member of the TMP Group (as directed by TMP) all material transferable licenses, permits and authorizations issued by any governmental authority which relate to the TMP Business but which are held in the name of any member of the HHGI Group, or any of their respective employees, officers, directors, stockholders or agents.

5

---

2.06 *Transfer and Assignment of Certain Agreements.*

(a) *Transfer and Assignment of TMP Business Agreements.* Subject to the limitations set forth in this Section 2.06 and in Section 2.16, HHGI hereby, on behalf of itself and any of the other members of its Group over which it has, or upon completion of the Corporate Restructuring Agreements contemplated by this Agreement will have, legal or effective direct or indirect control, assigns, transfers and conveys to TMP (or such other member of the TMP Group as TMP shall direct) all of its (or such other member of its Group's) right, title and interest in and to any and all agreements that relate exclusively to the TMP Business or any member of the TMP Group.

(b) *Transfer and Assignment of HHGI Business Agreements.* Subject to the limitations set forth in this Section 2.06 and in Section 2.16, TMP hereby, on behalf of itself and any of the other members of its Group over which it has, or upon completion of the Corporate Restructuring Agreements contemplated by this Agreement will have, legal or effective direct or indirect control, assigns, transfers and conveys to HHGI (or such other member of the HHGI Group as HHGI shall direct) all of its (or such member of its Group's) right, title and interest in and to any and all agreements that relate exclusively to the HHGI Business or any member of the HHGI Group.

(c) *Joint Agreements.* Subject to the provisions of Section 2.16 below, any agreement to which any party hereto (or any other member of such party's Group) is a party that inures to the benefit of both the TMP Business and the HHGI Business is hereby assigned in part so that each party (or such other member of such party's Group) is entitled to the rights and benefits inuring to its business under such agreement. Notwithstanding the foregoing, to the extent that any such agreement contains a mandatory arbitration clause, non-solicitation or non-competition covenant or provision restricting disclosure of confidential information (i) for the benefit of the TMP Business, the full benefit of such clause, covenant or provision is hereby retained by or assigned to the applicable member of the TMP Group and (ii) exclusively for the benefit of the HHGI Business, the full benefit of such clause, covenant or provision is hereby retained or assigned to the applicable member of the HHGI Group.

(d) *Obligations of Assignees.* The assignee of any agreement assigned, in whole or in part, hereunder (an "*Assignee*"), hereby assumes and agrees to pay, perform and fully discharge all obligations of the assignor under such agreement (whether such obligations arose or were incurred prior to, on or subsequent to the Distribution Date and irrespective of whether such obligations have been asserted as of the Distribution Date) or, in the case of a partial assignment under Section 2.06(c) above, such Assignee's related portion of such obligations as determined in accordance with the terms of the relevant agreement, where determinable on the face thereof, and otherwise as determined in accordance with the practice of the parties prior to the Distribution. Furthermore, the Assignee shall use its commercially reasonable efforts to cause the assignor of such agreement to be released from its obligations under the assigned agreements (or, in the case of joint agreements, under the assigned portion of such joint agreement), and shall indemnify and hold harmless such assignor to the extent such assignor is not released from its obligations under the assigned agreements.

2.07 *Consents.* The parties hereto shall use their commercially reasonable efforts to obtain any third-party consents or approvals that are required to consummate the Corporate Restructuring Transactions, the Distribution and the other transactions contemplated herein.

2.08 *Other Transactions.* On or prior to the Distribution Date, TMP and HHGI shall have consummated those other transactions in connection with the Corporate Restructuring Transactions and the Distribution that are contemplated by the Information Statement and not specifically referred to in Sections 2.01 through 2.07 above; *provided, however,* that such other transactions do not, individually or in the aggregate, adversely affect the TMP Business (other than to a de minimis extent).

6

---

2.09 *Preparation and Filing of Form 10.* TMP and HHGI have prepared, and HHGI has filed with the Commission, the Form 10, which includes or incorporates by reference the Information Statement, which sets forth appropriate disclosure concerning HHGI and the Distribution. The Form 10 has become effective under the Exchange Act. TMP has mailed the Information Statement to the holders of TMP Common Stock as of the Record Date.

2.10 *Election of Officers.* On or prior to the Distribution Date, TMP and HHGI shall, as applicable, take all actions necessary and desirable so that as of the Distribution Date the officers of HHGI will be as set forth in the Information Statement.

2.11 *Employee Benefit Plans.* TMP and HHGI shall cooperate in preparing, filing with the Commission and causing to become effective any registration statements or amendments thereto that are appropriate to reflect the establishment of or amendments to any employee benefit plans contemplated by this Agreement, as set forth in Section 5.01.

2.12 *State Securities Laws.* Prior to the Distribution Date, TMP and HHGI shall take all such action as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States (and any comparable laws of any foreign jurisdiction) in connection with the transactions contemplated by this Agreement.

2.13 *Listing Application.* TMP and HHGI have prepared and filed with The Nasdaq National Market ("*Nasdaq*") a listing application and related documents and shall take all such other actions with respect thereto as shall be necessary or desirable in order to cause Nasdaq, on or prior to the Distribution Date, to approve the HHGI Common Stock for quotation, subject to official notice of issuance.

2.14 *Certain Financial and Other Arrangements.*

(a) *Settlement of Intercompany Accounts Between the HHGI Group and the TMP Group.* All intercompany receivables, payables and loans outstanding as of the Distribution Date (other than receivables, payables and loans otherwise specifically provided for in any of the Distribution Documents), including, without limitation, in respect of any cash balances, any cash balances representing deposited checks or drafts for which only a provisional credit has been allowed or any cash held in any centralized cash management system, between any member of the HHGI Group and any member of the TMP Group shall, as of the close of business on the Distribution Date, be offset against each other and the net intercompany balance remaining, if any, shall be contributed to the HHGI Group.

(b) *Operations in Ordinary Course.* Except as otherwise provided in any of the Distribution Documents, during the period from the date of this Agreement through the Distribution Date, TMP and HHGI shall, and shall cause any entity that is a Subsidiary of such party at any time during such period, to conduct its business in a manner substantially consistent with current and past operating practices and in the ordinary course, including, without limitation, with respect to the payment and administration of accounts payable and the collection and administration of accounts receivable.

(c) *Financing Agreements.* On or prior to the Distribution Date, TMP and HHGI shall enter into the Financing Agreements.

2.15 *Director, Officer and Employee Resignations.* Subject to the provisions of Section 2.03 and Section 2.10 above:

(a) *Resignations by Directors and Employees of the TMP Group.* TMP shall cause all of its directors and all employees of the TMP Group to resign, effective as of the close of business on the Distribution Date, from all boards of directors or similar governing bodies of each member of the HHGI Group on which they serve, and from all positions as officers or employees of any

7

---

member of the HHGI Group, except for those TMP Group employees who will be employees of the HHGI Group following the Distribution Date or as mutually agreed to in writing on or prior to the Distribution Date by TMP and HHGI.

(b) *Resignations by Directors and Employees of the HHGI Group.* HHGI shall cause all of its directors and all employees of HHGI Group to resign, effective as of the close of business on the Distribution Date, from all boards of directors or similar governing bodies of each member of the TMP Group on which they serve, and from all positions as officers or employees of any member of the TMP Group, except as mutually agreed to in writing on or prior to the Distribution Date by HHGI and TMP.

2.16 *Transfer Not Effected Prior to the Distribution; Transfer Deemed Effective as of the Distribution Date.* To the extent that any transfer contemplated by this Article 2 shall not have been consummated on or prior to the Distribution Date, the parties hereto shall cooperate (and shall cause each of their respective Affiliates and each member of their respective Groups over which they have legal or effective direct or indirect control to cooperate) to effect such transfers as promptly following the Distribution Date as shall be practicable. Nothing herein shall be deemed to transfer or require the transfer of any assets or the assumption of any Liabilities which by their terms or operation of law cannot be transferred or assumed (including, without limitation, the assignment of any agreement if the consent, waiver or approval of another party is required for such assignment which consent, waiver, or approval has not been given or if such assignment otherwise would constitute a breach of, or cause a loss of benefits (except as specifically provided in Section 2.06(c)) under, any such agreement); *provided, however,* that the parties hereto shall cooperate (and shall cause each of their respective Affiliates and each member of their respective Groups over which they have legal or effective direct or indirect control to cooperate) to seek to obtain any necessary consents, waivers or approvals for the transfer of all assets and Liabilities contemplated to be transferred or assigned pursuant to this Article 2. In the event that any such transfer of assets or Liabilities has not been consummated or any required consent, waiver or approval has not been obtained, from and after the Distribution Date, the party retaining such asset or Liability

(or, as applicable, such other member or members of such party's Group) shall hold such asset in trust for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto) or retain such Liability for the account of the party by whom such Liability is to be assumed pursuant hereto, as the case may be, and take such other action as may be reasonably requested by the party to whom such asset is to be transferred or by whom such Liability is to be assumed (including the enforcement, for the benefit of the intended assignee hereunder, of any provision of any agreement the assignment of which has not occurred as contemplated in this Agreement), as the case may be, in order to place such party, insofar as is reasonably possible, in the same position as would have existed had such asset or Liability been transferred or assumed as contemplated hereby. As and when any such asset or Liability becomes transferable or assumable, such transfer shall be effected forthwith. As of the Distribution Date, each party hereto (or, if applicable, such other members of such party's Group) shall be deemed to have acquired (or as applicable, retained) complete and sole beneficial ownership over all of the assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such party (or any other member of such party's Group) is entitled to acquire or required to assume pursuant to the terms of this Agreement.

2.17 *Ancillary Agreements.* Prior to the Distribution Date, TMP and HHGI shall enter into, and/or where applicable shall cause such other members of their respective Groups to enter into, (i) the Ancillary Agreements and (ii) any other agreements in respect of the Corporate Restructuring Transactions and the Distribution as are reasonably necessary or appropriate in connection with the transactions contemplated hereby and thereby, so long as such agreements do not adversely affect the TMP Business (other than to a de minimis extent).

8

---

### ARTICLE 3 THE DISTRIBUTION

3.01 *Conditions Precedent to the Distribution.* In no event shall the Distribution occur unless the following conditions shall have been waived by TMP or shall have been satisfied:

(a) there shall be no stop order in effect with respect to the Form 10 and no proceeding for that purpose shall have been instituted by the Commission;

(b) the actions with respect to the securities or blue sky laws of states or other political subdivisions of the United States (and any comparable laws of any foreign jurisdiction) in connection with the transactions contemplated by this Agreement described in Section 2.12 shall have been taken, and, where applicable, have become effective or been accepted;

(c) the HHGI Common Stock to be delivered in the Distribution shall have been admitted on Nasdaq, subject to official notice of issuance;

(d) TMP's Board of Directors shall be satisfied that the Distribution will be made out of surplus within the meaning of Section 170 of the General Corporation Law of the State of Delaware;

(e) TMP's Board of Directors shall have received a solvency opinion with respect to HHGI;

(f) TMP's Board of Directors shall not have abandoned, deferred or modified the Distribution at any time prior to the Distribution Date;

(g) the Corporate Restructuring Transactions referred to in Section 2.01 of this Agreement, and the other transactions referred to in Section 2.08 of this Agreement (if any), shall have been effected;

(h) each of the Ancillary Agreements and other agreements reasonably necessary or appropriate to consummate the Corporate Restructuring Transactions and the Distribution shall have been duly executed and delivered by the parties thereto;

(i) no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the Distribution or any of the other transactions contemplated by any of the Distribution Documents shall be in effect; and

(j) any material governmental approvals and consents necessary to consummate the Distribution shall have been obtained and shall be in full force and effect.

The foregoing conditions are for the sole benefit of TMP and shall not give rise to or create any duty on the part of TMP or TMP's Board of Directors to waive or not waive such conditions or in any way to limit TMP's rights to terminate this Agreement pursuant to Section 8.11 hereof. Any determination made by the TMP Board of Directors prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.01 shall be conclusive.

3.02 *The Distribution.* Subject to the terms and conditions set forth in this Agreement, (i) prior to the Distribution Date, TMP shall deliver to the Distribution Agent for the benefit of holders of record of TMP Common Stock on the Record Date, a stock certificate or certificates, endorsed by TMP in blank, representing all of the then outstanding shares of HHGI Common Stock owned by TMP, (ii) the Distribution shall be effective at 11:59 p.m., New York City time, on the Distribution Date and (iii) TMP shall instruct the Distribution Agent to distribute, on or as soon as practicable after the Distribution Date, to each holder of record of TMP Common Stock as of the Record Date one share of HHGI Common Stock for each thirteen and one third shares of TMP Common Stock so held. HHGI agrees to provide all certificates for shares of HHGI Common Stock that the Distribution Agent shall require (after giving effect to Section 3.03) in order to effect the Distribution.

9

---

3.03 *Subdivision of HHGI Common Stock to Accomplish the Distribution.* Effective upon the filing of the HHGI Charter with the Secretary of State of the State of Delaware, each share of HHGI Common Stock then issued and outstanding shall, without any action on the part of the holder thereof, be subdivided

and converted into that number of fully paid and non-assessable shares of HHGI Common Stock issued and outstanding as shall be necessary to accomplish the Distribution.

3.04 *Fractional Shares.* No certificates representing fractional shares of HHGI Common Stock will be distributed in the Distribution. The Distribution Agent will be directed to determine the number of whole shares and fractional shares of HHGI Common Stock allocable to each holder of TMP Common Stock as of the Record Date. The Distribution Agent shall aggregate all such fractional shares of HHGI Common Stock and sell them in an orderly manner promptly after the Distribution Date in the open market at the then-prevailing prices and, after completion of all such sales, distribute a pro rata portion of the gross proceeds from such sales, less appropriate deductions of the amount required to be withheld for federal income tax purposes, to each record holder of TMP Common Stock who would otherwise have received a fractional share of HHGI Common Stock. TMP shall bear the cost of all brokerage charges, commissions and transfer taxes incurred in connection with the sale of fractional shares pursuant to this Section 3.04.

#### ARTICLE 4 INDEMNIFICATION

##### 4.01 *Release of Pre-Distribution Claims.*

(a) Except as provided in Section 4.01(c), effective as of the Distribution Date, HHGI does hereby, for itself and each other member of the HHGI Group, their respective Affiliates (other than any member of the TMP Group), successors and assigns, remise, release and forever discharge each of TMP, the members of the TMP Group, their Affiliates (other than any member of the HHGI Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been stockholders, directors, officers, agents or employees of any member of the TMP Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the Corporate Restructuring Transactions and all other activities to implement the Distribution.

(b) Except as provided in Section 4.01(c), effective as of the Distribution Date, TMP does hereby, for itself and each other member of the TMP Group, its Affiliates (other than any member of the HHGI Group), successors and assigns, remise, release and forever discharge HHGI, the members of the HHGI Group, their Affiliates (other than any member of the TMP Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been stockholders, directors, officers, agents or employees of any member of the HHGI Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the Corporate Restructuring Transactions and all other activities to implement the Distribution.

(c) Nothing contained in Section 4.01(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments

10

---

or understandings that are specified in *Schedule 8.10* not to terminate as of the Distribution Date, in each case in accordance with its terms. Nothing contained in Section 4.01(a) or (b) shall release any Person from:

- (i) any Liability provided in or resulting from any agreement among any members of the TMP Group or the HHGI Group that is specified in *Schedule 8.10* as not to terminate as of the Distribution Date;
- (ii) any Liability assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;
- (iii) any Liability for the sale, lease or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of any other Group prior to the Distribution Date;
- (iv) any Liability for Taxes to the extent set forth in the Tax Separation Agreement;
- (v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article 4 and, if applicable, the appropriate provisions of the Ancillary Agreements; or
- (vi) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.01.

In addition, nothing contained in Section 4.01(a) shall release TMP from honoring its existing obligations to indemnify any director, officer or employee of HHGI who was a director, officer or employee of TMP or its Subsidiaries on or prior to the Distribution Date, to the extent such director, officer or employee becomes a named defendant in any litigation involving TMP and was entitled to such indemnification pursuant to then existing obligations.

(d) HHGI shall not make, and shall not permit any member of the HHGI Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against TMP or any member of the TMP Group or any other Person released pursuant to Section 4.01(a), with respect to any Liabilities released pursuant to Section 4.01(a). TMP shall not make, and shall not permit any member of the TMP Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against HHGI or any member of the HHGI Group, or any other Person released pursuant to Section 4.01(b), with respect to any Liabilities released pursuant to Section 4.01(b).

(e) It is the intent of TMP and HHGI by virtue of the provisions of this Section 4.01 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among HHGI or any member of the HHGI Group on the one hand, and TMP or any member of the TMP Group on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 4.01(c). At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

---

4.02 *HHGI Indemnification of the TMP Group.*

(a) Subject to Section 4.04, on and after the Distribution Date, HHGI shall indemnify, defend and hold harmless the TMP Group and the respective directors, officers and Affiliates of each Person in the TMP Group (the "*TMP Indemnitees*") from and against any and all Losses incurred or suffered by any of the TMP Indemnitees arising out of, or due to the failure of any Person in the HHGI Group to pay, perform or otherwise discharge any of the HHGI Liabilities.

(b) Subject to Section 4.04, HHGI shall indemnify, defend and hold harmless each of the TMP Indemnitees and each Person, if any, who controls any TMP Indemnitee within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by any untrue statement or alleged untrue statement of a material fact contained in the Form 10 or any amendment thereof or the Information Statement (as amended or supplemented if HHGI shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such Losses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished to HHGI in writing by TMP expressly for use therein.

4.03 *TMP Indemnification of the HHGI Group.*

(a) Subject to Section 4.04, on and after the Distribution Date, TMP shall indemnify, defend and hold harmless the HHGI Group and the respective directors, officers and Affiliates of each Person in the HHGI Group (the "*HHGI Indemnitees*") from and against any and all Losses incurred or suffered by any of the HHGI Indemnitees arising out of, or due to the failure of any Person in the TMP Group to pay, perform or otherwise discharge any of the TMP Liabilities.

(b) Subject to Section 4.04, TMP shall indemnify, defend and hold harmless each of the HHGI Indemnitees and each Person, if any, who controls any HHGI Indemnitee within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Losses caused by any untrue statement or alleged untrue statement of a material fact contained in the Form 10 or any amendment thereof or the Information Statement (as amended or supplemented if HHGI shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such Losses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished to HHGI in writing by TMP expressly for use therein.

4.04 *Insurance; Third Party Obligations; Tax Benefits.* The parties intend that any Liability subject to indemnification pursuant to Sections 4.02 or 4.03 shall be paid net of the amount of any insurance or other amounts that actually reduce the amount of the Liability ("*Proceeds*"). Accordingly, the amount which the Indemnifying Party (as defined below) is required to pay to any Indemnified Party (as defined below) will be reduced by any Proceeds actually recovered by or on behalf of the Indemnified Party in reduction of the related Liability. If an Indemnified Party receives an indemnity payment required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Proceeds, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of such indemnity payment received over the amount of the indemnity payment that would have been due if the Proceeds had been received, realized or recovered before the indemnity payment was made. Any indemnification pursuant to Sections 4.02 or 4.03 shall be paid net of any tax benefit to the Indemnified Party attributable to the relevant payment or Liability. Such indemnification shall be increased to reflect any tax liability of the Indemnified Party so that the Indemnified Party receives 100% of the after-tax amount of any payment or liability. It is expressly

---

agreed that no insurer or any other third party shall be (i) entitled to a benefit it would not be entitled to receive in the absence of the foregoing indemnification provisions, (ii) relieved of the responsibility to pay any claims to which it is obligated or (iii) entitled to any subrogation rights with respect to any obligation hereunder.

4.05 *Notice and Payment of Claims.* If any TMP Indemnitee or HHGI Indemnitee (the "*Indemnified Party*") determines that it is or may be entitled to indemnification by any party (the "*Indemnifying Party*") under Article 4 (other than in connection with any Action subject to Section 4.06), the Indemnified Party shall deliver to the Indemnifying Party a written notice specifying, to the extent reasonably practicable, the basis for its claim for indemnification and the amount for which the Indemnified Party reasonably believes it is entitled to be indemnified. Within 30 days after receipt of such notice, the Indemnifying Party shall pay the Indemnified Party such amount in cash or other immediately available funds unless the Indemnifying Party objects to the claim for indemnification or the amount thereof. If the Indemnifying Party does not give the Indemnified Party written notice objecting to such indemnity claim and setting forth the grounds therefor within such 30-day period, the Indemnifying Party shall be deemed to have acknowledged its liability for such claim and the Indemnified Party may exercise any and all of its rights under applicable law to collect such amount. In the event of such a timely objection by the Indemnifying Party, the amount, if any, that is Finally Determined pursuant to Section 8.09 to be required to be paid by the Indemnifying Party in respect of such indemnity claim shall be paid by the Indemnifying Party to the Indemnified Party in cash within 15 days after such indemnity claim has been so Finally Determined.

4.06 *Notice and Defense of Third-Party Claims.* Promptly following the earlier of (i) receipt of notice of the commencement by a third party of any Action against or otherwise involving any Indemnified Party or (ii) receipt of information from a third party alleging the existence of a claim against an Indemnified Party, in either case, with respect to which indemnification may be sought pursuant to this Agreement (a "*Third-Party Claim*"), the Indemnified Party shall give the Indemnifying Party written notice thereof. The failure of the Indemnified Party to give notice as provided in this Section 4.06 shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent that the Indemnifying Party is prejudiced by such failure to give notice. Within 15 days after receipt of such notice, the Indemnifying Party may (i) by giving written notice thereof to the Indemnified Party, acknowledge liability for such indemnification claim and at its option elect to assume the defense of such Third-Party Claim at its sole cost and expense or (ii) object to the claim for indemnification set forth in the notice delivered by the Indemnified Party pursuant to the first sentence of this Section 4.06; provided that if the Indemnifying

Party does not within such 15-day period give the Indemnified Party written notice objecting to such indemnification claim and setting forth the grounds therefor, the Indemnifying Party shall be deemed to have acknowledged its liability for such indemnification claim. If the Indemnifying Party has elected to assume the defense of a Third-Party Claim, (x) the defense shall be conducted by counsel retained by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall have the right to participate in such proceedings and to be represented by counsel of its own choosing at the Indemnified Party's sole cost and expense; and (y) the Indemnifying Party may settle or compromise the Third-Party Claim without the prior written consent of the Indemnified Party so long as such settlement includes an unconditional release of the Indemnified Party from all claims that are the subject of such Third-Party Claim, provided that the Indemnifying Party may not agree to any such settlement pursuant to which any remedy or relief, other than monetary damages for which the Indemnifying Party shall be responsible hereunder, shall be applied to or against the Indemnified Party, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld. If the Indemnifying Party does not assume the defense of a Third-Party Claim for which it has acknowledged liability for indemnification hereunder, the Indemnified Party may require the Indemnifying Party to reimburse it on a current basis for its reasonable expenses of investigation, reasonable attorneys' fees and reasonable out-of-pocket expenses incurred in defending against such

---

Third-Party Claim and the Indemnifying Party shall be bound by the result obtained with respect thereto by the Indemnified Party; provided that the Indemnifying Party shall not be liable for any settlement effected without its consent, which consent shall not be unreasonably withheld. The Indemnifying Party shall pay to the Indemnified Party in cash the amount, if any, for which the Indemnified Party is entitled to be indemnified hereunder, plus its reasonable expenses of investigation, reasonable attorneys' fees and reasonable out-of-pocket expenses incurred in defending against such Third-Party Claim, within 15 days after such Third-Party Claim has been Finally Determined, in the case of an indemnity claim as to which the Indemnifying Party has acknowledged liability or, in the case of any indemnity claim as to which the Indemnifying Party has not acknowledged, or has objected to, liability, within 15 days after it has been Finally Determined that such Indemnifying Party has liability hereunder.

4.07 *Contribution.* If for any reason the indemnification provided for in Section 4.02 or 4.03 is unavailable to any Indemnified Party, or insufficient to hold it harmless, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect all relevant equitable considerations.

4.08 *Non-Exclusivity of Remedies.* The remedies provided for in this Article 4 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

## ARTICLE 5 EMPLOYEE MATTERS

### 5.01 *Certain Employee and Employee Benefits Matters.*

(a) *Definitions.* The following terms, as used in this Section 5.01, have the following meanings:

(i) "*COBRA*" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(ii) "*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

(iii) "*HHGI Employees*" means all employees whose employment relates primarily to the HHGI Business, whether directly as an employee of the HHGI Group or indirectly as an employee of the TMP Group, as determined by TMP, in its sole discretion, including, for this purpose, any such employee who is not actively performing services on the Distribution Date because of (A) leave of absence, whether paid or unpaid, within a job protection period, or (B) disability within a job protection period.

(iv) "*HHGI 401(k) Plan*" means the HHGI 401(k) Plan to be established by HHGI pursuant to Section 5.01(d).

(v) "*HHGI Group Employee Plans*" means the employee plans established by the HHGI Group pursuant to Section 5.01(d) hereof.

(vi) "*TMP 401(k) Plan*" means the TMP 401(k) Plan.

(vii) "*TMP Group Employee Plans*" means the "employee benefit plans" (within the meaning of Section 3(3) of ERISA) of the TMP Group and any other severance, bonus, incentive or other compensatory plans or arrangements covering one or more current or former HHGI Employees or their dependents or beneficiaries.

(b) *Employment of HHGI Employees.* Immediately prior to the Distribution, the TMP Group shall transfer to the HHGI Group those HHGI Employees who are employed by the TMP Group

---

so that no such employee who becomes employed by the HHGI Group experiences any termination or other interruption in employment. From and after the Distribution, the HHGI Group will continue to employ all HHGI Employees on substantially the same terms and conditions (including compensation and benefits, other than equity compensation) as in effect immediately prior to the Distribution. Nothing stated in this Section 5.01(b) shall be construed to limit the right of the HHGI Group following the Distribution to prospectively terminate the employment of any HHGI Employee or to prospectively change the position, responsibilities, compensation or benefits of any HHGI Employee.

(c) *Assumption of Liabilities.* From and after the Distribution, the HHGI Group will assume, pay, perform and discharge any and all outstanding Liabilities or other obligations to or with respect to all current and former HHGI candidates, employees, consultants or independent contractors and their dependents and beneficiaries (other than Liabilities associated with TMP stock options) arising out of or in connection with their employment or association with the TMP Group or their participation in a TMP Group Employee Plan. Except as otherwise provided in the last paragraph of Section 4.01(c), the HHGI Group will indemnify the TMP Group and the TMP Group Employee Plans and hold them harmless from and against any and

all claims or expenses made or incurred against or by the TMP Group or the TMP Group Employee Plans on account of, or in connection with, any such Liabilities and other obligations. Without limiting the generality of the previous sentence, in the event that the transfer of employment to the HHGI Group immediately prior to the Distribution of those HHGI Employees who are then employed by the TMP Group, as provided in Section 5.01(b) above, is deemed to be a termination or severance of employment of any such HHGI Employee for purposes of any policy, plan, program, employment agreement or other arrangement of the TMP Group that provides for the payment of severance, salary continuation, stay, retention or other bonuses, forgiveness of indebtedness or similar benefits to such HHGI Employee or would otherwise trigger any expense or charge or impose any other Liability on any member of the TMP Group, the HHGI Group shall pay all such benefits to such HHGI Employee in accordance with the terms of the applicable policy, plan, program, employment agreement or other arrangement and assume, pay, perform and discharge any and all such expenses, charges and other Liabilities.

(d) *HHGI Group Employee Plans.* On or prior to the Distribution Date, HHGI will establish employee plans that are substantially similar to the TMP Group Employee Plans listed on *Schedule 5.01(d)*. Any current or former HHGI Employee (or beneficiary or dependent thereof) who is a participant in a TMP Group Employee Plan immediately prior to the Distribution Date will automatically become a participant in the corresponding HHGI Group Employee Plan on the Distribution Date, with full credit for contributions, deductibles, co-payments, service and other attributes of his or her participation in the TMP Group Employee Plan. Consistent with the foregoing, the participation by any member of the HHGI Group or by any current or former HHGI Employee (or beneficiary or dependent thereof) in any TMP Group Employee Plan will be discontinued as of the Distribution Date. Notwithstanding the provisions of this Section 5.01(d), in order to effectuate the intent and purposes of this Section 5.01, TMP may, its sole discretion, cause any or all of the TMP Group Employee Plans listed on *Schedule 5.01(d)* to be divided into separate, component plans covering, respectively, (i) all current and former HHGI Employees (and their beneficiaries and dependents) who are participants in such a TMP Group Employee Plan immediately prior to the Distribution Date, and (ii) all other participants in the TMP Group Employee Plan, in which case, TMP shall cause the plans relating to HHGI, and their respective assets and/or liabilities, to be transferred to HHGI on or prior to the Distribution Date.

(e) *COBRA.* The HHGI Group will assume responsibility for administering and providing health care continuation coverage under COBRA and other applicable law to all former HHGI Employees and the "qualified beneficiaries" of all current and former HHGI Employees with

15

---

respect to whom a "qualifying event" occurred prior to the Distribution Date, and to all current and future HHGI Employees and their "qualified beneficiaries" with respect to whom a "qualifying event" occurs on or after the Distribution Date.

(f) *401(k) Plan Transfer.* Promptly after the Distribution Date, unless the TMP 401(k) Plan shall have been divided into separate, component plans pursuant to the last sentence of Section 5.01(d), the parties will take such actions as are necessary to cause the orderly transfer from the TMP 401(k) Plan to the HHGI 401(k) Plan of the account balances held for the benefit of current and former HHGI Employees and their beneficiaries in a plan-to-plan transfer of assets and liabilities that satisfies the requirements of applicable law (including Sections 411(d) and 414(l) of the Code, Section 306 of the Sarbanes-Oxley Act of 2002, Regulation 2520.101-3 and any related applicable regulations promulgated by the United States Department of Labor and Regulation BTR promulgated by the Commission). As soon as practicable following the adoption of the HHGI 401(k) Plan, the HHGI Group will apply to the Internal Revenue Service for a determination letter on the initial qualification of the HHGI 401(k) Plan and the exempt status of the trust maintained as a part thereof, and the HHGI Group will adopt such amendments and take such other and further actions as are required by the Internal Revenue Service in order to obtain such determination letter. The plan-to-plan transfer of assets and liabilities from the TMP 401(k) Plan to the HHGI 401(k) Plan may be completed prior to the time such determination letter is obtained, subject to such further assurances as the TMP Group may reasonably require of the HHGI Group that the determination letter will be issued retroactively as of the Distribution Date (or the earlier effective date of the HHGI 401(k) Plan). Pending the plan-to-plan transfer as contemplated hereby, the HHGI Group will withhold from HHGI Employees' pay and remit to the TMP 401(k) Plan all required loan payments due on such HHGI Employees' participant loans from their TMP 401(k) Plan accounts, and the TMP 401(k) Plan will process distributions of terminated employees following their termination from the HHGI Group in the normal course, subject to notification or confirmation of such termination by the HHGI Group.

(g) *Administration of Welfare Benefit Claims.* TMP shall administer claims made under the TMP Group Employee Plans that are "welfare plans" within the meaning of Section 3(1) of ERISA by current or former HHGI Employees (and their beneficiaries and dependents) before the Distribution Date and any determination made or settlements entered into by TMP with respect to such claims shall be final and binding. Effective as of the Distribution Date, HHGI shall assume sole responsibility for administering all claims made by current or former HHGI Employees (and their beneficiaries and dependents) on or after the Distribution Date (including claims for expenses incurred or events occurring before the Distribution Date) and HHGI shall administer such claims in a substantially similar manner, using substantially similar methods and procedures, as TMP used in administering such claims. HHGI shall have sole and absolute discretionary authority to make any necessary determinations with respect to such claims, including entering into settlements with respect to such claims.

(h) *Flexible Spending Accounts.* Promptly following the Distribution Date, unless the TMP flexible spending account program shall have been divided into separate, component plans pursuant to the last sentence of Section 5.01(d), TMP and HHGI shall cooperate with each other to effectuate the prompt transfer by TMP of each current and former HHGI Employee's unused balances under the transportation, health care reimbursement and dependent care flexible spending accounts under the TMP flexible spending account program to the corresponding HHGI flexible spending account program.

16

---

(i) *Employee Benefits Matters Outside the United States.* With respect to the business and operations of HHGI in jurisdictions outside the United States, HHGI shall (and, as applicable, shall cause each other member of the HHGI Group to) assume, adopt similar or replacement plans, or retain, as the case may be, any and all employee-related Liabilities, obligations, plans and arrangements to or with respect to current and former HHGI Employees (and their dependents and beneficiaries) consistent with the other provisions of this Section and in accordance with applicable law. TMP shall provide health insurance coverage to HHGI Employees in the United Kingdom under its health insurance scheme on the same terms that similarly situated TMP employees are provided such coverage, from the Distribution Date until the policy renewal in October 2003 (the "*Interim Period*"), whereupon such HHGI Employees shall no longer be eligible for coverage under TMP's health insurance scheme and HHGI shall have sole responsibility for providing health insurance coverage for such HHGI Employees under its own benefit plans. HHGI shall pay TMP, in accordance with the terms of the Service Agreement, the total cost of providing health insurance to such HHGI Employees during the Interim Period.

(j) *Workers' Compensation.* HHGI shall be responsible for all workers' compensation obligations related to claim events occurring on or after the Distribution Date, with respect to any HHGI Employee. TMP shall be responsible for all workers compensation obligations related to claim events occurring prior to the Distribution Date with respect to any HHGI Employee.

(k) *Confidentiality and Proprietary Information.* No provision of any Distribution Document shall be deemed to release any current or former HHGI Employee for any violation of any applicable Employee Confidentiality and Non-Solicitation Agreement or other agreement entered into by such Person in favor of any member of the TMP Group or any other applicable policy pertaining to confidential or proprietary information of any member of the TMP Group, or otherwise relieve any such Person of his or her obligations under any such agreement or policy.

(l) *Miscellaneous.*

(i) *No Third Party Beneficiaries.* No current or former HHGI Employee (or any beneficiary or dependent thereof) shall be entitled to enforce the provisions of this Section 5.01 against the respective parties as third party beneficiaries thereof.

(ii) *Costs and Expenses.* Each party shall bear all costs and expenses, including but not limited to legal and consulting fees, incurred from and after the Distribution Date in the design, drafting and implementation of any and all plans and compensation structures which it establishes or creates and the amendment of its existing plans or compensation structures.

(iii) *Sharing of Participant Information.* From and after the Distribution Date, TMP and HHGI shall share, and shall cause each member of their respective Groups to share, with each other and with their respective agents and vendors all participant information necessary and appropriate for the efficient and accurate administration of each party's respective employee benefit plans and performance of their respective obligations under this Section 5.01. TMP and HHGI shall, subject to all applicable laws concerning confidentiality, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Section 5.01 in the custody of another party, to the extent necessary and appropriate for such administration and performance.

5.02 *Payment of Outstanding Credit Card Balances.* TMP shall close all credit card accounts procured by the TMP Group for use by current or former HHGI Employees as of the Distribution Date. Prior to April 26, 2003, HHGI shall remit payment to TMP for the outstanding balances on all such credit card accounts.

17

---

## ARTICLE 6 ACCESS TO INFORMATION

6.01 *Provision of Corporate Records.* Immediately prior to or as soon as practicable following the Distribution Date, each Group shall provide to the other Group all documents, contracts, books, records and data (including, but not limited to, minute books, stock registers, stock certificates and documents of title) in its possession relating to such other Group or such other Group's business and affairs; provided that if any such documents, contracts, books, records or data relate to both Groups or the business and operations of both Groups, each such Group shall provide to the other Group true and complete copies of such documents, contracts, books, records or data.

6.02 *Access to Information.* From and after the Distribution Date, each Group shall, for a reasonable period of time, afford promptly to the other Group and its accountants, counsel and other designated representatives reasonable access during normal business hours to all documents, contracts, books, records, computer data and other data in such Group's possession relating to such other Group or the business and affairs of such other Group (other than data and information subject to an attorney/client or other privilege), insofar as such access is reasonably required by such other Group, including, without limitation, for audit, accounting, litigation, regulatory compliance and disclosure and reporting purposes.

6.03 *Litigation Cooperation.* Each Group shall use reasonable efforts to make available to the other Group and its accountants, counsel and other designated representatives, upon written request, its directors, officers, employees and representatives as witnesses, and shall otherwise cooperate with the other Group, to the extent reasonably required in connection with any legal, administrative or other proceedings arising out of either Group's business and operations prior to the Distribution Date in which the requesting party may from time to time be involved.

6.04 *Reimbursement.* Each Group providing information or witnesses to the other Group, or otherwise incurring any expense in connection with cooperating, under Sections 6.01, 6.02 or 6.03 shall be entitled to receive from the recipient thereof, upon the presentation of invoices therefor, payment for all out-of-pocket costs and expenses as may be reasonably incurred in providing such information, witnesses or cooperation.

6.05 *Retention of Records.* Except as otherwise required by law or agreed to in writing, each party shall, and shall cause the members of its respective Group to, retain all information relating to the other Group's business and operations in accordance with the past practice of such party. Notwithstanding the foregoing, any party may destroy or otherwise dispose of any such information at any time, provided that, prior to such destruction or disposal, (i) such party shall provide not less than 90 days' prior written notice to the other party, specifying the information proposed to be destroyed or disposed of, and (ii) if the recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the information proposed to be destroyed or disposed of be delivered to such requesting party, the party proposing the destruction or disposal shall promptly arrange for the delivery of such of the information as was requested at the expense of the requesting party.

6.06 *Confidential Information.* HHGI and TMP hereby covenant and agree to hold in trust and maintain confidential, and to cause their respective directors, officers, employees, agents, consultants and advisors to hold in trust and maintain confidential, all Confidential Information relating to the other party or any of such other party's Subsidiaries. Without limiting the generality of the foregoing, Confidential Information relating to a party or any of its Subsidiaries shall be disclosed only to those employees, agents, consultants and advisors of the other party who need to know such information in connection with their ordinary course employment activities and in no event shall any such Confidential Information be disclosed to any other Person. "Confidential Information" shall mean all information, materials and processes relating to a party or any Subsidiary of such party obtained by the other party

18

---

or any Subsidiary of such other party at any time (whether prior to or after the date hereof and whether in connection with any of the Distribution Documents or otherwise) in any format whatsoever (whether orally, visually, in writing, electronically or in any other form) and shall include, but not be limited to, economic and business information or data, business plans, computer software and information relating to employees, vendors, customers, services, financial performance and projections, processes, strategies and systems, but shall not include (i) information which becomes generally available other than by release in violation of the provisions of this Section 6.06, (ii) information which becomes available on a non-confidential basis to a party from a source other than the other party to this Agreement, provided the party in question reasonably believes that such source is not or was not bound to hold such information confidential and (iii) information acquired or developed independently by a party without violating this Section 6.06 or any other confidentiality agreement with the other party. Notwithstanding any provision of this Section 6.06 to the contrary, a party may disclose such portion of the Confidential Information relating to the other party to the extent, but only to the extent, the disclosing party reasonably believes that such disclosure is required under law or the rules of a securities exchange; provided that the disclosing party first notifies the other party hereto of such requirement and allows such party a reasonable opportunity to seek a protective order or other appropriate remedy to prevent such disclosure. The parties acknowledge that money damages would not be a sufficient remedy for any breach of the provisions of this Section 6.06 and that the non-breaching party shall be entitled to equitable relief in a court of law in the event of, or to prevent, a breach or threatened breach of this Section 6.06.

6.07 *Inapplicability of Article 6 to Tax Matters.* Notwithstanding anything to the contrary in Article 6, Article 6 shall not apply with respect to information, records and other matters relating to Taxes, all of which shall be governed by the Tax Separation Agreement.

## ARTICLE 7 CERTAIN OTHER AGREEMENTS

7.01 *Leased Real Property.* On or prior to the Distribution Date (or such later date as agreed by the parties), the appropriate members of the TMP Group and the HHGI Group will enter into the Real Estate Agreements with respect to the properties specified on *Schedule 7.01*. All matters relating to real property to be leased, subleased, occupied or shared by the TMP Group or the HHGI Group from and after the Distribution Date shall be governed by the Real Estate Agreements, except as may be expressly stated herein or therein. In the event of any inconsistency with respect to such matters between the Real Estate Agreements and any other Distribution Document, the Real Estate Agreements shall govern to the extent of the inconsistency.

7.02 *Insurance Policies.* With respect to matters relating to insurance coverage from and after the Distribution Date, the parties hereto agree as follows:

(a) *HHGI Insurance Coverage After the Distribution Date.* From and after the Distribution Date, HHGI shall be responsible for obtaining and maintaining insurance programs for its risk of loss and such insurance arrangements shall be separate and apart from TMP's insurance programs. Notwithstanding the foregoing, TMP, upon the request of HHGI and in accordance with the terms of the Services Agreement, shall use commercially reasonable efforts to assist HHGI in the transition to its own separate insurance programs from and after the Distribution Date, and shall provide HHGI with any information that is in the possession of TMP and would in any way facilitate HHGI's ability to either obtain insurance coverage for HHGI or to assist HHGI in preventing unintended self-insurance, in whatever form.

19

(b) *Cooperation and Agreement Not to Release Carriers.* Each of TMP and HHGI will share such information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion. Each of TMP and HHGI, at the request of the other, shall cooperate with and use commercially reasonable efforts to assist the other in recoveries for claims made under any insurance policy for the benefit of any insured party, and neither TMP nor HHGI, nor any of their Subsidiaries shall take any action which would intentionally jeopardize or otherwise interfere with either party's ability to collect any proceeds payable pursuant to any insurance policy. Except as otherwise contemplated by this Distribution Agreement or any other Distribution Document, after the Distribution Date neither TMP nor HHGI shall (and shall ensure that no member of their respective Groups shall), without the consent of the other, provide any insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the other Group thereunder. However, nothing in this Section 7.02(b) shall (i) preclude any member of any Group from presenting any claim or from exhausting any policy limit, (ii) require any member of any Group to pay any premium or other amount or to incur any Liability, or (iii) require any member of any Group to renew, extend or continue any policy in force.

(c) *Procedures With Respect to TMP-Insured HHGI Liabilities.*

(i) *Insurance Pursuit.* TMP shall obtain HHGI's prior approval, which approval shall not be unreasonably withheld, prior to pursuing insurance recoveries from insurance policies for any HHGI Liability covered under the terms of TMP's insurance policies ("*TMP-Insured HHGI Liabilities*"); provided, however, that HHGI's consent shall not be required in respect of any TMP-Insured HHGI Liability for which HHGI is seeking indemnification from TMP hereunder. TMP will bill HHGI and HHGI will reimburse TMP on a monthly basis for all such amounts incurred to pursue insurance recoveries from insurance policies for TMP-Insured HHGI Liabilities, in accordance with Section 3.04 of the Services Agreement.

(ii) *Management of Claims.* Except as otherwise inconsistent with the provisions of any applicable insurance policy and except for claims for which HHGI is seeking indemnification from TMP hereunder, the defense of claims, suits or actions giving rise to potential or actual TMP-Insured HHGI Liabilities will be managed (in conjunction with TMP's insurers, as appropriate) by the representative of HHGI that would have had responsibility for managing such claims, suits or actions had such TMP-Insured HHGI Liabilities been HHGI Liabilities not covered under the terms of TMP's insurance policies.

(d) *Cooperation.* TMP and HHGI will cooperate with each other in all respects, and they shall execute any additional documents which are reasonably necessary, to effectuate the provisions of this Section 7.02.

(e) *No Assignment or Waiver.* The provisions of this Section 7.02 shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the TMP Group or the HHGI Group in respect of any insurance policy or any other contract or policy of insurance.

(f) *No Liability.* HHGI does hereby, for itself and as agent for each other member of the HHGI Group, agree that no member of the TMP Group shall have any Liability whatsoever as a result of the insurance policies and practices of TMP and its Subsidiaries as in effect at any time after the Distribution Date, including without limitation as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the

(g) *Further Agreements.* The parties acknowledge that they intend to allocate financial obligations without violating any laws regarding insurance, self-insurance or other financial responsibility. If it is determined that any action undertaken pursuant to this Distribution Agreement or any other Distribution Document is violative of any insurance, self-insurance or related financial responsibility law or regulation, the parties agree to work together to do whatever is necessary to comply with such law or regulation while trying to accomplish, as much as possible, the allocation of financial obligations as intended in this Distribution Agreement and any other Distribution Document.

### 7.03 Tax Matters.

(a) Except as otherwise provided herein and not inconsistent with the Tax Separation Agreement, this Agreement shall not govern any Tax, and any and all claims, losses, damages, demands, costs, expenses or liabilities relating to Taxes shall be exclusively governed by the Tax Separation Agreement.

(b) After the Distribution Date, neither TMP nor HHGI shall take, or permit any member of its respective Group to take, any action which could reasonably be expected to prevent the Distribution from qualifying as a tax-free distribution within the meaning of Section 355 of the Code, or any other transaction contemplated by this Agreement or an Ancillary Agreement which is intended by the parties to be tax-free from failing to so qualify.

### 7.04 Use of Names, Trademarks, etc.

(a) From and after the Distribution Date, TMP will own or continue to own, exclusive of HHGI, all rights in, and to the use of, the names, brands and marks that (i) directly or indirectly pertain to the TMP Business, (ii) do not pertain exclusively to the HHGI Business and otherwise pertain to both the TMP Business and the HHGI Business, or (iii) pertain to neither the TMP Business or the HHGI Business, but in or of which TMP and/or HHGI has rights, title or any interest, including, without limitation, those set forth on *Schedule 7.04(a)* (all of the foregoing in this Section 7.04(a) referred to as the "Marks"), and all corporate symbols and logos related thereto, and any name, brand, trademark, trade name, domain name or service mark which includes any of the Marks and all derivatives thereof, and any other name, brand, mark, symbol or logo connoting the Marks or which constitutes a formative thereof, in all cases existing now or in the future (all of the foregoing in this Section 7.04(a) referred to as the "TMP Marks"). From and after the Distribution Date, except as permitted in Section 7.04(b), no member of the HHGI Group will use or have any rights in, or to the use of, the TMP Marks or any name, brand or mark which includes the TMP Marks or any derivative thereof or any name or mark confusingly similar thereto, or any special script, type font, form, style, logo, design, device, trade dress or symbol which contains, represents or evokes any branding, trade dress, trademark, trade name, domain name or service mark of or relating to the TMP Marks or any derivatives thereof, or any name or mark confusingly similar thereto. From and after the Distribution Date, no member of the HHGI Group will hold itself out as having any affiliation with TMP.

(b) (i) TMP hereby grants to HHGI, subject to this Section 7.04(b), and Sections 7.04(c) and 7.04(e), a limited, revocable, non-exclusive, non-transferable (other than by way of sublicenses only to members of the HHGI Group, without the right to grant further sublicenses) license to utilize, without obligation to pay royalties to TMP, the seven (7) trade names that incorporate the name "TMP" that are specifically identified below in Sections 7.04(b)(i)(A) through 7.04(b)(i)(G), only in the combined format shown below, and solely for the corresponding limited purposes indicated below, and subject to any and all rights granted any other party in respect thereof (the seven (7) trade names identified below shall be referred to collectively as the "HHGI Names"): (A) "TMP/Hudson Global Resources" solely as a trade name for the entire global eResourcing staffing business or division of HHGI; (B) "TMP/Hudson Human Resource Consulting" solely as a

trade name for the entire global eResourcing consulting business or division of HHGI; (C) "TMP/Highland Partners" solely as a trade name for the entire global executive search business or division of HHGI; (D) "TMP de Witte & Morel" solely as a trade name in Belgium for the staffing business or division of HHGI in Belgium only and such other business as conducted by HHGI in Belgium only as of the Distribution Date; (E) "TMP Melville Craig" solely as a trade name in Scotland for the staffing business or division of HHGI in Scotland only and such other business as conducted by HHGI in Scotland only as of the Distribution Date; (F) "TMP Solér" solely as a trade name in Norway for the staffing business or division of HHGI in Norway only and such other business as conducted by HHGI in Norway only as of the Distribution Date; and (G) "TMP Legal Flex Force" solely as a trade name in the Netherlands for the legal staffing business or division of HHGI in the Netherlands only and such other business as conducted by HHGI in the Netherlands only as of the Distribution Date.

(ii) As a condition to the license granted by this Section 7.04(b), each of the seven (7) HHGI Names: (A) must be used in exactly the format, order and combination of words and symbols as listed within the respective quotation marks above in Sections 7.04(b)(i)(A) through 7.04(b)(i)(G); (B) must be used exclusively for the corresponding limited purposes indicated above in Sections 7.04(b)(i)(A) through 7.04(b)(i)(G); and (C) must only be used in connection with businesses conducted by HHGI as of the Distribution Date.

(iii) Without in any way broadening the limited scope of the license or limiting the breadth of the restrictions on use provided herein, it is understood and agreed that HHGI shall not: (A) use any abbreviations, variations or derivatives of the HHGI Names which include the name "TMP" or any abbreviation, variation or derivative of the name "TMP"; (B) use the name "TMP" or any abbreviation, variation or derivative thereof in the name of any corporation, partnership or business entity; or (C) use the name "TMP" or any abbreviation, variation or derivative thereof as part of the name or description of any unit, practice area, discipline, sector or subdivision of eResourcing staffing, eResourcing consulting or executive search businesses of HHGI.

(iv) As a condition to the license granted by this Section 7.04(b), HHGI will use the HHGI Names and will ensure that any permitted sublicensee of the HHGI Names uses the HHGI Names (A) in connection with its business operations or divisions having a level of quality at least as high as that established by the HHGI Business for those business operations or divisions prior to the Distribution Date, and (B) in compliance with all applicable laws and regulations.

(v) TMP will have the right to exercise quality control over the HHGI Names and any permitted sublicensee's presentation or use of the HHGI Names to that degree reasonably necessary, in the sole opinion of TMP, to maintain the validity and enforceability of the HHGI Names and the name, brand, trademark, trade name, domain name or service mark "TMP", and to protect the goodwill associated with any of the foregoing. HHGI will (A) upon request by TMP, submit to TMP materials bearing the HHGI Names as TMP may reasonably require to ensure HHGI's and any permitted sublicensee's compliance with the obligations set forth in this Section 7.04(b), and (B) comply with the requests of TMP to bring HHGI and any member of the HHGI Group into conformity with this Section 7.04(b).

(vi) TMP will have the right to terminate the license granted in Section 7.04(b) and all rights appurtenant thereto of all members of the HHGI Group including any and all permitted sublicenses in the event of a breach of this Section 7.04 by any member of the HHGI Group that has not been cured within thirty days after written notice by TMP to HHGI. The license granted under Section 7.04(b), and all rights appurtenant thereto of all members of the HHGI Group, including any and all permitted sublicenses, shall terminate

22

---

automatically on the two year and six month anniversary of the Distribution Date. Notwithstanding the foregoing, the HHGI Group shall begin to transition away from the use of the HHGI Names on or before the two year anniversary of the Distribution Date and shall have completed such transition and discontinued all use of the HHGI Names on or before the two year and six month anniversary of the Distribution Date.

(vii) The exercise of the rights under this Section 7.04(b) shall inure to the benefit of TMP.

(c) (i) Apart from the rights expressly granted under Section 7.04(b), no member of the HHGI Group shall have any right, title or interest in, or to the use of, the HHGI Names or the TMP Marks or any name, brand, trade dress, trademarks, trade names, domain names, service marks, corporate symbols or logos related thereto, either alone or in combination with any other word, name, brand, symbol, logo, device, trademark, trade name, domain name, service mark or any combination thereof. Anything contained herein to the contrary notwithstanding, except as expressly permitted by Section 7.04(b), in no event will any member of the HHGI Group utilize the HHGI Names or the TMP Marks, or any corporate symbol or logo related thereto, as a component of a company or trade name, or in a trademark, trade name, domain name or service mark. HHGI will not, and will cause each other member of the HHGI Group not to, challenge or contest the validity of the HHGI Names, the TMP Marks and such other names, brands, trade dress, trademarks, trade names, domain names, service marks, corporate symbols and logos referred to in this Section 7.04(c)(i), or the registration or ownership thereof by TMP. HHGI will not, and will cause each other member of the HHGI Group not to, apply anywhere at any time for any registration as owner or exclusive licensee or rights holder of any of the HHGI Names, the TMP Marks or any other names, brands, trade dress, trademarks, trade names, domain names, service marks, corporate symbols or logos referred to in this Section 7.04(c)(i). If, notwithstanding the foregoing, any member of the HHGI Group has, develops, adopts or acquires, directly or indirectly, any right, title or interest in, or to the use of, any HHGI Name, TMP Mark or any other name, brand, trade dress, trademark, trade name, domain name, service mark, corporate symbol or logo referred to in this Section 7.04(c)(i), in any jurisdiction, or any goodwill incident thereto, HHGI will, upon the request of TMP, and for a nominal consideration of one dollar, assign or cause to be assigned to TMP or any designee of TMP, all right, title and interest in, and to the use of, the HHGI Name, TMP Mark or such other name, brand, trade dress trademark, trade name, domain name, service mark, corporate symbol or logo, in any and all jurisdictions, together with any goodwill incident thereto. If for any reason the rights contemplated by the foregoing sentence cannot be assigned to TMP or any designee of TMP, HHGI shall waive, or caused to be waived, the enforcement of such rights, and if any such rights cannot be assigned or waived, HHGI shall grant, or cause to be granted, to TMP an exclusive, unrestricted, irrevocable, perpetual, worldwide, fully-paid, royalty-free, fully transferable, assignable, sub-licensable (with the right to sublicense multiple tiers) license to such rights.

(ii) If the laws of any country require that any mark subject to Section 7.04(b), or the right of any member of the HHGI Group to use any HHGI Name as permitted by Section 7.04(b), be registered in order to fully protect TMP, then HHGI and TMP will cooperate in constituting such member of the HHGI Group as a registered user (or its equivalent) in each of the countries in which such registration is necessary. Any expenses for registration or for constituting such member of the HHGI Group as a registered user in any country shall be borne by HHGI and any such registration and use shall be subject to Sections 7.04(b), 7.04(c) and 7.04(e). At the request of TMP, any registration of such member of the HHGI Group as a registered user of any HHGI Name hereunder shall be expunged on termination of the period of permitted use under this Agreement or upon a breach or threatened breach by any member of the HHGI Group of the terms of this Section 7.04 and

23

---

HHGI will, upon request of TMP, take all necessary steps to cause such registration to be so expunged upon such termination or breach or threatened breach. In addition, HHGI hereby constitutes and appoints TMP the true and lawful attorney of HHGI and each member of the HHGI Group, with full power of substitution, in the name and on behalf of HHGI and each member of the HHGI Group (and at the cost of HHGI), to take all necessary steps to cause such registration to be so expunged upon such termination or breach or threatened breach by a member of the HHGI Group. The registration and/or use of any HHGI Name under this Section 7.04(c) shall inure to the benefit of TMP.

(iii) On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, HHGI shall, and shall cause each member of the HHGI Group to, transfer or have transferred to TMP, or any designee of TMP, the registrations of any and all Internet domain names that are registered under HHGI or any member of the HHGI Group and for which after the Distribution Date, TMP shall have all rights in, and to the use of, pursuant to this Section 7.04.

(iv) HHGI shall, and shall cause each member of the HHGI Group to, cooperate with and assist TMP or any designee of TMP in applying for, obtaining, perfecting, evidencing, sustaining and enforcing the rights and transfer and assignment of rights contemplated by this Section 7.04(c). HHGI hereby constitutes and appoints TMP the true and lawful attorney of HHGI and its Subsidiaries and each member of the HHGI Group to act as their attorney-in-fact to execute any documents and to take all necessary steps to cause HHGI and its Subsidiaries and each member of the HHGI Group to perform any of their obligations set forth in this Section 7.04(c).

(d) On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, and subject to Section 7.04(e), TMP shall duly and validly transfer or assign, to the appropriate member of the HHGI Group (as directed by HHGI) any and all of its rights in, and to the use of, the names, brands, trademarks, trade names, domain names and/or service marks set forth on *Schedule 7.04(d)*. On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, TMP shall and shall cause each member of the TMP Group to, transfer, or have transferred, to HHGI or any designee of HHGI, the

registrations of any and all Internet domain names that are registered under TMP or any member of the TMP Group and for which, after the Distribution Date, HHGI shall have all rights in, and to the use of, pursuant to this Section 7.04.

(e) None of TMP or its Subsidiaries or the TMP Group makes any representations or warranties of any kind, nor shall have any liability whatsoever, with respect to any names, brands or marks subject to Section 7.04, without limitation as to the validity, non-infringement, right to use, scope or enforceability of such names, brands or marks, whether in the United States or in any other jurisdiction worldwide, and none of TMP or its Subsidiaries or the TMP Group has any obligation to file or prosecute any applications or registrations or maintain any applications or registrations in force in connection therewith, or to otherwise pursue, enforce or prosecute any rights with regard to any names, brands or marks of TMP or its Subsidiaries or the TMP Group or to defend any demands, actions or other claims regarding any names, brands or marks of TMP or its subsidiaries or the TMP Group.

#### 7.05 Intellectual Property.

(a) From and after the Distribution Date, TMP will own or continue to own, exclusive of HHGI, all rights in, and to the use of, (i) all Intellectual Property owned by TMP prior to the Distribution Date, and (ii) all Intellectual Property of the TMP Group or of the HHGI Group that (A) directly or indirectly pertains to the TMP Business, (B) does not pertain exclusively to the HHGI Business and otherwise pertains to both the TMP Business and the HHGI Business, or (C) pertains to neither the TMP Business or the HHGI Business, but in or of which TMP and/or

24

---

HHGI has rights, title or any interest, including, without limitation, the Intellectual Property set forth on *Schedule 7.05(a)*, and any and all inventions, formulations, products, software, data, algorithms and code structure, data bases, client lists, processes, know-how, designs, formulas, methods, developmental or experimental work, clinical data, improvements, derivatives, discoveries, plans for research, new products, marketing and selling information, business plans, business methods, trade secrets, copyrights, patents or other rights arising from any of the foregoing in this Section 7.05(a) (all of the foregoing in this Section 7.05(a) referred to as the "TMP IP"). From and after the Distribution Date, except as permitted in Section 7.05(b), no member of the HHGI Group will use or have any rights in, or to the use of, the TMP IP or any rights arising therefrom.

(b) On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, subject to any required consents, in such case upon receipt of the required consent, and subject to mutually agreeable licensing terms, TMP, on behalf of itself and its Subsidiaries, shall grant to HHGI, subject to Section 7.05(c), a limited, revocable, non-exclusive, non-transferable (other than by way of sublicenses only to members of the HHGI Group, without the right to grant further sublicenses) under the Intellectual Property set forth on *Schedule 7.05(b)* which immediately after the Distribution Date is owned exclusively by TMP or its Subsidiaries, subject to any and all rights granted any other party in respect thereof. To the extent that the HHGI Group does not have copies of any information or materials relating to Intellectual Property licensed under this Section 7.05(b) that are essential to exercising such rights, TMP will, upon reasonable request, supply to HHGI copies of any such information or materials relating to such Intellectual Property in the possession of TMP. In no event shall HHGI utilize the subject matter of any Intellectual Property licensed under this Section 7.05(b) in the areas of the TMP Business or in a manner that is competitive with the TMP Business as such business is being conducted at the Distribution Date, or any related extensions or expansions thereof.

(c) None of TMP or its Subsidiaries makes any representations or warranties of any kind, nor shall have any liability whatsoever, with respect to any Intellectual Property subject to Section 7.05, without limitation as to the validity, non-infringement, right to use, scope or enforceability of such Intellectual Property, whether in the United States or in any other jurisdiction worldwide, and none of TMP or its Subsidiaries or the TMP Group has any obligation to file or prosecute any patent applications or maintain any patents in force in connection therewith, or to file any copyright registrations or to otherwise pursue, enforce or prosecute any rights with regard to any Intellectual Property of TMP or its Subsidiaries or the TMP Group, or to defend any demands, actions or other claims regarding any Intellectual Property of TMP or its Subsidiaries or the TMP Group. Notwithstanding anything contained herein to the contrary, Section 7.05(b) will not be applicable to any rights in, and to the use of, the HHGI Names, TMP Marks or any names, brands trademarks, trade names, domain names, service marks, corporate symbols and logos related thereto and any names, brands, trademarks, trade names, domain names, service marks, corporate symbols or logos which include any of the HHGI Names, TMP Marks or any derivatives thereof.

(d) On or prior to the Distribution Date, or as soon as reasonably practicable thereafter, HHGI shall (and, if applicable, shall cause any other Person over which it has legal or effective direct or indirect control to) duly and validly transfer or assign, or cause to be duly and validly transferred or assigned, to the appropriate member of the TMP Group (as directed by TMP) all rights in, and to the use of, all Intellectual Property that (i) directly or indirectly pertains to the TMP Business, (ii) does not pertain exclusively to the HHGI Business and otherwise pertains to both the TMP Business and the HHGI Business, or (iii) pertains to neither the TMP Business or the HHGI Business, but in or of which HHGI or any member of the HHGI Group has rights, title or interest. If for any reason the rights contemplated by the foregoing sentence cannot be transferred or assigned to TMP or any designee of TMP, HHGI shall waive, or caused to be waived, the enforcement of such rights, and if any such rights cannot be assigned or waived, HHGI

25

---

shall grant, or cause to be granted, to TMP an exclusive, unrestricted, irrevocable, perpetual, worldwide, fully-paid, royalty-free, fully transferable, assignable, sub-licensable (with the right to sublicense multiple tiers) license to such rights. HHGI shall, and shall cause each member of the HHGI Group to, cooperate with and assist TMP or any designee of TMP in applying for, obtaining, perfecting, evidencing, sustaining and enforcing the rights and assignment of rights contemplated by this Section 7.05(d). HHGI hereby constitutes and appoints TMP the true and lawful attorney of HHGI and its Subsidiaries and each member of the HHGI Group to act as their attorney-in-fact to execute any documents and to take all necessary steps to cause HHGI and its Subsidiaries and each member of the HHGI Group to perform any of their obligations set forth in this Section 7.05(d).

7.06 *Certain Business Matters.* Following the Distribution, no member of a Group shall have any duty to refrain from (i) engaging in the same or similar activities or lines of business as any member of the other Group, (ii) doing business with any potential or actual supplier or customer of any member of the other Group, or (iii) engaging in, or refraining from, any other activities whatsoever relating to any of the potential or actual suppliers or customers of any member of the other Group, but nothing in this Section 7.06 shall give HHGI any rights to any TMP's Names or Intellectual Property except as expressly set forth in Sections 7.04 and 7.05.

7.07 *Reimbursement of HHGI Group Liabilities.* As of the Distribution Date, TMP and HHGI shall have agreed on a schedule of those accrued integration and restructuring costs, as shown on HHGI's most recent balance sheet, which will be payable by HHGI during the fiscal quarters ended June 30, 2003, September 30, 2003, December 31, 2003 and March 31, 2004 ("Costs"), segregated by each such fiscal quarter. TMP hereby agrees to reimburse the Costs

payable by HHGI during each of such quarters, at a rate of \$2.5 million per fiscal quarter, equal to an aggregate amount of \$10 million. The reimbursement payments shall be made in immediately available funds to HHGI on each of June 30, 2003, September 30, 2003, December 31, 2003 and March 31, 2004.

7.08 *Delivery of Property.* TMP agrees that it will transfer or make available to HHGI, promptly after the receipt thereof, any property that any member of the TMP Group receives after the Distribution Date intended to be property of HHGI or any member of the HHGI Group under this Agreement, and HHGI agrees that it will transfer or make available to TMP, promptly after the receipt thereof, any property that any member of the HHGI Group receives after the Distribution Date intended to be property of TMP or any member of the TMP Group under this Agreement.

7.09 *Further Assurances and Consents.* In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall (i) use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary in connection with the prompt and timely preparation of financial statements with respect to periods that include the Distribution Date and any Commission filings relating to the transactions contemplated by this Agreement and (ii) use its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements or otherwise to consummate and make effective the transactions contemplated by this Agreement, including, but not limited to, using its reasonable efforts to obtain any consents and approvals and to make any filings and applications necessary or desirable in order to consummate the transactions contemplated by this Agreement; provided that no party hereto shall be obligated to pay any consideration therefor (except for filing fees and other similar charges) to any third party from whom such consents or approvals are requested or to take any action or omit to take any action if the taking of or the omission to take such action would be unreasonably burdensome to the party, its Group or its Group's business.

---

## ARTICLE 8 MISCELLANEOUS

8.01 *Notices.* All notices and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be deemed given when received addressed as follows:

If to TMP, to:

TMP Worldwide Inc.  
622 Third Avenue, 38<sup>th</sup> Floor  
New York, New York 10017  
Facsimile: (917) 256-8026  
Attention: Andrew J. McKelvey

With a copy to:

TMP Worldwide Inc.  
622 Third Avenue, 38<sup>th</sup> Floor  
New York, New York 10017  
Facsimile: (917) 256-8526  
Attention: Myron Olesnycky

Fulbright & Jaworski L.L.P.  
666 Fifth Avenue  
New York, New York 10103  
Facsimile: (212) 318-3400  
Attention: Gregg J. Berman, Esq.

If to HHGI, to:

Hudson Highland Group, Inc.  
622 Third Avenue  
New York, New York 10017  
Facsimile: (917) 256-8403  
Attention: Jon F. Chait

With a copy to:

Hudson Highland Group, Inc.  
225 West Wacker Drive, Suite 2100  
Chicago, Illinois 60606  
Facsimile: (312) 782-1743  
Attention: Latham Williams

Any party may, by written notice so delivered to the other parties, change the address to which delivery of any notice shall thereafter be made.

8.02 *Amendments; No Waivers.*

(a) Any provision of this Agreement (including any Schedule hereto) may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an

amendment, by TMP and HHGI, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.03 *Expenses.* Except as specifically provided otherwise in this Agreement or any Ancillary Agreement, all costs and expenses incurred in connection with the preparation, execution and delivery of the Distribution Documents and the consummation of the Distribution and the other transactions contemplated hereby (including the fees and expenses of all counsel, accountants and financial and other advisors of both Groups in connection therewith, and all expenses in connection with preparation, filing and printing of the Form 10 and the Information Statement) shall be paid by TMP.

8.04 *Successor and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

8.05 *Governing Law.* This Agreement shall be construed in accordance with and governed by the law of the State of New York, without regard to the conflicts of laws rules thereof.

8.06 *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto.

8.07 *Entire Agreement.* This Agreement and the other Distribution Documents constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof. No representation, inducement, promise, understanding, condition or warranty not set forth herein or in the other Distribution Documents has been made or relied upon by any party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder. To the extent that the provisions of this Agreement are inconsistent with the provisions of any other Distribution Document, the provisions of such other Distribution Document shall prevail.

8.08 *Set-Offs.* If, at the time HHGI is required to make any payment to TMP under this Agreement, and TMP owes HHGI any amount under this Agreement or any Ancillary Agreement, then such amounts shall be offset and the excess shall be paid by the party liable for such excess. Similarly, if at the time TMP is required to make any payment to HHGI under this Agreement, and HHGI owes TMP any amount under this Agreement or any Ancillary Agreement, then such amounts shall be offset and the excess shall be paid by the party liable for such excess.

8.09 *Arbitration.* Except with respect to disputes arising under Section 6.06, 7.04 or 7.05 for which injunctive relief is sought, the parties hereto agree that any dispute arising out of or in connection with this Agreement or the transactions contemplated hereby shall be submitted to arbitration. The parties shall negotiate in good faith and use all reasonable efforts to agree upon a resolution of any dispute after receipt of written notice of such dispute from a party. If the parties cannot agree on an amicable settlement within 30 days from written submission of the matter by the party to the other party, the matter shall be submitted to arbitration. Each party shall select one arbitrator, and the two arbitrators so appointed shall select a third arbitrator. In the event such arbitrators cannot agree upon a third arbitrator, a third arbitrator shall be selected in accordance with

the rules as then in effect of the American Arbitration Association. The decision of two of the three arbitrators so appointed shall be conclusive and binding upon the parties to this Agreement. Any such arbitration shall be held in New York, New York under the rules to be mutually agreed upon by the arbitrators selected by the parties or, if no such agreement can be reached, under the rules as then in effect of the American Arbitration Association. Each party to any such arbitration shall pay its own expenses; provided that the fees, costs and expenses of the third arbitrator shall be borne equally by the parties.

8.10 *Existing Arrangements.* Except as described in *Schedule 8.10*, all prior agreements and arrangements, including those relating to goods, rights or services provided or licensed, between the HHGI Group and the TMP Group shall be terminated by TMP and HHGI, and, to the extent such agreements or arrangements are between Subsidiaries of TMP or HHGI, TMP and HHGI shall cause their respective Subsidiaries to terminate such agreements and arrangements effective as of the Distribution Date, if not theretofore terminated. No such agreements or arrangements shall be in effect after the Distribution Date unless embodied in the Distribution Documents.

8.11 *Termination Prior to the Distribution.* TMP's Board of Directors may at any time prior to the Distribution abandon the Distribution and, by notice to HHGI, terminate this Agreement (whether or not TMP Board of Directors has theretofore approved this Agreement and/or the Distribution). In the event that this Agreement is terminated pursuant to this Section 8.11, neither party to this Agreement, nor any of its officers or directors, shall have any Liability or further obligation to the other party hereto.

8.12 *Publicity.* Prior to the Distribution, HHGI shall not, without the prior written consent of TMP, make any public announcement or issue any press release with respect to the Distribution or with respect to any material event.

8.13 *Captions.* The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

8.14 *Third Party Beneficiaries.* Except for the indemnification rights under this Agreement of any TMP Indemnitee or HHGI Indemnitee in their respective capacities as such, (i) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the parties and are not intended to confer upon any Person except the parties any rights or remedies hereunder, and (ii) there are no third party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third Person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Distribution Agreement to be duly executed by their respective authorized officers as of the date first above written.

TMP WORLDWIDE INC.

By: \_\_\_\_\_

Name:  
Title:

HUDSON HIGHLAND GROUP, INC.

By: \_\_\_\_\_

Name:  
Title:

30

**Schedule 2.01**  
**HHGI Subsidiaries after Corporate Restructuring Transactions**

1. TMP Worldwide eResourcing America Inc. (Florida)
2. TMP Worldwide eResourcing Holdings, Inc. (Delaware)
3. TMP Worldwide eResourcing Management, Inc. (Pennsylvania)
4. People.com Consultants, Inc. (California)
5. People.com Technology Partners, Inc. (Delaware)
6. People.com Consultants India Private Limited (India) (99% interest)
7. People.com Network Solutions Private Limited (India) (99% interest)
8. Techpeople.com Pte Ltd. (Singapore)
9. Cornell Technical Services, Inc. (Virginia)
10. Lamalie Associates, Inc. (Florida)
11. LAI Worldwide Asia Ltd. (Hong Kong)
12. TMP Worldwide Search, Inc. (Canada)
13. 305 7313 Nova Scotia Company (Canada)
14. TMP Worldwide Search Ltd. (England)
15. Morgan & Banks Holdings Limited (England)
16. Morgan & Banks Payroll Services Ltd. (England)
17. TMP Holdings International Inc. (Delaware)
18. TMP Worldwide E-Resourcing, S.L. (Spain)
19. TMP Personalberatung GmbH (Germany)
20. TMP Worldwide Executive Resourcing AB (Sweden)
21. James Botrie & Associates Inc. (Canada)
22. TMP Worldwide Search Holdings AG, Zug (Switzerland)
23. TMP Worldwide Search AG, Zurich (Switzerland)

24. TASA AG (Switzerland) (99% interest)
  25. TMP Worldwide Executive Resourcing NV (Belgium)
  26. TASA AG (Spanish Branch) (Switzerland)
  27. TMP Worldwide E-Resourcing Madrid, S.L. (Spain)
  28. TASA Ltd. (England)
  29. TMP Worldwide Search GmbH (Germany)
  30. TMP Worldwide Search SA (France) (99% interest)
  31. TASA Worldwide SRL (Italy) (99.5% interest)
  32. TMP Worldwide Search NV (Belgium) (99% interest)
  33. TMP Worldwide Executive Search Pty Ltd. (Singapore)
- 
34. TASA Unternehmensberatung GmbH (Austria)
  35. TMP Worldwide Executive Search Pte Ltd. (Australia)
  36. TASA International NV (Netherlands, Antilles)
  37. TASA International Inc. (Panama)
  38. TASA Executive Search International Ltd. (British Virgin Islands)
  39. Conpar S.A. (Mexico) (49% interest)
  40. Tasa Inc. (Florida)
  41. TMP Worldwide Search SRL (Italy)
  42. TMP Worldwide Executive Search, SL (Spain)
  43. TMP Worldwide Search Holding B.V.(Netherlands)
  44. TMP Worldwide eResourcing (NZ) Limited (New Zealand)
  45. TMP Worldwide Search B.V. (Netherlands)
  46. TMP Australia Pty Ltd. (Australia)
  47. Interquest Pty Ltd. (Australia)
  48. Morgan & Banks Holdings Australasia Pty Ltd. (Australia)
  49. TMP Worldwide eResourcing Pty Ltd. (Australia)
  50. TASA Holdings Australasia Pty Ltd. (Australia)
  51. TASA Holdco NZ (New Zealand)
  52. Andale Limited (New Zealand)
  53. Morgan & Banks Management Services Pty Ltd. (Australia)
  54. SCCAP Pty Ltd. (Australia)
  55. Red D Hire Pty Ltd. (Australia)
  56. TMP Worldwide eResourcing (Industrial Services) Pty Ltd. (Australia)
  57. TMP Worldwide eResourcing (Industrial Solutions) Pty Ltd. (Australia)
  58. TMP Worldwide eResourcing (Office Services) Pty Ltd. (Australia)
  59. Alectus Personnel Pty Ltd. (Australia)
  60. Lampen Personnel Group Pty Ltd. (Australia)

61. The Australian Temp Company Pty Ltd. (Australia)
  62. TMP Worldwide eResourcing (Newcastle) Pty Ltd. (Australia)
  63. Credential Check Pty Ltd. (Australia)
  64. SBN Convenience Pty Ltd. (Australia)
  65. Tristam Investments Ltd. (Australia)
  66. H. Neumann International Pty Ltd. (Australia)
  67. H. Neumann International Ltd. (New Zealand) (95% interest)
  68. Morgan & Banks Recruitment Ltd. (Hong Kong)
  69. TMP Worldwide eResourcing (Hong Kong) Ltd. (Hong Kong)
- 

70. TMP Worldwide eResourcing (Singapore) Pte Ltd. (Singapore)
71. TMP Worldwide Search Pte Ltd. (Singapore)
72. H. Neumann International (Asia) Pte. Ltd. (Singapore) (95% interest)
73. PT Morgan Nusantara (Indonesia)
74. Maldon Holdings Ltd. (New Zealand)
75. M&B Holdco NZ (New Zealand)
76. TMP Worldwide (Shanghai) Ltd. (China)
77. TMP Worldwide eResourcing (Malaysia) Sdn Bhd (Malaysia)
78. TMP Worldwide (Korea) Limited (Korea)
79. TMP Worldwide Business Solutions Ltd. (New Zealand)
80. TMP Worldwide Industrial (NZ) Ltd. (New Zealand)
81. Methven Personnel Consultants Ltd. (New Zealand)
82. TMP Worldwide Executive Search Limited (Hong Kong)
83. TMP Worldwide Jersey Limited (Jersey)
84. Cepec Consulting Ltd. (England)
85. TMP Worldwide Executive Resourcing Limited (England)
86. QD Group Limited (England)
87. Melville Craig Group Limited (Scotland)
88. The Definitive Group Limited (England)
89. TMP Worldwide Contracting Ltd. (England)
90. HW Daniel Bates Legal Ltd. (England)
91. HW Daniel Bates Partnership Ltd. (England)
92. HW Hall Alexander Ltd. (England)
93. HW Hearst Austin Rowley Search & Selection Ltd. (England)
94. HW Technology Ltd. (England)
95. HW Martina Keane Associates Ltd. (England)
96. HW Harrison Willis Ltd. (England)

97. HW Trustees Ltd. (England)
  98. HW Group International Ltd. (England)
  99. HW Group Asia Pacific Pty Ltd. (Australia)
  100. QD Recruitment North Ltd. (England)
  101. QD Recruitment Ltd. (England)
  102. QD Toronto Branch (Canada)
  103. QD Asia Ltd. (Hong Kong)
  104. QD Consulting Group Ltd. (England)
  105. QD Conferencing Ltd. (England)
- 

106. QD Technology Ltd. (England)
107. MCG Managed Services Ltd. (Scotland)
108. Gem Personnel Select Ltd. (Cyprus)
109. TMP Worldwide Limited (Cyprus)
110. Interrecruit Consulting Limited (Cyprus)
111. TMP Belgium NV (Belgium)
112. TMP Worldwide SAS (France)
113. TMP Worldwide Norway eResourcing Holding AS (Norway)
114. TMP. Worldwide eResourcing Holding B.V. (Netherlands)
115. Excel Resources International Limited (England)
116. Kudos Recruitment Limited (England)
117. TMP Worldwide eResourcing Ltd. (England)
118. TMP.Worldwide Kft. (Hungary)
119. TMP Personnel Select s.r.o. (Czech Republic)
120. TMP Worldwide Sp. Zo. o. (Poland)
121. TMP Worldwide s.r.o. (Slovakia)
122. TMP Worldwide Executive Resourcing Luxembourg SA (Luxembourg)
123. TMP Soler AS (Norway)
124. TMP Worldwide eResourcing APS (Denmark)
125. TMP. Worldwide eResourcing B.V. (Netherlands)
126. Apex Computer Recruitment West Ltd. (England)
127. Apex Computer Recruitment (UK) Ltd. (England)
128. IT Managed Services Ltd. (England)
129. Definitive Training Services Ltd. (England)
130. Apex Computer Recruitment Limited (England)
131. Apex IT Resources Ltd. (Ireland)
132. Definitive Group IT Resources Pty Ltd. (Australia)
133. Kudos Holdings Ltd. (England)

134. The Kudos Partnership (Ireland) Ltd. (Ireland)
  135. The Kudos Partnership Ltd. (England)
  136. TMP Worldwide (ER) Payroll Services Ltd. (England)
  137. CRDP Sp.zo.o (Poland)
  138. Promen Sp.zo.o (Poland)
  139. Morgan & Banks (Hong Kong) Ltd.(Hong Kong)
  140. Maston Development Ltd. (Hong Kong)
  141. H. Neumann International (Asia) Ltd. (Hong Kong) (95% interest)
- 

142. The Wright Company Pte Ltd. (Singapore)
  143. TMP Worldwide Search (Indonesia)
  144. Labor LinQ Ltd. (New Zealand)
  145. TASA International BV (Netherlands)
  146. Morgan & Banks Ltd. (England)
  147. TMP Worldwide Executive Resourcing Limited (Ireland)
  148. TMP Worldwide Executive Resourcing Holding GmbH (Austria)
  149. Definitive IT Solutions Pty Ltd. (Australia)
- 

**Schedule 5.01(d)**  
**TMP Group Employee Plans**

401(k) Plan  
High Value PPO Plan  
Basic PPO Plan  
Kaiser HMO Plan (for California employees only)  
Aetna Dental Maintenance Organization Plan  
Delta Dental Point-Of-Service Plan  
Vision Service Plan  
Basic Term Life Insurance  
Accidental Death & Dismemberment Insurance  
Short Term Disability Plan  
Long Term Disability Plan  
Transportation Flexible Spending Account Program  
Health Care Reimbursement Flexible Spending Account Program  
Dependent Care Flexible Spending Account Program

---

**Schedule 7.01**  
**Real Property**

1. 622 Third Avenue, New York, New York
2. Olympic Place, 7825 Washington Avenue, Bloomington, Minnesota
3. L11 Angel Place 123, Pitt Street, Sydney, Australia
4. 17 Fullarton Rd, Kent Town, Adelaide, Australia
5. Hewlett Packard House, Lvl 2, 4, 5 & 6, Quay St, Auckland, New Zealand
6. L7, BNZ Centre, 1 Willis St Wellington, New Zealand
7. PWC Centre, 119 Armagh St, Christchurch, New Zealand

8. L15, F Natwest Tower, Times Square, 1 Matheson St Causeway Bay, Hong Kong
  9. 7 Temasek Boulevard #08-01- #08-04 Suntec Tower One, Singapore
  10. Software technology Park, 2nd Floor, Block 4, Sector 29, Noida, Dehli, India
  11. 53-63 Chancery Lane, Levels 1-3 and East 4, London, WC2 1QS
  12. Harbourside House, Ocean Square, 110 Commercial Street, Leith, Edinburgh EH6 6NF
  13. Marcel Thiry Laan 75-1200, Brussels, Belgium
  14. Moutstraat 56-9000, Ghent, Belgium
  15. Bld Grand Duchesse Charlotte 39, Luxembourg
  16. 2141 East Camelback Road, Phoenix, Arizona
  17. 222 N. Sepulveda Blvd., El Segundo, California
  18. 16255 Ventura Blvd., Encino, California
  19. 6800 Koll Center Pkwy., Pleasanton, California
  20. 555 Twin Dolphin Drive, Redwood City, California
  21. 595 Market Street, San Francisco, California
  22. 21307 Hawthorne Blvd., Torrance, California
  23. 1050 Connecticut Avenue, Washington, District of Columbia
  24. 254(B) Plaza Drive, Oviedo, Florida
  25. 3903 Northdale Blvd., Tampa, Florida
  26. 4830 W. Kennedy Blvd., Tampa, Florida
  27. 191 Peachtree St., Atlanta, Georgia
  28. 8146 One Calais Avenue, Baton Rouge, Louisiana
  29. 20030 Century Blvd., Germantown, Maryland
  30. 175 Crossing Blvd., Framingham, Massachusetts
  31. 7825 Washington Avenue, Bloomington, Minnesota
  32. Two Research Way, Princeton, New Jersey
  33. 216 East 45<sup>th</sup> Street, New York, New York
- 

34. 352 Park Avenue South, New York, New York
35. 565 Fifth Avenue, New York, New York
36. 812 Huron Road, Cleveland, Ohio
37. 50 West Broad St., Columbus, Ohio
38. 4900 S.W. Meadows, Lake Oswego, Oregon
39. 1700 Market Street, Philadelphia, Pennsylvania
40. 610 West Germantown Pike, Plymouth Meeting, Pennsylvania
41. 5722 Hickson Plaza Drive, Nashville, Tennessee
42. 816 Congress Avenue, Austin, Texas
43. 5956 Sherry Lane Place, Dallas, Texas
44. 20 Adelaide St. E., Toronto, Ontario, Canada

45. Scotia Plaza, 40 King Street, Toronto, Ontario, Canada
  46. 24411 Ridge Route Drive, Bldg B, Laguna Hills, California
  47. 2990 Lucien Way, Suite 150, Maitland, Florida
  48. 8280 Greensboro Drive, Suite 900, McLean, Virginia
  49. Westlake Corporate Center One, Tampa, Florida
  50. 5301 N. Federal Hwy, Boca Raton, Florida
  51. 656 E. Swedesford Rd., Suite 218, Wayne, Pennsylvania
  52. One City Centre, 1021 Main Street, Houston, Texas
  53. 5 Clock Tower Place, Maynard, Massachusetts
  54. 4055 Valley View, Dallas, Texas
  55. 799 Market Street, San Francisco, California
  56. 5301 N. Federal Hwy., Ste. 100 & 110, Boca Raton, Florida
  57. Westlake Corporate Center One, 9119, Corporate Lake Drive, Ste. 200, Tampa, Florida
  58. 1900 Spring Road, Ste. 450, Oakbrook, Illinois
  59. 3109 Poplarwood Court, Ste. 220, Raleigh, North Carolina
  60. 65 Broadway, 19th floor, New York, New York
  61. 100 Blockade Street, Suite 600, Cheswick, Pennsylvania
  62. 110B Rear W. Chocolate Avenue, Hershey, Pennsylvania
  63. 100 West Main Street, Suite 110, Lansdale, Pennsylvania
  64. The Landings, 55 Alpha Drive West, Pittsburgh, Pennsylvania
  65. 656 E. Swedesford Rd. Ste. 218, Wayne, Pennsylvania
  66. 390 St. Charles Way, York, Pennsylvania
  67. 1000 Marina Blvd., #625, Brisbane, California
  68. 10555 Wilshire Blvd., Ste. 1504, Los Angeles, California
  69. 125 South Market Street, San Jose, California
- 
70. 108 Park Center Plaza, San Jose, California
  71. 2121 North California Boulevard, Walnut Creek, California
  72. 101 S. Hall Lane, Ste. 200, Maitland, Florida
  73. 1200 Abernathy Rd, NE/ 600- BAL, Atlanta, Georgia
  74. 320 Congress Street, 7th Floor, -Boston, Massachusetts
  75. 2 Executive Drive (106 Apple St), Tinton Falls, New Jersey
  76. 260 Greensboro Drive, McLean, Virginia
  77. 1964 Gallows Road, Vienna Virginia
  78. 99 Almaden Blvd, San Jose, California
  79. 5 Hutton Centre Dr., Ste 1050, Santa Ana, California
  80. 970 West 190th Street, Gatewaw Tower, Suite 600, Torrance, California

81. 5100 E. Skelly Drive, #940, Tulsa, Oklahoma
  82. 80 SW 8th Street, Suite 2910, Miami, Florida
  83. 5775 Peachtree Dunwoody Road, Ste. C-470, Atlanta, Georgia
  84. 1700 East Golf Road, Suite 175, Schaumburg, Illinois
  85. 7272 Park Circle Dr., Ste 370, Hanover, Baltimore
  86. 4000 Westchase Boulevard, Raleigh, North Carolina
  87. 350 Mount Kemble Avenue, 1st Fl, Morristown, New Jersey
  88. 580 Howard Avenue, 1st Floor, Somerset, New Jersey
  89. 400 Lakeside Drive, Horsham, Pennsylvania
  90. 1500 Walnut Street, Philadelphia, Pennsylvania
  91. Eleven Greenway Plaza, Houston, Texas
  92. 1921 Gallows Road, Vienna, Virginia
  93. Metro Center One Station Place, Stamford, Connecticut
  94. 225 West Wacker Drive Suite 2100, Chicago, Illinois
  95. One City Centre, 1021 Main Street, Houston, Texas
  96. 49 Stevenson Street, #1200, San Francisco, California
  97. Key Tower 127 Public Square, Cleveland, Ohio
  98. 100 Park Avenue, New York, New York
  99. 99 Park Avenue, New York, New York
  100. 601 Elm Street, Dallas, Texas
  101. 1601 Elm Street, Dallas, Texas
  102. Three Riverway, Houston, Texas
  103. L13 Angel Place 123 Pitt St, Sydney, Australia
  104. L14 Angel Place 123 Pitt St, Sydney, Australia
  105. L15 Angel Place 123 Pitt St, Sydney, Australia
- 

106. L16 Angel Place 123 Pitt St, Sydney, Australia
107. <sup>5</sup>/<sub>32</sub> Walker St, North Sydney, Sydney, Australia
108. L4 & L6 Macquarie St, Parramatta, Sydney, Australia
109. Additional floor in Macquarie St, Sydney, Australia
110. 8/333 Collins St, Melbourne, Australia
111. 7/333 Collins St, Melbourne, Australia
112. 7/333 Collins St, Melbourne (dogleg), Australia
113. <sup>7</sup>/<sub>8</sub>, 565 Bourke St, Melbourne, Australia
114. 541 Blackburn Rd, Mt Waverley, Melbourne, Australia
115. <sup>15</sup>/<sub>26</sub> Flinders St, Adelaide, Australia
116. <sup>4</sup>/<sub>50</sub> Grenfell St, Adelaide, Australia

117. 1/151 Henley Beach Rd, Torrensville, Adelaide, Australia
  118. 6/26 St George's Tce, Perth, Australia
  119. 5/26 St George's Tce, Perth, Australia
  120. New Perth CBD location, Perth, Australia
  121. 17/66 Eagle St, Brisbane, Australia
  122. 10/123 Eagle St, (Brook St), Brisbane, Australia
  123. 10/123 Eagle St. Brisbane, Australia
  124. 1/686 Sherwood Rd, Qld, Brisbane, Australia
  125. 54 Marcus Clarke St, Canberra, Australia
  126. 4/101 Mitchell St, Darwin, Australia
  127. TMP House, 640 Great South Road Penrose, Auckland, New Zealand
  128. Colmar Brunton House, 1-7 The Strand Takapuna, Auckland, New Zealand
  129. Gibson Sheet Centre, I Margaret St Lower Hutt., Wellington, New Zealand
  130. 191 Queen St Auckland, New Zealand
  131. Group Rentals House, 636 Great South Rd Penrose, Auckland, New Zealand
  132. L4, 41 Shortland St, Auckland, New Zealand
  133. L2, 94 Dixon St, Wellington, New Zealand
  134. CMB House, 79 Cambridge Terrace, Christchurch, New Zealand
  135. 4/F & 5/F Joire Hanzomon, 2-19 Hayabusa-cho Chiyoda-ku, Tokyo, Japan
  136. 16F, City Air Tower, 159-9 Samsung-dong, Kangnam-ku, Seoul, Korea
  137. Suite 801, Hyundai Millenium Tower, 38 Xiaoyun aard, Chao Yang District, Beijing, China
  138. Room 1104, Central Plaza, 227 North Huang Road, Huangpu District, Shanghai, China
  139. Alma Link Building, Rm 806/03, 25 Soi Chidlom Ploenchit Rd, Lumpini Patumwan, Thailand
  140. Software technology Park, 2nd Floor, Block 4, Sector 29, Noida, Delhi, India
  141. 401, Pavani Plaza, 6-2-984, Khairatabad, Hyderabad, India
- 

142. L8, 333 Collins St, Melbourne, Australia
143. L26, 151 Queen St, Auckland, New Zealand
144. L11 Angel Place 123 Pitt St, Sydney, Australia
145. 9 Clifton St, Richmond, Melbourne, Australia
146. 130 Royal St., East Perth, Australia
147. AMP Annex, 10 Eagle St Brisbane, Australia
148. 7 Fullarton Rd, Kent Town, Adelaide, Australia
149. 2a/18 Bentham St Yarralumla, Canberra, Australia
150. L2A, Hewlett Packard House, Quay St Auckland, New Zealand
151. L7, BNZ Centre, 1 Willis St Wellington, New Zealand
152. L15, F Natwest Tower, Times Square, 1 Matheson St Causeway Bay, Hong Kong

153. 34 A & B, Jalan Mohd Fuad 2, Taman Tun Dr Ismail, Kuala Lumpur, Malasia
  154. L2A, Hewlett Packard House, Quay St, Auckland, New Zealand
  155. 8-2-316/A/6, Road No. 14, Banjara Hills, Hyderabad, India
  156. House no. 50, 9th Main, Indira Nagar, Bangalore, India
  157. 402 Timmy Arcade, Andheri East, Mumbai, India
  158. Megabyte Bus & Comms centre, 3D, Ali Towers, Greams Rd, Chennai, India
- 

**Schedule 7.04(a)  
TMP Marks**

---

**Schedule 7.04(d)  
Marks Assigned to HHGI**

---

**Schedule 7.05(a)  
TMP Intellectual Property**

---

**Schedule 7.05(b)  
Intellectual Property Licensed to HHGI**

---

**Schedule 8.10  
Continuation of Existing Arrangements after the Distribution**

Revenue Sharing Agreement between TMP and HHGI with respect to CFI (Career Fit Indicator) content application.

---

**Exhibit A**

**HHGI Certificate of Incorporation**

---

**Exhibit B**

**HHGI Bylaws**

---

## QuickLinks

[Exhibit 2.1](#)

[TABLE OF CONTENTS](#)

[DISTRIBUTION AGREEMENT](#)

[ARTICLE 1 DEFINITIONS](#)

[ARTICLE 2 PRE-DISTRIBUTION TRANSACTIONS; CERTAIN COVENANTS](#)

[ARTICLE 3 THE DISTRIBUTION](#)

[ARTICLE 4 INDEMNIFICATION](#)

[ARTICLE 5 EMPLOYEE MATTERS](#)

[ARTICLE 6 ACCESS TO INFORMATION](#)

[ARTICLE 7 CERTAIN OTHER AGREEMENTS](#)

[ARTICLE 8 MISCELLANEOUS](#)

[Schedule 2.01 HHGI Subsidiaries after Corporate Restructuring Transactions](#)

[Schedule 5.01\(d\) TMP Group Employee Plans](#)

[Schedule 7.01 Real Property](#)

[Schedule 7.04\(a\) TMP Marks](#)

[Schedule 7.04\(d\) Marks Assigned to HHGI](#)

[Schedule 7.05\(a\) TMP Intellectual Property](#)

[Schedule 7.05\(b\) Intellectual Property Licensed to HHGI](#)

[Schedule 8.10 Continuation of Existing Arrangements after the Distribution](#)

[Exhibit A](#)

[Exhibit B](#)

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
HUDSON HIGHLAND GROUP, INC.**

---

**Pursuant to Sections 242 and 245 of the  
General Corporation Law  
of the State of Delaware**

Hudson Highland Group, Inc., a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), DOES HEREBY CERTIFY:

1. The name of the Corporation is "Hudson Highland Group, Inc." The Corporation was originally incorporated under the name "TMP Worldwide Search, Inc.", and the original Certificate of Incorporation was filed with the Secretary of State of Delaware on January 6, 2003.
2. This Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware (the "GCL"). Pursuant to Section 242 and 228 of the GCL, the amendments and restatement herein have been duly adopted by the Board of Directors and the sole stockholder of the Corporation.
3. Pursuant to Section 245 of the GCL, this Certificate of Incorporation restates and integrates and amends the provisions of the Certificate of Incorporation of the Corporation.
4. The text of the Certificate of Incorporation is hereby restated and amended to read in its entirety as follows:

**ARTICLE I  
NAME**

The name of the corporation is Hudson Highland Group, Inc. (the "*Corporation*").

**ARTICLE II  
AGENT FOR SERVICE**

The address of the registered office of the Corporation in the State of Delaware shall be at 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle; and the name of its registered agent at such address shall be Corporation Services Company.

**ARTICLE III  
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "GCL") as set forth in Title 8 of the Delaware Code 1953, as amended.

**ARTICLE IV  
CAPITAL**

(1) *Classes of Stock.* The total number of shares of all classes of stock which the Corporation shall have the authority to issue is one hundred ten million (110,000,000) shares, consisting of one hundred million (100,000,000) shares of common stock, par value \$.001 per share (the "*Common Stock*"), and ten million (10,000,000) shares of preferred stock, par value \$.001 per share, which shall

---

have such designations as may be authorized by the board of directors from time to time (the "*Preferred Stock*").

(2) *Power and Rights of the Common Stock.* Each share of Common Stock is entitled to vote on all matters. Each share of Common Stock is entitled to dividends if, as and when dividends may be declared by the board of directors of the Corporation and paid. In the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, after there shall have been paid or set aside for the holders of all shares of the Preferred Stock then outstanding the full preferential amounts to which they are entitled, under the terms of such Preferred Stock, the net assets of the Corporation remaining thereafter shall be divided among the holders of the Common Stock.

(3) *Preferred Stock.* The board of directors is hereby authorized, subject to the provisions contained in this Article IV, to issue the Preferred Stock from time to time in one or more series, which Preferred Stock shall rank senior to the Common Stock as to dividends and distribution of assets of the Corporation on dissolution, as hereinafter provided, and shall have such distinctive designations as may be stated in the resolution or resolutions providing for the issue of such stock adopted by the board of directors. In such resolution or resolutions providing for the issuance of shares of a particular series of Preferred Stock, the board of directors is hereby expressly authorized and empowered to fix the number of shares constituting such series and to fix the relative rights and preferences of the shares of the series so established to the full extent allowable by law except insofar as such rights and preferences are fixed herein. Such authorization in the board of directors shall expressly include the authority to fix and determine the relative rights and preferences of such shares in all respects including, without limitation, the following:

- (i) the rate of dividend;
- (ii) whether shares can be redeemed or called and, if so, the redemption or call price and terms and conditions of redemption or call;
- (iii) the amount payable upon shares in the event of dissolution, voluntary and involuntary liquidation or winding up of the affairs of the Corporation;
- (iv) purchase, retirement or sinking fund provisions, if any, for the call, redemption or purchase of shares;
- (v) the terms and conditions, if any, on which shares may be converted into Common Stock or any other securities;
- (vi) whether or not shares have voting rights, and the extent of such voting rights, if any; and
- (vii) whether shares shall be cumulative, noncumulative, or partially cumulative as to dividends and the date from which any cumulative dividends are to accumulate.

## **ARTICLE V DIRECTORS**

(1) *Power of the Board of Directors.* The property and business of the Corporation shall be controlled and managed by or under the direction of its board of directors.

(2) *Number of Directors.* The number of directors constituting the entire board of directors shall be fixed, and may be increased or decreased from time to time, exclusively by resolutions of the board of directors, and such number shall never be more than eleven nor less than five.

(3) *Classified Board of Directors.* The board of directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. The initial division of the board of directors into classes shall be made by the decision of the affirmative vote of a majority

2

---

of the board of directors. The term of the initial Class I directors shall terminate on the date of the 2004 annual meeting of stockholders; the term of the initial Class II directors shall terminate on the date of the 2005 annual meeting of stockholders; and the term of the initial Class III directors shall terminate on the date of the 2006 annual meeting of stockholders. At each succeeding annual meeting of stockholders beginning in 2004, successors to the class of directors whose term expires at that annual meeting of stockholders shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. As used in this Amended and Restated Certificate of Incorporation, the term "entire board of directors" means the total number of directors which the Corporation would have if there were no vacancies.

(4) *Term.* A director shall hold office until the annual meeting of stockholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

(5) *Vacancies; Removal.* Subject to the rights of the holders of any series of Preferred Stock, any vacancy on the board of directors that results from an increase in the number of directors may be filled by a majority of the board of directors then in office, provided that a quorum is present, and any other vacancy occurring on the board of directors may be filled by a majority of the board of directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office only for cause and only by the affirmative vote of the holders of at least seventy percent (70%) of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Amended and Restated Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article V unless expressly provided by such terms.

(5) *By-Laws.* In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Amended and Restated Certificate of Incorporation, and any by-laws adopted by the stockholders; provided, however, that no by-laws hereafter adopted by the stockholders shall invalidate any prior act of the directors that would have been valid if such by-laws had not been adopted.

## **ARTICLE VI DURATION**

The Corporation is to have perpetual existence.

3

---

**ARTICLE VII  
AMENDMENT OF BY-LAWS**

In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to adopt, amend, restate, alter or repeal the by-laws of the Corporation. The affirmative vote of at least a majority of the entire board of directors shall be required to adopt, amend, restate, alter or repeal the Corporation's by-laws. The Corporation's by-laws also may be adopted, amended, restated, altered or repealed by the affirmative vote of the holders of at least seventy percent (70%) of the voting power of the shares entitled to vote at an election of directors.

**ARTICLE VIII  
STOCKHOLDER MEETING**

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the Corporation may be kept (subject to any provision of the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the Corporation. Election of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

**ARTICLE IX  
STOCKHOLDER ACTION**

Unless otherwise required by law, special meetings of stockholders, for any purpose or purposes, may be called by either (i) the chairman of the board of directors, (ii) the chief executive officer or (iii) the board of directors pursuant to a resolution approved by a majority of the entire board of directors. The ability of the stockholders to call a special meeting is hereby specifically denied.

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action is hereby specifically denied.

**ARTICLE X  
CREDITORS**

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of the GCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the GCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

4

---

**ARTICLE XI  
AMENDMENT OF CERTIFICATE OF INCORPORATION**

The Corporation reserves the right to amend, restate, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or thereafter prescribed in this Amended and Restated Certificate of Incorporation, the Corporation's by-laws or the GCL, and all rights herein conferred upon stockholders are granted subject to such reservation; provided, however, that, notwithstanding any other provision of this Amended and Restated Certificate of Incorporation (and in addition to any other vote that may be required by law), the affirmative vote of the holders of at least seventy percent (70%) of the voting power of the shares entitled to vote at an election of directors shall be required to amend, restate, alter, change or repeal, or to adopt any provision as part of this Amended and Restated Certificate of Incorporation inconsistent with the purpose and intent of Articles V, VII and IX of this Amended and Restated Certificate of Incorporation or this Article XI.

**ARTICLE XII  
DIRECTOR LIABILITY**

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for the breach of any fiduciary duty as a director, except (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the GCL is amended after the date of incorporation of the Corporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

**ARTICLE XIII**

## INDEMNIFICATION

The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the board of directors. The right to indemnification conferred by this Article XIII shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

The Corporation may, to the extent authorized from time to time by the board of directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article XIII to directors and officers of the Corporation.

The rights to indemnification and to the advance of expenses conferred in this Article XIII shall not be exclusive of any other right that any person may have or hereafter acquire under this Amended and Restated Certificate of Incorporation, the by-laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

5

---

Any repeal or modification of this Article XIII by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed on its behalf this 13<sup>th</sup> day of March, 2003.

HIGHLAND HUDSON GROUP, INC.

By: /s/ JON F. CHAIT

\_\_\_\_\_  
Name: Jon F. Chait  
Title: Chairman and CEO

6

---

### QuickLinks

[Exhibit 3.1](#)

[ARTICLE I NAME](#)

[ARTICLE II AGENT FOR SERVICE](#)

[ARTICLE III PURPOSE](#)

[ARTICLE IV CAPITAL](#)

[ARTICLE V DIRECTORS](#)

[ARTICLE VI DURATION](#)

[ARTICLE VII AMENDMENT OF BY-LAWS](#)

[ARTICLE VIII STOCKHOLDER MEETING](#)

[ARTICLE IX STOCKHOLDER ACTION](#)

[ARTICLE X CREDITORS](#)

[ARTICLE XI AMENDMENT OF CERTIFICATE OF INCORPORATION](#)

[ARTICLE XII DIRECTOR LIABILITY](#)

[ARTICLE XIII INDEMNIFICATION](#)

**AMENDED AND RESTATED**  
**BY - L A W S**  
**OF**  
**HUDSON HIGHLAND GROUP, INC.**  
**(a Delaware corporation)**

**ARTICLE I**  
**OFFICES**

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II**  
**MEETINGS OF STOCKHOLDERS**

Section 1. All meetings of the stockholders for the election of directors shall be held in such place, either within or without the State of Delaware, at such place as may be fixed from time to time by the board of directors and as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting.

Section 2. Annual meetings of stockholders shall be held at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. Nominations of persons for election to the board of directors and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice with respect to such meeting, (b) by or at the direction of the board of directors or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such business must be a proper matter for stockholder action under the Delaware General Corporation Law. To be timely, a stockholder's notice shall be delivered to the secretary not less than 45 or more than 75 days prior to the first

---

anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner and (iii) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting.

In the event that the number of directors to be elected to the board of directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased board of directors made by the Corporation at least 55 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders, a stockholder's notice required by this section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

Only persons nominated in accordance with the procedures set forth in this section shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has

been made in accordance with the procedures set forth in this section and in Section 8 of this Article and, if any proposed nomination or business is not in compliance with such procedures, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

Notwithstanding the foregoing provisions of this section or of Section 8 of this Article, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to matters set forth herein. Nothing in such provisions shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under such Act.

Section 5. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the principal place of business of the Corporation.

2

---

Section 6. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board or the chief executive officer and shall be called by the chairman of the board, president or secretary at the request in writing of a majority of the entire board of directors. Such request shall state the purpose or purposes of the proposed meeting.

Section 7. Notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 8. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the board of directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the board of directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 4 of this Article. Nominations by stockholders of persons for election to the board of directors may be made at such a special meeting of stockholders if the stockholder's notice required by the second paragraph of Section 4 of this Article shall be delivered to the secretary of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting.

Section 9. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to the chairman in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 10. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 11. When a quorum is present at any meeting, and except as provided in Section 2 of Article II of these by-laws, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 12. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on or after three years from its date, unless the proxy provides for a longer period.

3

---

Section 13. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation.

Section 14. At all meetings of stockholders, the chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman.

Section 15. If the object of a stockholders meeting is to elect directors or to take a vote of the stockholders on any proposition, then the chairman of the meeting shall appoint a person, who is not a director, as inspector to receive and canvass the votes given at such meeting and certify the result to the chairman.

Section 16. Attendance of a stockholder, in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where the stockholder, in person or by proxy, attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 1. The number of directors constituting the entire board of directors shall be fixed, and may be increased or decreased from time to time, exclusively by resolutions of the board of directors, and such number shall never be more than eleven nor less than five.

The board of directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. The initial division of the board of directors into classes shall be made by the decision of the affirmative vote of a majority of the board of directors. The term of the initial Class I directors shall terminate on the date of the 2004 annual meeting of stockholders; the term of the initial Class II directors shall terminate on the date of the 2005 annual meeting of stockholders; and the term of the initial Class III directors shall terminate on the date of the 2006 annual meeting of stockholders. At each succeeding annual meeting of stockholders beginning in 2004, successors to the class of directors whose term expires at that annual meeting of stockholders shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. The term "entire board of directors" means the total number of directors which the Corporation would have if there were no vacancies.

A director shall hold office until the annual meeting of stockholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Section 2. Subject to the rights of the holders of any series of Preferred Stock, any vacancy on the board of directors that results from an increase in the number of directors may be filled by a majority of the board of directors then in office, provided that a quorum is present, and any other vacancy occurring on the board of directors may be filled by a majority of the board of directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

4

---

Section 3. The property and business of the Corporation shall be managed by or under the director of its board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. Directors must be nominated in accordance with the procedure set forth in Section 4 of Article II hereof. No person shall be qualified to be elected and to hold office as a director if such person is determined by the affirmative vote of a majority of the entire board of directors to have violated either Federal or state law, in a manner contrary to the best interests of the Corporation, to have interests not properly authorized in conflict with the interests of the Corporation, or to have breached any agreement between such director and the Corporation relating to such director's services as a director or employee of the Corporation.

#### **MEETINGS OF THE BOARD OF DIRECTORS**

Section 5. The board of directors of the Corporation, or any committee thereof, may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. Regular meetings of the board of directors may be held upon such notice, or without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the full board may be called by the chairman of the board or the president or any director by mailing seven days' written notice to each director or by telephone or by telegraph, telex, facsimile or electronic transmission not less than 24 hours before the meeting.

Section 8. Notice of a meeting need not be given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or a waiver of notice of such meeting.

Section 9. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if minutes are maintained in paper form and shall be in electronic form if minutes are maintained in electronic form.

Section 11. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

#### **COMMITTEES**

Section 12. There shall be the following committees of the board of directors which shall have and may exercise the authority specified in these bylaws: a Compensation Committee, an Audit

Committee, a Nominating and Governance Committee and an Executive Committee, each of which shall (i) consist of the number of directors with the requisite qualifications and (ii) have the responsibilities as set forth in their respective charters. The board of directors may also, by resolution passed by a majority of the whole board, designate one or more other committees, each committee to consist of one or more directors of the Corporation. The Executive Committee shall have and may exercise all the powers and authority of the board of directors in the management of the business, properties and affairs of the Corporation, including authority to take all action provided by law and in the by-laws to be taken by the board of directors, except as such powers are limited by Section 12 of this Article III. All acts done and powers conferred by the Executive Committee shall be deemed to be, and may be certified as being, done or conferred under authority of the board of directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, or by these by-laws, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any by-law of the Corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 13. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

#### **COMPENSATION OF DIRECTORS**

Section 14. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors. The directors may also be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. The directors may also be granted stock options at the discretion of the board of directors. No such payment or compensation shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

#### **REMOVAL OF DIRECTORS**

Section 15. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office only for cause and only by the affirmative vote of the holders of at least sixty-six and two-thirds ( $66\frac{2}{3}\%$ ) of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors.

#### **ARTICLE IV NOTICES**

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed

to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given to stockholders, any notice to stockholders may also be given by electronic transmission in the manner provided in the Delaware General Corporation Law. Notice to directors may also be given by courier, telephone, telegram, telex, facsimile or electronic transmission or personally.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or waiver by electronic transmission by such person or persons, whether before or after the time stated therein, shall be deemed equivalent thereto. A person entitled to notice of any meeting of the board of directors or stockholders, as the case may be, waives such notice if he or she appears in person or, in the case of a stockholder, by proxy at such meeting, except when the person attends a meeting for the express purposes of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

#### **ARTICLE V OFFICERS**

Section 1. The officers of the Corporation shall be chosen by the board of directors and shall be a chairman of the board, a president, a secretary and a treasurer. The board of directors may also choose, a chief executive officer, controller, one or more vice presidents, one or more assistant secretaries and assistant treasurers. Any such officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board of directors, a president, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents, as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the board of directors.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time with or without cause by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

#### **CHAIRMAN OF THE BOARD**

Section 6. The Chairman of the Board shall preside at all meetings of the board of directors or of the stockholders of the Corporation. The Chairman shall have such other powers and perform such other duties as are provided in these by-laws and, in addition thereto, as the board of directors may from time to time determine.

#### **THE PRESIDENT**

Section 7. The president shall have general direction and supervision over day-to-day matters relating to the business and affairs of the Corporation, shall implement or supervise the

7

---

implementation of corporate policies as established by the board of directors and shall be in charge of stockholder relations. He or she shall have such other powers and perform such other duties as the board of directors may from time to time prescribe.

Section 8. He or she shall have the authority to execute bonds, mortgages and other contracts and, except as otherwise provided by law or the board of directors, he or she may authorize any vice president or other officer or agent of the Corporation to execute such documents in his or her place and stead.

#### **THE VICE PRESIDENTS**

Section 9. The vice president, if any, or, if there shall be more than one, the vice presidents in the order determined by the board of directors (or, in the absence of any designation, then in the order of their election) shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

#### **THE SECRETARY AND ASSISTANT SECRETARY**

Section 10. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or person serving as chief executive officer, under whose supervision he or she shall be.

Section 11. The assistant secretary or, if there be more than one, the assistant secretaries in the order determined by the board of directors (or, in the absence of any designation, then in the order of their election), shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

#### **THE TREASURER AND ASSISTANT TREASURERS**

Section 12. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board of directors.

Section 13. He or she shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the person serving as chief executive officer, the president and board of directors at its regular meetings, or when the board of directors so requires, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

Section 14. If required by the board of directors, he or she shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his or her control belonging to the Corporation.

Section 15. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or, in the absence of any designation, then in the order of their election), shall, in the absence or disability of the treasurer, perform the duties and exercise the

8

---

powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

#### **ARTICLE VI CERTIFICATES OF STOCK**

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the chairman of the board of directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by that holder in the Corporation.

Section 2. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if that person or entity were such officer, transfer agent or registrar at the date of issue.

#### **LOST CERTIFICATES**

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the owner's legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond or payment of applicable insurance premium in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

#### **TRANSFERS OF STOCK**

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

#### **FIXING RECORD DATE**

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

#### **REGISTERED STOCKHOLDERS**

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall

---

not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

#### **ARTICLE VII INDEMNIFICATION**

Section 1. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. To the extent that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article VII or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 4. Any indemnification under Sections 1 or 2 of this Article VII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VII. Such determination shall be made, with respect to a person which is a director or officer at the time of such determination, (a) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (c) if there

10

---

are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 5. For purposes of any determination under Section 4 of this Article VII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 5 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 5 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VII, as the case may be.

Section 6. Notwithstanding any contrary determination in the specific case under Section 4 of this Article VII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VII, as the case may be. Neither a contrary determination in the specific case under Section 4 of this Article VII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 6 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 7. Expenses (including attorneys' fees) incurred by a director or officer of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any bylaw, agreement, vote of stockholders or disinterested directors or pursuant to the direction of any court of competent jurisdiction or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that

11

---

indemnification of the persons specified in Section 1 and 2 of this Article VII shall be made to the fullest extent permitted by law. The provisions of this Article VII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VII but whom the Corporation has the power or obligation to indemnify under the provisions of the GCL, or otherwise.

Section 9. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VII.

Section 10. For purposes of Article VII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under Article VII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

Section 11. For purposes of Article VII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves service by, such director, officer, employee, or agent, as the case may be, with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner that person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in Article VII.

Section 12. The indemnification and advancement of expenses provided by, or granted pursuant to this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 13. Notwithstanding anything contained in this Article VII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 6 hereof), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the board of directors of the Corporation.

Section 14. The Corporation may, to the extent authorized from time to time by the board of directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VII to directors and officers of the Corporation.

12

---

## **ARTICLE VIII GENERAL PROVISIONS**

### **DIVIDENDS**

Section 1. Dividends upon the capital stock of the Corporation subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

### **ANNUAL STATEMENT**

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

### **CHECKS**

Section 4. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

### **FISCAL YEAR**

Section 5. The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors.

### **SEAL**

Section 6. The corporate shall not be required to have a seal.

## **ARTICLE IX AMENDMENTS**

Section 1. These by-laws may be altered, amended, restated or repealed or new by-laws may be adopted by the board of directors or the stockholders as provided in the certificate of incorporation.

13

---

QuickLinks

[Exhibit 3.2](#)

[ARTICLE II MEETINGS OF STOCKHOLDERS](#)

[ARTICLE III DIRECTORS](#)

[MEETINGS OF THE BOARD OF DIRECTORS](#)

[COMMITTEES](#)

[COMPENSATION OF DIRECTORS](#)

[REMOVAL OF DIRECTORS](#)

[ARTICLE IV NOTICES](#)

[ARTICLE V OFFICERS](#)

[CHAIRMAN OF THE BOARD](#)

[THE PRESIDENT](#)

[THE VICE PRESIDENTS](#)

[THE SECRETARY AND ASSISTANT SECRETARY](#)

[THE TREASURER AND ASSISTANT TREASURERS](#)

[ARTICLE VI CERTIFICATES OF STOCK](#)

[LOST CERTIFICATES](#)

[TRANSFERS OF STOCK](#)

[FIXING RECORD DATE](#)

[REGISTERED STOCKHOLDERS](#)

[ARTICLE VII INDEMNIFICATION](#)

[ARTICLE VIII GENERAL PROVISIONS DIVIDENDS](#)

[ANNUAL STATEMENT](#)

[CHECKS](#)

[FISCAL YEAR](#)

[SEAL](#)

[ARTICLE IX AMENDMENTS](#)

**HUDSON HIGHLAND GROUP, INC.**

INCORPORATED UNDER THE LAWS OF  
THE STATE OF DELAWARE

**COMMON STOCK**

**This certifies that**

CUSIP 443792 10 6  
SEE REVERSE FOR CERTAIN DEFINITIONS

**is the owner of**

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK, PAR VALUE \$.001 PER SHARE, OF  
HUDSON HIGHLAND GROUP, INC.

(hereinafter the "Corporation"), transferable on the books of the Corporation by the holders hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned by the Transfer Agent and Registrar.  
WITNESS the facsimile signatures of the duly authorized officers of the Corporation.

Dated:

COUNTERSIGNED AND REGISTERED

CHIEF EXECUTIVE OFFICER

THE BANK OF NEW YORK  
(NEW YORK, N.Y.)

SECRETARY

TRANSFER AGENT  
AND REGISTRAR

By

AUTHORIZED SIGNATURE

**HUDSON HIGHLAND GROUP, INC.**

The Corporation will furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof of the Corporation, and the qualifications, limitations or restrictions of such preferences and/or rights.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	— as tenants in common	UNIF GIFT MIN ACT-	_____ Custodian _____
TEN ENT	— as tenants by the entireties		(Cust) (Minor)
JT TEN	— as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minors Act
			_____ (State)

Additional abbreviations may also be used though not in the above list.

*Important Notice:* When you sign your name to this Assignment Form without filling in the name of your "Assignee" or "Attorney", this stock certificate becomes fully negotiable, similar to a check endorsed in blank. Therefore, to safeguard a signed certificate, it is recommended that you either (i) fill in the name of the new owner in the "Assignee" blank, or (ii) if you are sending the signed certificate to your bank or broker, fill in the name of the bank or broker in the "Attorney" blank. Alternatively, instead of using the Assignment Form, you may sign a separate "stock power" form and then mail the unsigned stock certificate and the signed "stock power" in separate envelopes. For added protection, use certified or registered mail for a stock certificate.

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address, including postal zip code, of assignee

of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

Shares

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated

---

NOTICE: The signature to this assignment must correspond with the names as written upon the face of the Certificate, in every particular, without alteration or enlargement, or any change whatever.

---

## QuickLinks

[Exhibit 4.1](#)

[HUDSON HIGHLAND GROUP, INC.](#)

**HUDSON HIGHLAND GROUP, INC.**

**LONG TERM INCENTIVE PLAN**

1. *General.*

(a) *Purpose.* The purpose of the Hudson Highland Group, Inc. Long Term Incentive Plan (the "Plan") is to establish a flexible vehicle through which Hudson Highland Group, Inc., a Delaware corporation (the "Company"), can offer equity-based compensation incentives to eligible recipients with a view toward promoting the long-term financial success of the Company and enhancing stockholder value.

(b) *Types of Awards.* Awards under the Plan may be in the form of any one or more of the following: (i) stock options, including options intended to qualify as "incentive stock options" ("ISOs") within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code") and options which do not qualify as ISOs ("NQSOs"), described in Section 5; (ii) stock appreciation rights ("SARs") described in Section 6; (iii) awards of restricted stock described in Section 7; (iv) performance-based awards described in Section 8; and (v) such other types of equity-based awards described in Section 9 as the Committee (as defined below) deems advisable.

(c) *Stock Covered by Awards.* Awards made under the Plan will be made in the form of or with reference to shares of the Company's common stock, \$.001 par value ("Common Stock"). Shares of Common Stock available for issuance under the Plan may be either authorized and unissued or held by the Company in its treasury. No fractional shares of Common Stock will be delivered under the Plan.

(d) *Documentation of Awards.* Each award made under the Plan will be evidenced by a written agreement or other written instrument the terms of which will be established by the Committee. To the extent not inconsistent with the provisions of the Plan, the written agreement or other instrument evidencing an award will govern the rights and obligations of the parties with respect to the award.

2. *Administration.*

(a) *Committee.* The Plan will be administered by the Compensation Committee of the Company's Board of Directors (the "Board") or such other committee or subcommittee thereof appointed by the Board from time to time (the "Committee"); provided, however, that the Board will serve as the Committee with respect to awards made to members of the Board who are not employees of the Company or its affiliates. Unless the Board determines otherwise, each member of the Committee will be a "non-employee director" within the meaning of Rule 16b-3 issued under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and an "outside director" within the meaning of Section 162(m)(4)(C)(i) of the Code and the applicable Treasury regulations thereunder. If for any reason any member of the Committee does not qualify as a "non-employee director" or as an "outside director," such non-qualification will not affect the validity of the awards, interpretations or other actions of the Committee.

(b) *Authority of Committee.* Subject to the limitations of the Plan, the Committee, acting in its sole and absolute discretion, will have full power and authority to: (i) select the persons to whom awards will be made under the Plan; (ii) make awards to such persons and prescribe the terms and conditions of such awards (including, without limitation, nonsolicitation, confidentiality and mandatory dispute resolution conditions); (iii) interpret and apply the provisions of the Plan and of any agreement or other document evidencing an award made under the Plan; (iv) carry out any responsibility or duty specifically reserved to the Committee under the Plan; and (v) make any and all determinations and interpretations and take such other actions as may be necessary or desirable in order to carry out the provisions, intent and purposes of the Plan. A majority of the

---

members of the Committee will constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the Committee as to any disputed question, including questions of construction, interpretation and administration, will be final and conclusive on all persons.

(c) *Indemnification.* The Company will indemnify and hold harmless each member of the Committee and any employee or director of the Company or an affiliate to whom any duty or power relating to the administration or interpretation of the Plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including legal and other expenses incident thereto) arising out of or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or wilful misconduct.

3. *Participation.* Awards may be granted under the Plan to any member of the Board (whether or not an employee of the Company or an affiliate), to any officer or other employee of the Company or an affiliate and to any consultant or other independent contractor who performs or will perform services for the Company or an affiliate. In selecting participants and determining the nature and terms of awards made under the Plan, the Committee may give consideration to the functions and responsibilities of a potential recipient, his or her previous and/or expected contributions to the business of the Company or its affiliates and such other factors as the Committee deems relevant under the circumstances.

4. *Limitations on Awards under the Plan.*

(a) *Aggregate Number of Shares.* Subject to adjustment as provided in Section 13 below, the maximum number of shares of Common Stock that may be issued under the Plan is 1,000,000, provided, however, that the aggregate maximum number of shares of Common Stock that may be issued under the Plan pursuant to Sections 7, 8 and 9 below is 333,333. In determining the number of shares that remain issuable under the Plan at any time after the date the Plan is adopted, the following shares will be deemed not to have been issued (and will be deemed to remain available for issuance) under the Plan: (i) shares remaining under an award that terminates or is canceled without having been exercised or earned in full; (ii) shares subject to an award where cash is delivered to the holder of the award in lieu of such shares; (iii) shares of restricted stock that are forfeited in accordance with the terms of

the applicable award; and (iv) shares that are withheld in order to pay the purchase price of an award or to satisfy the tax withholding obligations associated with an award.

(b) *Individual Award Limitations.* Subject to adjustment as provided in Section 13 below, (i) the maximum number of shares of Common Stock for which stock options or SARs may be granted under the Plan to any person in any calendar year shall be 250,000, and (ii) the aggregate maximum number of shares of Common Stock subject to awards, other than options or SARs, that may be granted under the Plan to any person in any calendar year shall be 250,000. Subject to these limitations, each person eligible to participate in the Plan will be eligible in any year to receive awards covering up to the full number of shares of Common Stock then available for awards under the Plan. No more than \$1,000,000 may be paid to any individual with respect to any single performance-based award covered by Section 8 which is settled in cash. In applying this limitation, multiple performance-based awards to the same individual will be subject to a single \$1,000,000 limit if they are either (i) determined by reference to performance periods of one year or less ending with or within the same fiscal year of the Company, or (ii) determined by reference to one or more multi-year performance periods ending in the same fiscal year of the Company (in each instance, determined without regard to any amounts paid as a result of the acceleration of the ending date of a performance period or of the vesting of such an award arising in connection

2

---

with the individual's termination of employment or other service or a Change in Control (as defined below)).

#### 5. *Stock Options.*

(a) *ISOs and NQSOs.* Subject to the provisions hereof, the Committee may grant ISOs and NQSOs to eligible personnel to purchase shares of Common Stock upon such terms and conditions as the Committee deems appropriate, provided that the Committee may only grant ISOs to employees of the Company and its "subsidiary corporations" within the meaning of Section 424 of the Code.

(b) *Exercise Price.* The exercise price per share of Common Stock covered by an option granted pursuant to this Section 5 will be determined by the Committee when the option is granted. The exercise price per share of Common Stock covered by an option must be at least equal to the Fair Market Value (as defined below) per share of Common Stock on the date the option is granted (or, in the case of an ISO granted to an optionee who, at the time the option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its "subsidiary corporations" within the meaning of Section 424 of the Code, 110% of the Fair Market Value per share of Common Stock on the date the option is granted).

(c) *Option Period.* Except as otherwise provided herein, if not previously exercised or terminated, all such options will expire ten years after the date the option is granted (or, in the case of an ISO granted to a ten percent stockholder described in Section 424 of the Code, five years).

(d) *Vesting Conditions.* The Committee may establish such vesting and other restrictions on the exercise of an option and/or upon the disposition of the stock acquired upon the exercise of an option as it deems appropriate. Unless the Committee prescribes otherwise, during an optionee's employment or service with the Company or an affiliate, each option granted pursuant to this Section 5 will be subject to a four-year vesting schedule pursuant to which, unless sooner terminated or accelerated, the option will become vested as to 25% of the shares originally covered thereby at the end of each of the first four years following the date of grant.

(e) *Exercise of Options.* An option may be exercised by transmitting to the Company (i) a notice specifying the number of shares to be purchased and (ii) payment of the exercise price. The Committee may establish such rules and procedures as it deems appropriate for the exercise of options under the Plan, including, without limitation, procedures for telephonic exercise. The exercise price of shares of Common Stock acquired pursuant to the exercise of an option granted under the Plan may be paid in cash, certified or bank check and/or such other form of payment as may be approved by the Committee from time to time and permitted under applicable law, including, without limitation, shares of Common Stock which, if acquired from the Company, have been owned by the holder (free and clear of any liens or encumbrances) for at least six (6) months or pursuant to a "cashless exercise" procedure approved by the Committee and permitted by law.

(f) *Rights as a Stockholder.* No shares of Common Stock will be issued in respect of the exercise of an option granted under the Plan until full payment therefor has been made. The holder of an option will have no rights as a stockholder with respect to any shares covered by an option until the date a stock certificate for such shares is issued to him or her. Except as otherwise provided herein, no adjustments shall be made for dividend distributions or other rights for which the record date is prior to the date such stock certificate is issued.

(g) *Limitation on Repricing of Options.* Unless and to the extent otherwise approved by the Company's stockholders, under no circumstances may the Board or the Committee authorize a Repricing (as defined below) of any outstanding options. For these purposes, a "Repricing" means

3

---

any of the following (or any other action that has the same effect as any of the following): (i) amending the terms of an option to lower its exercise price, (ii) any other action that is treated as a repricing under generally accepted accounting principles, or (iii) canceling an option at a time when its exercise price is equal to or greater than the fair market value of the underlying Common Stock, in exchange for another option, restricted stock, or other equity award, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction.

(h) *Other Provisions.* The Committee may impose such other conditions with respect to the exercise of options, including, without limitation, any conditions relating to the application of federal or state securities laws or exchange or listing requirements, as it may deem necessary or advisable.

#### 6. *Stock Appreciation Rights.*

(a) *General.* Subject to the provisions hereof, the Committee may award SARs to eligible personnel upon such terms and conditions as it deems appropriate. A SAR is an award entitling the holder, upon exercise, to receive an amount, in cash or shares of Common Stock or a combination thereof, as

determined by the Committee in its sole discretion, determined with reference to the appreciation, if any, in the Fair Market Value of Common Stock during the period beginning on the date the SAR is granted and ending on the date the SAR is exercised.

(b) *Types of SARs.* SARs may be awarded under the Plan in conjunction with a stock option award ("tandem SARs") or independent of any stock option award ("stand-alone SARs"). Tandem SARs awarded in conjunction with a NQSO may be awarded either at or after the time the NQSO is granted. Tandem SARs awarded in conjunction with an ISO may only be awarded at the time the ISO is granted.

(c) *Exercisability of SARs.* Except as otherwise provided herein, a tandem SAR will be exercisable only at the same time and to the same extent and subject to the same conditions as the related option is exercisable. The exercise of a tandem SAR will cancel the related option to the extent of the shares of Common Stock with respect to which the SAR is exercised, and vice versa. Tandem SARs may be exercised only when the Fair Market Value of the Common Stock to which it relates exceeds the option exercise price. The Committee may impose such additional service or performance-based vesting conditions upon the exercise of a SAR (tandem or stand-alone) as it deems appropriate.

(d) *Exercise of SARs.* A SAR may be exercised by giving written notice to the Company identifying the SAR that is being exercised, specifying the number of shares covered by the exercise and containing such other information or statements as the Committee may require. The Committee may establish such rules and procedures as it deems appropriate for the exercise of SARs under the Plan, including, without limitation, procedures for telephonic exercise. Upon the exercise of a SAR, the holder will be entitled to receive an amount (in cash and/or shares of Common Stock as determined by the Committee) equal to the product of (i) the number of shares with respect to which the SAR is being exercised and (ii) the difference between the Fair Market Value of a share of Common Stock on the date the SAR is exercised (or such other exercise price as may be specified in the award) and the exercise price per share of the SAR.

(e) *Deferral of Payment.* The Committee may at any time and from time to time provide for the deferral of delivery of any shares and/or cash for which an SAR may be exercisable until such date or dates and upon such other terms and conditions as the Committee may determine.

4

---

## 7. *Restricted Stock.*

(a) *General.* Subject to the provisions hereof, the Committee may award shares of Common Stock to eligible personnel upon such terms and subject to such forfeiture and other conditions as the Committee deems appropriate.

(b) *Stock Certificates for Restricted Stock.* Unless the Committee elects to use a different method (such as, for example, the issuance and delivery of stock certificates) shares of restricted stock will be evidenced by book entries on the Company's stock transfer records pending the expiration of restrictions thereon. If a stock certificate for restricted stock is issued in the name of the grantee, it will bear an appropriate legend to reflect the nature of the restrictions applicable to the shares represented by the certificate, and the Committee may require that such stock certificates be held in custody by the Company until the restrictions on such shares have lapsed. The Committee may establish such other conditions as it deems appropriate in connection with the issuance of stock certificates for shares of restricted stock, including, without limitation, a requirement that the grantee deliver a duly signed stock power, endorsed in blank, for the shares covered by the award.

(c) *Purchase Price.* The purchase price payable for shares of restricted stock awarded under the Plan will be determined by the Committee. To the extent permitted by applicable law, the purchase price may be as low as zero and, to the extent required by the applicable law, the purchase price will be no less than the par value of the shares covered by the award.

(d) *Restrictions and Vesting.* The Committee will establish such conditions as it deems appropriate on the grant or vesting of restricted stock awarded under the Plan. Such conditions may be based upon continued service, the attainment of performance goals (which, in the case of grants of restricted stock intended to qualify for the performance-based compensation exception under Section 162(m)(4)(C) of the Code, satisfy the requirements of Section 8) and/or such other relevant factors or criteria designated by the Committee. The holder of restricted stock will not be permitted to transfer shares of restricted stock awarded under the Plan before the time the applicable vesting conditions are satisfied.

(e) *Rights as a Stockholder.* Except as provided herein and as otherwise determined by the Committee, the recipient of a restricted stock award shall have with respect to his or her restricted stock all of the rights of a holder of shares of Common Stock, including, without limitation, the right to receive any dividends, the right to vote such shares and, subject to satisfaction of the applicable vesting conditions, the right to tender such shares. The Committee may, in its sole discretion, determine at the time of grant that the payment of dividends will be deferred until, and conditioned upon, the satisfaction of the applicable vesting conditions.

(f) *Lapse of Restrictions.* If and when the vesting conditions are satisfied with respect to a restricted stock award, a certificate for the shares covered by the award, to the extent vested, will be delivered to the grantee. All legends shall be removed from said certificates at the time of delivery except as otherwise required by applicable law.

## 8. *Performance-Based Awards.*

(a) *General.* Subject to the provisions hereof, the Committee may condition the exercise, vesting or settlement of an award made under the Plan on the achievement of specified performance goals. The provisions of this Section will apply in the case of a performance-based award that is intended to generate "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

(b) *Objective Performance Goals.* A performance goal established in connection with an award covered by this Section must be (1) objective, so that a third party having knowledge of the

5

---

relevant facts could determine whether the goal is met, (2) prescribed in writing by the Committee before the beginning of the applicable performance period or at such later date (when fulfillment is substantially uncertain) as may be permitted under Section 162(m) of the Code, and (3) expressed in the following manner with respect to any one or more of the following business criteria:

- (i) attainment of certain target levels of, or a specified percentage increase in, revenues, income before income taxes and extraordinary items (determined in accordance with standards established by Opinion No. 30 of the Accounting Principles Board), net income, earnings before income tax, earnings before interest, taxes, depreciation and amortization or a combination of any or all of the foregoing;
- (ii) attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax profits;
- (iii) attainment of certain target levels of, or a specified increase in, operational cash flow;
- (iv) achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of, the Company's bank debt or other long-term or short-term public or private debt or other similar financial obligations of the Company, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee;
- (v) attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations;
- (vi) attainment of certain target levels of, or a specified increase in return on capital employed or return on invested capital;
- (vii) attainment of certain target levels of, or a percentage increase in, after-tax return on stockholders' equity;
- (viii) attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula;
- (ix) attainment of certain target levels in the Fair Market Value of the Common Stock; and
- (x) growth in the value of an investment in the Company's Common Stock assuming the reinvestment of dividends.

If and to the extent permitted under Section 162(m) of the Code, such performance goals may be determined without regard to (or adjusted for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar types of events or circumstances occurring during the applicable performance period. The Committee may not delegate any responsibility with respect to the establishment or determination of performance goals to which awards covered by this Section are subject.

(c) *Calculation of Performance-Based Award.* At the expiration of the applicable performance period, the Committee will determine the extent to which the performance goals established pursuant to this Section are achieved and the percentage of each performance-based award that has been earned. The Committee may reduce the amount that would otherwise be payable pursuant to an award covered by this Section, but may not exercise its discretion to increase such amount.

---

9. *Other Equity-Based Awards.* Subject to the provisions hereof, the Committee may grant other types of equity-based awards, including, without limitation, the grant or offer for sale of unrestricted shares of Common Stock and/or the grant of phantom stock awards, stock bonus awards, restricted stock unit awards and dividend equivalent awards, in such amounts and subject to such terms and conditions as the Committee shall determine. Awards pursuant to this Section 9 may entail the transfer of actual shares of Common Stock to Plan participants, or payment in cash or otherwise of amounts based on the value of shares of Common Stock and may include, without limitation, awards designed to comply with or take advantage of the applicable local laws or jurisdictions other than the United States.

10. *Fair Market Value of Common Stock.* For all purposes of the Plan, the Fair Market Value of a share of Common Stock on any date will be equal to the closing price per share as published by the principal national securities exchange (including, but not limited to, Nasdaq) on which shares of the Common Stock are traded on such date or, if there is no sale of Common Stock on such date, the average of the bid and asked prices on such exchange at the close of trading on such date, or if shares of the Common Stock are not listed on a national securities exchange on such date, the closing price or, if none, the average of the bid and asked prices in the over the counter market at the close of trading on such date, or if the Common Stock is not traded on a national securities exchange or the over the counter market, the value of a share of the Common Stock on such date as determined in good faith by the Committee.

11. *Non-Transferability of Awards.* No stock option, SAR, performance-based award or other equity-based award under the Plan shall be transferable by the recipient other than upon the recipient's death to a beneficiary designated by the recipient in a manner acceptable to the Committee, or, if no designated beneficiary shall survive the recipient, pursuant to the recipient's will or by the laws of descent and distribution. All stock options and SARs shall be exercisable during the recipient's lifetime only by the recipient. Tandem SARs shall be transferable, to the extent permitted above, only with the underlying stock option. Shares of restricted stock may not be transferred prior to the date on which shares are issued or, if later, the date on which such shares have vested and are free of any applicable restriction imposed hereunder. Except as otherwise specifically provided by law or the provisions hereof, no award received under the Plan may be transferred in any manner, and any attempt to transfer any such award shall be void, and no such award shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such award, nor shall it be subject to attachment or legal process for or against such person. Notwithstanding the foregoing, the Committee may determine at the time of grant or thereafter that a NQSO is transferable in whole or part to such persons, under such circumstances, and subject to such conditions as the Committee may prescribe.

12. *Effect of Termination of Employment or Service.* Unless otherwise determined by the Committee at grant or, if no rights of the participant are thereby reduced, thereafter, and subject to earlier termination in accordance with the provisions hereof, the following rules apply with regard to vesting and exercise of awards held by a participant at the time of his or her termination of employment or other service with the Company and its affiliates.

- (a) *Rules Applicable to Stock Options and SARs.*

(i) *Termination by Reason of Death.* If a participant's employment or service terminates by reason of his or her death, then any stock option or SAR held by the deceased participant will thereupon become fully exercisable and may be exercised by the deceased participant's beneficiary at any time within one year from the date of death, but in no event after expiration of the stated term thereof, and shall thereupon terminate.

(ii) *Termination by Reason of Disability.* If a participant's employment or service terminates by reason of his or her disability (as defined below), then (1) any stock option or SAR held by the participant, to the extent exercisable on the termination date, may be

7

---

exercised by the participant at any time within one year from the termination date, but in no event after expiration of the stated term thereof, and shall thereupon terminate, provided that, if the participant dies during such one-year period, then the deceased participant's beneficiary may exercise the option or SAR, to the extent exercisable by the deceased participant immediately prior to his or her death, for a period of one year following the date of death, but in no event after expiration of the stated term, and (2) any stock option or SAR held by the participant, to the extent exercisable on the termination date, shall immediately terminate. For the purposes hereof, unless otherwise determined by the Committee at the time of grant, the term "disability" means the inability of a participant to perform the customary duties of his or her employment or other service for the Company or an affiliate by reason of a physical or mental incapacity or illness which is expected to result in death or be of indefinite duration.

(iii) *Termination for Cause.* If a participant's employment or service is terminated by the Company or its affiliates for Cause (or at a time when grounds for a termination for Cause exist), then, notwithstanding anything to the contrary contained herein, any stock option or SAR held by the optionee, whether or not otherwise exercisable on the termination date, shall immediately terminate and cease to be exercisable. A termination for "Cause" means (1) in the case where there is no employment, consulting or similar service agreement between the participant and the Company Group or where such an agreement exists but does not define "cause" (or words of like import), a termination classified by the Company or its affiliates, in their sole discretion, as a termination due to the participant's dishonesty, fraud, insubordination, willful misconduct, refusal to perform services or materially unsatisfactory performance of duties, or (2) in the case where there is an employment, consulting or similar service agreement between the participant and the Company or its affiliates that defines "cause" (or words of like import), a termination that is or would be deemed for "cause" (or words of like import) as classified by the Company or its affiliates, in their sole discretion, under such agreement.

(iv) *Other Termination.* If a participant's employment or service terminates for any reason other than described in Section 12(a)(i), 12(a)(ii) or 12(a)(iii) above, then (1) any stock option or SAR held by the participant, to the extent exercisable on the termination date, may be exercised by the participant at any time within a period of six months from the termination date, but in no event beyond the expiration of the stated term thereof, and shall thereupon terminate, and (2) any stock option or SAR held by the participant, to the extent not exercisable on the termination date, shall immediately terminate.

(b) *Rules Applicable to Restricted Stock.* Upon the termination of a participant's employment or service for any reason (including death and disability) or no reason, restricted stock which has not yet become fully vested will, unless otherwise determined by the Committee, automatically be forfeited by the participant (or the participant's successors) and any certificate therefor or book entry with respect thereto or other evidence thereof will be canceled.

(c) *Rules Applicable to Performance-Based Awards.* Upon termination of a participant's employment or service for any reason (including death and disability) or no reason, then the participant's outstanding performance-based awards will, unless otherwise determined by the Committee, thereupon expire and the participant (or his or her beneficiary, as the case may be) will not be entitled to receive any amount in respect of the performance period or cycle within which the participant's employment or service is terminated.

(d) *Rules Applicable to Other Equity-Based Awards.* Rules similar to those set forth in subsection (b) (relating to restricted stock awards) will apply in connection with the termination of employment or service of a participant who holds any other form of equity-based award granted under the plan that has not yet vested and/or is contingent upon future performance of services.

8

---

### 13. *Capital Changes; Change in Control.*

(a) *Adjustments Upon Changes in Capitalization.* The aggregate number and class of shares for which may be issued under the Plan, the maximum number of shares covered by awards that may be granted to any individual in any calendar year, the number and class of shares covered by each outstanding award and, if applicable, the exercise price per share shall all be adjusted proportionately or as otherwise appropriate to reflect any increase or decrease in the number of issued shares of Common Stock resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of any stock dividend, and/or to reflect a change in the character or class of shares covered by the Plan arising from a readjustment or recapitalization of the Company's capital stock.

(b) *Change in Control.* If, in connection with a Change in Control (as defined below), the stockholders of the Company receive capital stock of another corporation ("Exchange Stock") in exchange for their shares of Common Stock (whether or not such Exchange Stock is the sole consideration), and if the Board so directs, then all outstanding options and/or SARs will be converted into options to purchase, or SARs covering, shares of Exchange Stock. The number of shares and exercise price under the converted options and SARs will be determined by adjusting the number of shares and exercise price for the options and SARs granted hereunder on the same basis as the determination of the number of shares of Exchange Stock the holders of Common Stock will receive in connection with the Change in Control and, unless the Board determines otherwise, the vesting conditions with respect to the converted options and SARs will be substantially the same as the vesting conditions set forth in the original option or SAR agreement. If the Board does not direct the conversion of outstanding options or SARs in connection with a Change in Control, then all participants will be permitted to exercise their outstanding options and SARs in whole or in part (whether or not otherwise vested or exercisable) prior to the Change in Control, and any outstanding options and SARs which are not exercised before the Change in Control will thereupon terminate.

(c) *Definition of Change in Control.* For purposes hereof, the term "Change in Control" shall be deemed to occur if: (i) there shall be consummated (A) any consolidation, merger or reorganization involving the Company, unless such consolidation, merger or reorganization is a "Non-Control Transaction" (as defined below) or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; (ii) the stockholders of the Company shall approve any plan or proposal for liquidation or dissolution of the Company; (iii) any person (as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the Company's then outstanding voting securities other than pursuant to a plan or arrangement entered into by such person and the Company; or (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire Board shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period or who were so approved. A "Non-Control Transaction" shall mean a consolidation, merger or reorganization of the Company where (1) the stockholders of the Company immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such consolidation, merger or reorganization (the "Surviving Corporation"); (2) the individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute at least 50% of the members of the board of directors of the Surviving Corporation, or a corporation

---

directly or indirectly beneficially owning a majority of the voting securities of the Surviving Corporation; and (3) no person (other than (a) the Company, (b) any subsidiary of the Company, (c) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation or any subsidiary, or (d) any person who, immediately prior to such consolidation, merger or reorganization, beneficially owned more than 50% of the combined voting power of the Company's then outstanding voting securities) beneficially owns, directly or indirectly, more than 50% of the combined voting power of the Surviving Corporation's then outstanding voting securities.

(d) *Fractional Shares.* In the event of any adjustment in the number of shares covered by any option or SAR pursuant to the provisions hereof, any fractional shares resulting from such adjustment will be disregarded, and each such option or SAR will cover only the number of full shares resulting from the adjustment.

(e) *Determination of Board to be Final.* All adjustments under this Section shall be made by the Board, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

14. *Amendment and Termination.* The Board may amend or terminate the Plan, provided, however, that no such action may affect adversely the accrued rights of the holder of any outstanding award without the consent of the holder. Except as otherwise provided in Section 13, any amendment which would increase the maximum number of shares of Common Stock which may be issued under the Plan (on an aggregate or individual basis) or the aggregate maximum number of shares which may be issued pursuant to Sections 7, 8 and 9 of the Plan or modify the class of recipients eligible to receive awards under the Plan shall be subject to the approval of the Company's stockholders. The Committee may amend the terms of any agreement or certificate made or issued hereunder at any time and from time to time provided, however, that any amendment which would adversely affect the accrued rights of the holder may not be made without his or her consent.

15. *Tax Withholding.* As a condition to the exercise of any award or the delivery of any shares of Common Stock pursuant to any award or the lapse of restrictions on any award, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company or its affiliates relating to an award, (a) the Company or its affiliates may deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to an award recipient whether or not pursuant to the Plan, or (b) the Company or its affiliates shall be entitled to require that the recipient remit cash to the Company or its affiliates (through payroll deduction or otherwise), in each case in an amount sufficient to satisfy such withholding obligation. If the event giving rise to the withholding obligation involves a transfer of shares of Common Stock, then, at the sole discretion of the Committee, the recipient may satisfy the withholding obligation described under this Section 15 by electing to have the Company withhold shares of Common Stock (which withholding shall be at a rate not in excess of the statutory minimum rate) or by tendering previously-owned shares of Common Stock, in each case, having a Fair Market Value equal to the amount of tax to be withheld (or by any other mechanism as may be required or appropriate to conform with local tax and other rules).

16. *Compliance with Law.* Shares of Common Stock shall not be issued pursuant to the Plan unless the issuance and delivery of such shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act and the requirements of any stock exchange or market upon which the Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or

---

market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

17. *No Rights Conferred.* Nothing contained herein will be deemed to give any individual any right to receive an award under the Plan or to be retained in the employ or other service of the Company or any affiliate of the Company.

18. *Governing Law.* The Plan and each award agreement shall be governed by the laws of the State of Delaware, without regard to its principles of conflicts of law.

19. *Decisions and Determinations of Committee to be Final.* Any decision or determination made by the Board pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the Board, all decisions and determinations of the Committee are final and binding.

20. *Term of the Plan.* The Plan shall be effective upon its adoption by the Board, subject to the approval of the stockholders of the Company within one year from the date of adoption by the Board. The Plan will terminate on the tenth anniversary of the date of its adoption by the Board, unless sooner terminated by the Board. The rights of any person with respect to an award made under the Plan that is outstanding at the time of the termination of the Plan shall not be affected solely by reason of the termination of the Plan and shall continue in accordance with the terms of the award (as then in effect or thereafter amended) and the Plan.

## QuickLinks

[Exhibit 4.2](#)

[HUDSON HIGHLAND GROUP, INC. LONG TERM INCENTIVE PLAN](#)

# Employee Stock Purchase Plan Hudson Highland Group, Inc. Effective \_\_\_\_\_, 2003

---

## Contents

Article 1.	Purpose and Effective Date	3
Article 2.	Definitions	3
Article 3.	Administration	5
Article 4.	Number of Shares	5
Article 5.	Eligibility Requirements	6
Article 6.	Enrollment	6
Article 7.	Grant of Options on Enrollment	7
Article 8.	Payment	7
Article 9.	Purchase of Shares	7
Article 10.	Withdrawal from the Plan and Termination of Employment	8
Article 11.	Designation of Beneficiary	9
Article 12.	Miscellaneous	9

## Hudson Highland Group, Inc. Employee Stock Purchase Plan

### Article 1. Purpose and Effective Date

**1.1** The purpose of the Hudson Highland Group, Inc. Employee Stock Purchase Plan (the "Plan") is to provide an opportunity for employees of Hudson Highland Group, Inc. (the "Company") and employees of the Participating Affiliates (as defined below) to purchase shares of common stock of the Company in a way which is both convenient and on a basis more favorable than would otherwise be available. The Company believes that employee participation in ownership of the Company on this basis will be to the mutual benefit of both the employee and the Company.

It is the intent of the Company to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code, although the Company makes no undertakings nor representations to maintain such qualification. In addition, this Plan document authorizes the grant of Options under a non-Code Section 423 plan which do not qualify under Section 423 of the United States Internal Revenue Code pursuant to rules, procedures, or sub-plans adopted by the Committee (as defined below) designated to achieve desired tax or other objectives.

**1.2** It is intended that Purchase Periods will commence, if at all, at such times designated by the Committee.

**1.3** The Plan shall be effective on \_\_\_\_\_, 2003 (the "Effective Date") subject to the approval of the Company's stockholders within one (1) year before or one (1) year after the date the Plan is approved by the Board. The Plan shall remain in effect in accordance with Section 12.7 of the Plan.

### Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

**2.1** "**Account**" means a recordkeeping account maintained for a Participant to which payroll deductions, if applicable, shall be credited.

**2.2** "**Affiliate**" means any (i) Subsidiary and (ii) other entity in which the Company has an equity interest.

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

**2.4** "**Change in Control**" shall be deemed to occur if (1) there shall be consummated (A) any consolidation, merger or reorganization involving the Company, unless such consolidation, merger or reorganization is a "Non-Control Transaction" (as defined below) or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company, or (2) the

stockholders of the Company shall approve any plan or proposal for liquidation or dissolution of the Company, or (3) any person (as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of more than fifty percent (50%) of the combined voting power of the Company's then outstanding voting securities other than (a) a person who owns or owned Shares of the Company, (b) pursuant to a plan or arrangement entered into by such person and the Company, or (c) pursuant to receipt of such shares from a stockholder of the Company pursuant to such stockholder's will or the laws of descent and distribution.

A "Non-Control Transaction" shall mean a consolidation, merger or reorganization of the Company where (1) the stockholders of the Company immediately before such consolidation,

---

merger or reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such consolidation, merger or reorganization (the "Surviving Corporation"), (2) the individuals who were members of the Board of the Company immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute at least fifty percent (50%) of the members of the Board of Directors of the Surviving Corporation, or a corporation directly or indirectly beneficially owning a majority of the voting securities of the Surviving Corporation and (3) no person (other than (a) the Company, (b) any subsidiary of the Company, (c) any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation or any subsidiary, or (d) any person who, immediately prior to such consolidation, merger or reorganization, beneficially owned more than fifty percent (50%) of the combined voting power of the Company's then outstanding voting securities) beneficially owns more than fifty percent (50%) of the combined voting power of the Surviving Corporation's then outstanding voting securities.

- 2.5 "Code" means the Internal Revenue Code of 1986, as amended.
- 2.6 "Committee" means the compensation committee of the Board. The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board.
- 2.7 "Company" means Hudson Highland Group, Inc. a Delaware corporation.
- 2.8 "Cut-Off Date" means the date established by the Committee from time to time by which enrollment forms must be received.
- 2.9 "Eligible Employee" means an Employee eligible to participate in the Plan in accordance with Article 5.
- 2.10 "Employee" means any active employee of the Company or a Participating Affiliate.
- 2.11 "Enrollment Date" means the first Trading Day of a Purchase Period.
- 2.12 "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.
- 2.13 "Fair Market Value" means, as of any applicable date, the opening sale price on the principal securities exchange on which the Shares are traded or, if there is no such sale on the relevant date, then on the last previous day on which a sale was reported.
- 2.14 "Grant Date" means a date on which an Eligible Employee is granted an option under the Plan pursuant to Article 7.
- 2.15 "Grant Price" means the Fair Market Value of a Share on the Grant Date for such option.
- 2.16 "Participant" means an Eligible Employee who has enrolled in the Plan pursuant to Article 6.
- 2.17 "Participating Affiliate" means an Affiliate which has been designated by the Committee in accordance with Section 3.2 of the Plan as covered by the Plan. In the event the designated Affiliate is not a Subsidiary, it shall be designated for participation in the non-Code Section 423 portion of the Plan.
- 2.18 "Purchase Date" with respect to a Purchase Period means the last Trading Day in such Purchase Period.
- 2.19 "Purchase Date Price" means the Fair Market Value of a Share on the applicable Purchase Date.
- 2.20 "Purchase Period" means the purchase period designated by the Committee; provided, that each period shall, in no event, end later than: (i) five (5) years from the date the option is

---

granted if the Purchase Price is to be not less than eighty-five percent (85%) of the Fair Market Value of the Shares on the Purchase Date; or (ii) otherwise, twenty-seven (27) months from the Grant Date.

- 2.21 "Purchase Price" means the price designated by the Committee, at which each Share may be purchased under any option, but in no event less than eighty-five percent (85%) of the lesser of:
- (a) The Grant Price, as defined in Section 2.13; and
  - (b) The Purchase Date Price, as defined in Section 2.18.

- 2.22 "Rule 16b-3" means Rule 16b-3 under the Exchange Act.
- 2.23 "Shares" means Shares of the Company's common stock.
- 2.24 "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Company if, as of the applicable Enrollment Date, each of the corporations other than the last corporation in the chain owns stock possessing more than fifty percent (50%) of the total combined voting power of all classes of stock in one of the other corporations in the chain.
- 2.25 "Trading Day" means any day the stock exchange in which the Company's Shares are traded is open for trading.

### Article 3. Administration

3.1 The Plan shall be administered by the Committee. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of the Board. The Committee shall have the authority to delegate administrative duties to officers, directors, or Employees of the Company.

3.2 The Committee shall have the power, subject to and within the limits of the express provisions of the Plan, to construe and interpret the Plan and options granted under it; to establish, amend, and revoke rules and regulations for administration of the Plan; to determine all questions of policy and expediency that may arise in the administration of the Plan; to make any changes to the Plan or its operations to reduce or eliminate any unfavorable accounting consequences to the extent deemed appropriate by the Committee; and, generally, to exercise such powers and perform such acts as the Committee deems necessary or expedient to promote the best interests of the Company, including, but not limited to, designating from time to time which Affiliates of the Company shall be Participating Affiliates. The Committee's determinations as to the interpretation and operation of this Plan shall be final and conclusive.

In exercising the powers described in the foregoing paragraph, the Committee may adopt special or different rule, procedures, or sub-plans with respect to the Plan including, but not limited to, rules which allow employees of any foreign Participating Affiliate to participate in, and enjoy the tax benefits offered by the Plan.

3.3 The Plan provisions relating to the administration of the Plan may be amended by the Board from time to time as may be desirable to satisfy any requirements of or under the federal securities and/or other applicable laws of the United States, or to obtain any exemption under such laws, or to reduce or eliminate any unfavorable accounting consequences.

### Article 4. Number of Shares

4.1 **Shares Reserved.** No more than 160,000 Shares shall be reserved for sale and have been authorized by the stockholders of the Company for issuance pursuant to the Plan or any other similar employee stock purchase plan that the Company establishes for employees located in foreign

5

---

jurisdictions. If any option granted under the Plan shall for any reason terminate without having been exercised, the Shares not purchased under such option shall again become available for issuance under the Plan.

4.2 **Adjustments.** In the event of any change in corporate capitalization such as a stock split, or a corporate transaction such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation of the Company, the Committee may make such adjustments it deems appropriate to prevent dilution or enlargement of rights in the number and class of Shares which may be delivered under Section 4.1, in the number, class of and/or price of Shares available for purchase under the Plan, and in the number of Shares which a Participant is entitled to purchase.

### Article 5. Eligibility Requirements

5.1 Except as provided in Section 5.2, each Employee shall become eligible to participate in the Plan in accordance with Article 6 on the first Enrollment Date on or following the later of: (a) the date such individual becomes an Eligible Employee; or (b) the Effective Date; provided, however, that the Committee may establish administrative rules with respect to an Employee's employment (e.g., some minimum employment period, for example, ninety (90) days prior to the Grant Date) to be eligible to participate with respect to the Purchase Period beginning on that Grant Date. Participation in the Plan is entirely voluntary.

5.2 Any provision of this Plan to the contrary notwithstanding, no Employee shall be granted an option, unless their participation is required as a matter of local law or regulation:

- (a) If, immediately after the grant, such Employee would own, and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any parent or subsidiary of the Company within the meaning of Section 423 of the Code; or
- (b) Which permits the Employee's rights to purchase stock under all employee stock purchase plans, as defined in Section 423 of the Code, of the Company and its subsidiaries to accrue at a rate which exceeds twenty-five thousand dollars (\$25,000) of fair market value of the stock (determined at the time such option is granted) for each calendar year in which such stock option is outstanding at any time;
- (c) If the Employee's customary employment does not meet certain requirements for length of employment determined by the Committee from time to time; provided, however, that any such requirement for length of employment shall comply with Section 423 of the Code; or
- (d) If the Employee is prohibited by the laws of the nation of their residence of employment from participating in the Plan.

### Article 6. Enrollment

Any Eligible Employee may enroll in the Plan for any future Purchase Period by completing and signing an enrollment election form or by such other means as the Committee shall prescribe and submitting such enrollment election to the Company or a Participating Affiliate on or before the Cut-Off Date with respect to such Purchase Period.

## **Article 7. Grant of Options on Enrollment**

**7.1** Enrollment by an Eligible Employee in the Plan as of an Enrollment Date will constitute the grant by the Company to such Participant of an option on such Enrollment Date to purchase Shares from the Company pursuant to the Plan.

**7.2** An option granted to a Participant pursuant to this Plan shall expire, if not sooner terminated in accordance with the Plan, on the earliest to occur of: (a) the end of the Purchase Period in which such option was granted; (b) the completion of the purchase of Shares under the option under Article 9; or (c) the date on which participation of such Participant in the Plan terminates for any reason.

**7.3** An option granted to a Participant under the Plan shall give the Participant a right to purchase on a Purchase Date the number of Shares which the funds accumulated in the Participant's Account as of such Purchase Date will purchase at the applicable Purchase Price; provided, however, that the Committee may, in its discretion, limit the number of Shares that may be purchased by each Participant in any Purchase Period.

Notwithstanding anything to the contrary herein, no Employee shall be granted an option under the Plan (or any other plan of the Company or a Subsidiary intended to qualify under Section 423 of the Code) which would permit the Employee to purchase Shares under the Plan (and such other plan) in any calendar year with a Fair Market Value (determined at the time such option is granted) in excess of USD 25,000.

## **Article 8. Payment**

The Committee may designate the time and manner for payment for Shares to be purchased during the Purchase Period, including, but not limited to, payment by each Participant in cash or by certified check on a date designated by the Committee prior to the Purchase Date, or through payroll deductions (with the permitted minimum deduction being USD 10.00 (or the foreign currency equivalent thereto) and the permitted maximum deduction being USD 1,000.00 (or the foreign currency equivalent thereto) in full USD 1.00 (or the foreign currency equivalent thereto) increments), the terms and conditions of which are designated by the Committee.

Payment amounts shall be credited to a Participant's Account under this Plan. Unless required to do so by law or regulation, all payment amounts may be used by the Company for any purpose and the Company shall have no obligation to segregate funds. Unless mandated by law or regulation, no interest shall accrue on any payments by Participants.

## **Article 9. Purchase of Shares**

**9.1** Any option held by the Participant which was granted under this Plan and which remains outstanding as of a Purchase Date shall be deemed to have been exercised on such Purchase Date for the number of Shares which the funds accumulated in the Participant's Account as of the Purchase Date will purchase at the applicable Purchase Price (but not in excess of the number of Shares for which options have been granted to the Participant pursuant to Section 7.3). All other Shares for which options have been granted which are not purchased on the last Purchase Date shall terminate.

**9.2** If Shares are purchased by a Participant pursuant to Section 9.1, then, within a reasonable time after the Purchase Date, the Company shall deliver or cause to be delivered to the Participant a certificate or certificates for the whole number of Shares purchased by the Participant unless the Company has made arrangements to have the Shares held at a bank or other appropriate institution in noncertificated form. If any law or applicable regulation of the United States Securities and Exchange Commission or other body having jurisdiction shall require that the Company or the Participant take

any action in connection with the Shares being purchased under the option, delivery of the certificate or certificates for such Shares shall be postponed until the necessary action shall have been completed.

**9.3** In the case of Participants employed by a Participating Affiliate, the Committee may provide for Shares to be sold through the Affiliate to such Participants, to the extent consistent with Section 423 of the Code and other applicable laws.

**9.4** If the total number of Shares for which options are or could be exercised on any Purchase Date in accordance with this Article 9, when aggregated with all Shares for which options have been previously exercised under this Plan, exceeds the maximum number of Shares reserved in Section 4.1, the Company shall allocate the Shares available for delivery and distribution in the ratio that the balance in each Participant's Account bears to the aggregate balances of all Participants' Accounts, and the remaining balance of the amount credited to the Participant's Account of each Participant under the Plan shall be returned to him/her as promptly as possible.

**9.5** If a Participant or former Participant sells, transfers, or otherwise makes a disposition of Shares purchased pursuant to an option granted under the Plan within two (2) years after the date such option is granted or within one (1) year after the date such Shares were transferred to the Participant, and if such Participant or former Participant is subject to United States federal income tax, then such Participant or former Participant shall notify the Company or Participating Affiliate in writing of such sale, transfer, or other disposition within ten (10) days of the consummation of such sale, transfer, or other disposition.

## **Article 10. Withdrawal From the Plan and Termination of Employment**

**10.1 Withdrawal from the Plan.** A Participant may withdraw from the Plan in full (but not in part) during any Purchase Period by delivering a notice of withdrawal to the Company or a Participating Affiliate (in a manner prescribed by the Committee) at any time up to but not including the fifteen (15) days prior to

the Purchase Date next following the date such notice of withdrawal is delivered, or at such shorter time in advance of such Purchase Date as the Committee may permit.

If notice of withdrawal is timely received, all funds then accumulated in the Participant's Account shall not be used to purchase Shares as of the next following Purchase Date, but shall instead be distributed to the Participant as soon as administratively feasible.

A Participant who has withdrawn during a Purchase Period may not return funds to the Company or a Participating Affiliate during the same Purchase Period and require the Company or Participating Affiliate to apply those funds to the purchase of Shares. Any Eligible Employee who has withdrawn from the Plan may, however, re-enroll in the Plan on the next subsequent Enrollment Date, if any.

**10.2 Termination of Employment.** Participation in the Plan terminates immediately when a Participant ceases to be employed by the Company or a Participating Affiliate for any reason whatsoever or otherwise ceases to be an Eligible Employee, and such terminated Participant's outstanding options shall thereupon terminate.

As soon as administratively feasible after termination of participation, the Company or Participating Affiliate shall pay to the Participant or his/her beneficiary or legal representative any amounts accumulated in the Participant's Account at the time of termination of participation.

**10.3 Change in Control.** In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquiring Corporation"), may, without the consent of any Participant, assume the Company's rights and obligations under the Plan. If the Acquiring Corporation elects not to assume the Company's rights and obligations under the Plan, the Purchase Date of the then current Purchase Period shall be accelerated to a date before the date of the Change in Control specified by the Board, but the number

of Shares subject to outstanding options shall not be adjusted. All options which are neither assumed by the Acquiring Corporation in connection with the Change in Control nor exercised as of the date of the Change in Control shall terminate and cease to be outstanding effective as of the date of the Change in Control.

**10.4 Leave of Absence.** If a Participant takes a leave of absence without terminating employment, such Participant shall have the right, at the commencement of the leave of absence and in accordance with procedures prescribed by the Committee, to elect to withdraw from the Plan in accordance with Section 10.1. To the extent determined by the Committee or required by Section 423 of the Code, certain leaves of absence may be treated as cessations of employment for purposes of the Plan.

#### **Article 11. Designation of Beneficiary**

The Committee may permit each Participant under the Plan, from time to time, to name any beneficiary or beneficiaries (who may be named contingently or successively) to whom the amount in his/her Participant Account is to be paid in case of his/her death before he/she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Committee during the Participant's lifetime. In the absence of any such designation, any Participant Account balance remaining unpaid at the Participant's death shall be paid to the Participant's estate.

#### **Article 12. Miscellaneous**

**12.1 Restrictions on Transfer.** Options granted under the Plan to a Participant may not be exercised during the Participant's lifetime other than by the Participant. Neither amounts credited to a Participant's Account nor any rights with respect to the exercise of an option or to receive Shares under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the Participant other than by will or the laws of descent and distribution. Any such attempted assignment, transfer, pledge, or other disposition shall be without effect, except that the Committee may treat such act as an election to withdraw from the Plan in accordance with Section 10.1.

**12.2 Administrative Assistance.** If the Committee in its discretion so elects, it may retain a brokerage firm, bank, or other financial institution to assist in the purchase of Shares, delivery of reports, or other administrative aspects of the Plan. If the Committee so elects, each Participant shall (unless prohibited by applicable law) be deemed upon enrollment in the Plan to have authorized the establishment of an account on his/her behalf at such institution. Shares purchased by a Participant under the Plan shall be held in the Account.

**12.3 Withholding.** The Company or any Participating Affiliate shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or any Participating Affiliate, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, income or social insurance required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

**12.4 Costs.** All costs and expenses incurred in administering the Plan shall be paid by the Company, except that any stamp duties, transfer taxes, and any brokerage fees applicable to participation in the Plan may be charged to the Participant Account of such Participant by the Company.

**12.5 Equal Rights and Privileges.** To the extent Eligible Employees are granted options pursuant to Code Section 423, such Eligible Employees shall have equal rights and privileges with respect to the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations.

**12.6 Applicable Law.** The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of New York.

**12.7 Amendment and Termination.** The Board may amend, alter, suspend, or terminate the Plan at any time; provided, however, that: (a) the Plan may not be amended in a way which will cause the Plan to fail to meet the requirements of Code Section 423; and (b) no amendment which would amend or modify the Plan in a manner requiring stockholder approval under Section 423 of the Code, Rule 16b-3, or the requirements of any securities exchange on which the Shares

are traded shall be effective unless such stockholder approval is obtained. In addition, the Committee may amend the Plan as provided in Section 3.3, subject to the conditions set forth therein and in this Section 12.7.

If the Plan is terminated or suspended, the Board or Committee may elect to terminate all outstanding options either prior to their expiration or upon completion of the purchase of Shares on the next Purchase Date, or may elect to permit options to expire in accordance with their terms (and participation to continue through such expiration dates). If the options are terminated prior to expiration, all funds accumulated in Participants' Accounts as of the date the options are terminated shall be returned to the Participants as soon as administratively feasible.

**12.8 No Right of Employment.** Neither the grant nor the exercise of any rights to purchase Shares under this Plan nor anything in this Plan shall impose upon the Company or a Participating Affiliate any obligation to employ or continue to employ any Employee. The right of the Company or Participating Affiliate to terminate any Employee shall not be diminished or affected because any rights to purchase Shares have been granted to such Employee.

**12.9 Rights as Shareholder.** No Participant shall have any rights as a shareholder unless and until certificates for Shares of common stock have been issued to him/her.

**12.10 Governmental Regulation.** The Company's obligation to sell and deliver Shares of the Company's common stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance, or sale of such Shares.

**12.11 Gender.** When used herein, masculine terms shall be deemed to include the feminine, except when the context indicates to the contrary.

**12.12 Condition for Participation.** As a condition to participation in the Plan, Eligible Employees agree to be bound by the terms of the Plan (including, without limitation, the notification requirements of Section 9.6) and the determinations of the Committee.

**12.13 Employees Based Outside of the United States.** Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and/or its Affiliates operate or have Eligible Employees, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates shall be covered by the Plan;
- (b) Modify the terms and conditions to Eligible Employees outside the United States to comply with applicable foreign laws;
- (c) Adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local legal requirements.
- (d) Adopt rules, procedures or sub-plans applicable to particular Affiliates or locations, which rules, procedures or sub-plans may be designed to be outside the scope of Code

10

---

Section 423. The terms of such rules, procedures or sub-plans may take precedence over other provisions of this Plan, with the exception of Article 4, but unless otherwise expressly superseded by the terms of such rule, procedure or sub-plan, the provisions of this Plan shall govern the operation of the Plan. To the extent inconsistent with the requirements of Code Section 423, such rules, procedures or sub-plans shall be considered part of the non-423 Plan, and the options granted thereunder shall not be considered to comply with Section 423.

- (e) Take any action that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no option shall be granted, that would violate the Exchange Act, the Code, any securities law, or governing statute or any other applicable law.

11

---

QuickLinks

[Exhibit 4.3](#)

**TRANSITION SERVICES AGREEMENT**

**by and between**

**TMP WORLDWIDE INC.**

**and**

**HUDSON HIGHLAND GROUP, INC.**

**Dated as of March , 2003**

---

**TABLE OF CONTENTS**

	<u>Page</u>
<b>ARTICLE 1 DEFINITIONS</b>	
1.01 Definitions	1
<b>ARTICLE 2 PURCHASE AND SALE OF SERVICES</b>	
2.01 Purchase and Sale of Services	2
2.02 Additional Services	2
<b>ARTICLE 3 SERVICE COSTS; OTHER CHARGES</b>	
3.01 Service Costs Generally	3
3.02 Agreed Billing	3
3.03 Pass-Through Billing	3
3.04 Invoicing and Settlement of Costs	3
<b>ARTICLE 4 THE SERVICES</b>	
4.01 General Standard of Service	4
4.02 Limitation of Liability	4
4.03 Indemnification of TMP by HHGI	5
4.04 Indemnification of HHGI by TMP	6
4.05 Notice of Certain Matters	6
<b>ARTICLE 5 TERM AND TERMINATION</b>	
5.01 Term	6
5.02 Termination	7
5.03 Effect of Termination	7

ARTICLE 6  
MISCELLANEOUS

6.01	Confidential Information	7
6.02	Prior Agreements	7
6.03	Future Litigation and Other Proceedings	7
6.04	No Agency	8
6.05	Subcontractors	8
6.06	Force Majeure	8
6.07	Information	8
6.08	Notices	9
6.09	Severability	9
6.10	Amendments; No Waivers	9
6.11	Successors and Assigns	10
6.12	Governing Law	10
6.13	Counterparts; Effectiveness	10
6.14	Entire Agreement	10
6.15	Jurisdiction	10
6.16	Captions	10

**TRANSITION SERVICES AGREEMENT**

This Transition Services Agreement (this "*Agreement*") is entered into as of March , 2003 by and between TMP Worldwide Inc., a Delaware corporation ("*TMP*"), and Hudson Highland Group, Inc., a Delaware corporation ("*HHGI*").

W I T N E S S E T H:

WHEREAS, TMP owned 100% of the outstanding common stock of HHGI prior to the consummation of the Distribution (as defined below);

WHEREAS, TMP will no longer own any of the outstanding common stock of HHGI after the consummation of the Distribution; and

WHEREAS, TMP has heretofore directly or indirectly provided certain administrative, legal, tax and other services to the HHGI Entities (as defined below) and HHGI has heretofore directly or indirectly provided certain administrative and other services to the TMP Entities (as defined below).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, TMP and HHGI, for themselves, their successors and assigns, hereby agree as follows:

**ARTICLE 1  
DEFINITIONS**

1.01 *Definitions.* The following terms, as used herein, have the following meanings:

"*Business Day*" means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"*Common Stock*" means the common stock, par value \$.001 per share, of HHGI.

"*Confidential Information*" has the meaning assigned thereto in the Distribution Agreement.

"*Distribution*" has the meaning assigned thereto in the Distribution Agreement.

"*Distribution Agreement*" means the Distribution Agreement, dated as of the date hereof, between TMP and HHGI.

"*Distribution Date*" has the meaning assigned thereto in the Distribution Agreement.

"HHGI Entities" means HHGI and its Subsidiaries, and "HHGI Entity" shall mean any of the HHGI Entities.

"HHGI Services" means the various services described in the Schedules to be provided by HHGI Entities to TMP Entities or to be procured by HHGI Entities on behalf of TMP Entities.

"Person" means any individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a governmental or political subdivision or any agency or instrumentality thereof.

"Schedules" means the Schedules attached hereto.

"Service" means any HHGI Service or TMP Service, as the context may require, and "Services" means the HHGI Services or the TMP Services, as the context may require.

"Subsidiary" means, with respect to any Person, any other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

1

---

"TMP Entities" means TMP and its Subsidiaries, and "TMP Entity" shall mean any of the TMP Entities.

"TMP Services" means the various services described in the Schedules to be provided by TMP Entities to HHGI Entities or to be procured by TMP Entities on behalf of HHGI Entities.

## ARTICLE 2 PURCHASE AND SALE OF SERVICES

2.01 *Purchase and Sale of Services.* (a) On the terms and subject to the conditions of this Agreement and in consideration of the Service Costs described below:

- (i) TMP agrees to provide to HHGI, or procure the provision to HHGI of, and HHGI agrees to purchase from TMP, the TMP Services; and
- (ii) HHGI agrees to provide to TMP, or procure the provision to TMP of, and TMP agrees to purchase from HHGI, the HHGI Services.

(b) Unless otherwise specifically agreed by TMP and HHGI, the TMP Services to be provided or procured by TMP hereunder shall be substantially similar in scope, quality, and nature to those customarily provided to, or procured on behalf of, HHGI prior to the Distribution Date, and the HHGI Services to be provided or procured by HHGI hereunder shall be substantially similar in scope, quality, and nature to those customarily provided to, or procured on behalf of, TMP prior to the Distribution Date.

(c) It is understood that:

- (i) TMP Services to be provided to HHGI under this Agreement shall, at HHGI's request, be provided to Subsidiaries of HHGI, and TMP may satisfy its obligation to provide or procure TMP Services hereunder by causing one or more of its Subsidiaries to provide or procure such TMP Services;
- (ii) HHGI Services to be provided to TMP under this Agreement shall, at TMP's request, be provided to Subsidiaries of TMP, and HHGI may satisfy its obligation to provide or procure HHGI Services hereunder by causing one or more of its Subsidiaries to provide or procure such HHGI Services;
- (iii) with respect to TMP Services provided to, or procured on behalf of, any Subsidiary of HHGI, HHGI agrees to pay on behalf of such Subsidiary all amounts payable by or in respect of such TMP Services pursuant to this Agreement; and
- (iv) with respect to HHGI Services provided to, or procured on behalf of, any Subsidiary of TMP, TMP agrees to pay on behalf of such Subsidiary all amounts payable by or in respect of such HHGI Services pursuant to this Agreement.

2.02 *Additional Services.* To the extent that TMP and HHGI may mutually agree:

(a) in addition to the TMP Services to be provided or procured by TMP in accordance with Section 2.01, if requested by HHGI, TMP shall provide additional services (including services not provided by TMP to the HHGI Entities prior to the Distribution Date) to HHGI; and

(b) in addition to the HHGI Services to be provided or procured by HHGI in accordance with Section 2.01, if requested by TMP, HHGI shall provide additional services (including services not provided by HHGI to the TMP Entities prior to the Distribution Date) to TMP.

The scope of any such additional services, as well as the term, costs, and other terms and conditions applicable to such services, shall be as mutually agreed by TMP and HHGI, and shall be

2

---

reflected in an additional Schedule to this Agreement (in substantially the form attached hereto) executed by TMP and HHGI.

## ARTICLE 3 SERVICE COSTS; OTHER CHARGES

3.01 *Service Costs Generally.* The Schedules hereto indicate, with respect to the respective Services listed therein, whether the costs to be charged to HHGI or TMP for such Services are to be determined by (i) the agreed billing method described in Section 3.02 ("*Agreed Billing*") or (ii) the pass-through billing method described in Section 3.03 ("*Pass-Through Billing*"). The Agreed Billing and Pass-Through Billing methods applicable to Services provided to HHGI or TMP are collectively referred to herein as the "*Service Costs*." HHGI agrees to pay to TMP in the manner set forth in Section 3.04 the Service Costs applicable to each of the TMP Services provided or procured by TMP, and TMP agrees to pay to HHGI in the manner set forth in Section 3.04 the Service Costs applicable to each of the HHGI Services provided or procured by HHGI.

3.02 *Agreed Billing.* The costs of Services as to which the Agreed Billing method applies shall be equal to (i) the costs described in the Schedules hereto (it being understood that from and after the Distribution Date, such costs with respect to TMP Services may be increased by TMP in the exercise of its reasonable judgment, and such costs with respect to HHGI Services may be increased by HHGI in the exercise of its reasonable judgment, plus (ii) any applicable federal, state and local sales, use or similar taxes. Notwithstanding the foregoing, any third-party expenses as well as out-of-pocket expenses incurred by TMP in connection with the provision of any TMP Services as to which the Agreed Billing method applies shall be passed through to HHGI, or incurred by HHGI in connection with the provision of any HHGI Services as to which the Agreed Billing method applies shall be passed through to TMP.

3.03 *Pass-Through Billing.* The costs of Services as to which the Pass-Through Billing method applies shall be equal to the aggregate amount of third-party, out-of-pocket costs and expenses incurred by any TMP Entity on behalf of any HHGI Entity or by any HHGI Entity on behalf of any TMP Entity (which costs shall include, but not be limited to, the costs incurred in connection with obtaining the consent of any party to a contract or agreement to which, in the case of TMP Services, any TMP Entity is a party, or in the case of HHGI Services, any HHGI Entity is a party, where such consent is related to and reasonably required for the provision of any Service). If a TMP Entity incurs any such costs or expenses on behalf of any HHGI Entity as well as businesses operated by TMP, or if a HHGI Entity incurs any such costs or expenses on behalf of any TMP Entity as well as businesses operated by HHGI, TMP (in the case of such costs or expenses incurred by a TMP Entity) or HHGI (in the case of such costs or expenses incurred by a HHGI Entity) shall allocate any such costs or expenses in good faith between the various businesses on behalf of which such costs or expenses were incurred as such party hereto shall determine in the exercise of its reasonable judgment. Such party hereto shall apply usual and accepted accounting conventions in making such allocations, and such party hereto or its agents shall keep and maintain such books and records as may be reasonably necessary to make such allocations. Such party hereto shall make copies of such books and records available to the other party hereto upon request and with reasonable notice.

3.04 *Invoicing and Settlement of Costs.* (a) Except as otherwise provided in the Schedules with respect to any Service, TMP shall invoice the Chief Financial Officer of HHGI on a monthly basis (not later than the tenth day of each month) for the Service Costs for TMP Services, and HHGI shall invoice the Chief Financial Officer of TMP on a monthly basis (not later than the tenth day of each month) for the Service Costs for HHGI Services. In connection with the invoicing described in this Section 3.04(a), TMP shall provide to HHGI such billing data and level of detail as may be reasonably

3

---

requested by HHGI, and HHGI shall provide to TMP such billing data and level of detail as may be reasonably requested by TMP.

(b) Each party hereto agrees to pay on or before 30 days after the date on which the other party hereto invoices it for Service Costs (or the next Business Day, if such day is not a Business Day) (each, a "*Payment Date*"), by wire transfer of immediately available funds payable to the order of the invoicing party, all amounts invoiced by such invoicing party pursuant to Section 3.04(a) during the preceding calendar month. If the party receiving the invoice fails to pay any monthly payment within 30 days of the relevant Payment Date, such party shall be obligated to pay, in addition to the amount due on such Payment Date, interest on such amount at the prime rate as reported in *The Wall Street Journal* on the Payment Date (or the next Business Day on which *The Wall Street Journal* is published, if such day is not a Business Day on which *The Wall Street Journal* is published) compounded monthly from the relevant Payment Date through the date of payment. If more than one prime rate is reported, the invoicing party may choose the highest rate. If *The Wall Street Journal* ceases publication or to publish the prime rate, the invoicing party may use the prime rate published in any other newspaper of general circulation, or the invoicing party may substitute a similar reference rate in its sole discretion.

#### ARTICLE 4 THE SERVICES

4.01 *General Standard of Service.* Except as otherwise agreed by TMP and HHGI or described in this Agreement, and provided that neither TMP nor HHGI is restricted by contract with third parties or by applicable law, TMP and HHGI each agree that the nature, quality, and standard of care applicable to the delivery of the respective Services to be delivered by each of them hereunder shall be substantially the same as that of the Services which TMP and HHGI provide from time to time throughout their respective businesses. Subject to TMP's and HHGI's express obligations under this Agreement, the management and control over the provision of the TMP Services shall reside solely with TMP, and the management and control over the provision of the HHGI Services shall reside solely with HHGI. Without limiting the generality of the foregoing, (i) all labor matters relating to employees of TMP and its Subsidiaries (including, without limitation, employees involved in the provision of TMP Services to HHGI) shall be within the exclusive control of TMP, and no HHGI Entity shall take any action affecting such matters, and (ii) all labor matters relating to employees of HHGI and its Subsidiaries (including, without limitation, employees involved in the provision of HHGI Services to TMP) shall be within the exclusive control of HHGI, and no TMP Entity shall take any action affecting such matters.

4.02 *Limitation of Liability.* (a) (i) HHGI agrees that none of the TMP Entities and their respective directors, officers, agents, and employees (each, a "*TMP Indemnified Person*") shall have any liability, whether direct or indirect, in contract or tort or otherwise, to any HHGI Entity or any other Person for or in connection with the TMP Services rendered or to be rendered by any TMP Indemnified Person pursuant to this Agreement, the transactions contemplated hereby or any TMP Indemnified Person's actions or inactions in connection with any such TMP Services or transactions, except for damages which have resulted from such TMP Indemnified Person's gross negligence or willful misconduct in connection with any such TMP Services, actions or inactions.

(ii) TMP agrees that none of the HHGI Entities and their respective directors, officers, agents, and employees (each, a "*HHGI Indemnified Person*") shall have any liability, whether direct or indirect, in contract or tort or otherwise, to any TMP Entity or any other Person for or in connection with the HHGI Services rendered or to be rendered by any HHGI Indemnified Person pursuant to this Agreement, the transactions contemplated hereby or any HHGI Indemnified Person's actions or inactions in connection with any such HHGI Services or transactions, except for damages which have

4

resulted from such HHGI Indemnified Person's gross negligence or willful misconduct in connection with any such HHGI Services, actions or inactions.

(b) Notwithstanding the provisions of Section 4.02(a), none of the TMP Entities shall be liable for any special, indirect, incidental, or consequential damages of any kind whatsoever (including, without limitation, attorneys' fees) in any way due to, resulting from or arising in connection with any of the TMP Services or the performance of or failure to perform TMP's obligations under this Agreement, and none of the HHGI Entities shall be liable for any special, indirect, incidental, or consequential damages of any kind whatsoever (including, without limitation, attorneys' fees) in any way due to, resulting from or arising in connection with any of the HHGI Services or the performance of or failure to perform HHGI's obligations under this Agreement. This disclaimer applies without limitation (i) to claims arising from the provision of the TMP Services (in the case of a claim against TMP) or the HHGI Services (in the case of a claim against HHGI) or any failure or delay in connection therewith; (ii) to claims for lost profits; (iii) regardless of the form of action, whether in contract, tort (including negligence), strict liability, or otherwise; and (iv) regardless of whether such damages are foreseeable or whether TMP (in the case of a claim against TMP) or HHGI (in the case of a claim against HHGI) has been advised of the possibility of such damages.

(c) In addition to the foregoing, HHGI agrees that it shall, in all circumstances, use commercially reasonable efforts to mitigate and otherwise minimize its damages and those of the other HHGI Entities, whether direct or indirect, due to, resulting from or arising in connection with any failure by TMP to comply fully with its obligations under this Agreement, and TMP agrees that it shall, in all circumstances, use commercially reasonable efforts to mitigate and otherwise minimize its damages and those of the other TMP Entities, whether direct or indirect, due to, resulting from or arising in connection with any failure by HHGI to comply fully with its obligations under this Agreement.

(d) Notwithstanding the foregoing provisions of this Section 4.02, (i) in the event of a substantial and continuing failure on the part of TMP to provide or procure any material TMP Services, where such failure is reasonably expected to have a material adverse effect on HHGI and its Subsidiaries, considered as a whole, HHGI shall be entitled to seek specific performance to cause TMP to provide or procure such TMP Services, and (ii) in the event of a substantial and continuing failure on the part of HHGI to provide or procure any material HHGI Services, where such failure is reasonably expected to have a material adverse effect on TMP and its Subsidiaries, considered as a whole, TMP shall be entitled to seek specific performance to cause HHGI to provide or procure such HHGI Services.

**4.03 Indemnification of TMP by HHGI.** HHGI agrees to indemnify and hold harmless each TMP Indemnified Person from and against any damages, and to reimburse each TMP Indemnified Person for all reasonable expenses as they are incurred (i) in investigating, preparing, pursuing, or defending any claim, action, proceeding, or investigation, whether or not in connection with pending or threatened litigation and whether or not any TMP Indemnified Person is a party (collectively, "*TMP Actions*"), arising out of or in connection with TMP Services rendered or to be rendered by any TMP Indemnified Person pursuant to this Agreement, the transactions contemplated hereby or any TMP Indemnified Person's actions or inactions in connection with any such TMP Services or transactions; provided that HHGI shall not be responsible for any damages of any TMP Indemnified Person that have resulted from such TMP Indemnified Person's gross negligence or willful misconduct in connection with any of the advice, actions, inactions, or Services referred to above (it being understood and agreed that the provision by any TMP Entity of any of the TMP Services contemplated by the Schedules hereof without obtaining the consent of any party to any contract or agreement to which any TMP Entity is a party as of the date hereof shall not constitute gross negligence or willful misconduct by any TMP Entity; provided that the relevant TMP Entity has used commercially reasonable efforts to obtain the relevant consent), and (ii) in investigating, preparing, or defending any HHGI Action (as defined below), arising out of the gross negligence or willful misconduct of any HHGI Indemnified Person in connection with the HHGI Services rendered or to be rendered pursuant to this Agreement.

5

---

**4.04 Indemnification of HHGI by TMP.** TMP agrees to indemnify and hold harmless each HHGI Indemnified Person from and against any damages, and to reimburse each HHGI Indemnified Person for all reasonable expenses as they are incurred (i) in investigating, preparing, pursuing, or defending any claim, action, proceeding, or investigation, whether or not in connection with pending or threatened litigation and whether or not any HHGI Indemnified Person is a party (collectively, "*HHGI Actions*"), arising out of or in connection with HHGI Services rendered or to be rendered by any HHGI Indemnified Person pursuant to this Agreement, the transactions contemplated hereby or any HHGI Indemnified Person's actions or inactions in connection with any such HHGI Services or transactions; provided that TMP shall not be responsible for any damages of any HHGI Indemnified Person that have resulted from such HHGI Indemnified Person's gross negligence or willful misconduct in connection with any of the advice, actions, inactions, or HHGI Services referred to above (it being understood and agreed that the provision by any HHGI Entity of any of the HHGI Services contemplated by Schedules hereof without obtaining the consent of any party to any contract or agreement to which any HHGI Entity is a party as of the date hereof shall not constitute gross negligence or willful misconduct by any HHGI Entity; provided that the relevant HHGI Entity has used commercially reasonable efforts to obtain the relevant consent), and (ii) in investigating, preparing, or defending any TMP Action, arising out of the gross negligence or willful misconduct of any TMP Indemnified Person in connection with the TMP Services rendered or to be rendered pursuant to this Agreement.

**4.05 Notice of Certain Matters.** If either party hereto at any time believes that the other party hereto is not in full compliance with its obligations under Section 4.01 of this Agreement, it shall so notify the other party in writing promptly (but not later than 30 days) after becoming aware of such possible non-compliance by the other party. Such notice (a "*Non-Compliance Notice*") shall set forth in reasonable detail the basis for the notifying party's belief as well as the notifying party's view as to the steps to be taken by the notified party to address the possible non-compliance. For the 30 days after receipt of such a notice, appropriate representatives of each party shall work in good faith to develop a plan to resolve the matters referred to in the Non-Compliance Notice. In the event such matters are not resolved through such discussions, the notifying party may elect to terminate the notified party's obligation to provide or procure, and its obligation to purchase, the Service or Services referred to in its Non-Compliance Notice in accordance with Section 5.02. In the event such matters are resolved through such discussions and the notifying party does not elect to terminate such Service or Services within 60 days of the end of the 30-day period referred to in the third sentence of this Section 4.05, the notifying party shall not be entitled to deliver another Non-Compliance Notice or pursue other remedies with respect to same or any substantially similar matter so long as the notified party complies in all material respects with the terms of such resolution. In no event shall any termination of this Agreement pursuant to this Section 4.05 limit or affect either party's right to seek remedies in accordance with Section 6.15 in respect of any breach by the other party of any of its obligations under this Agreement prior to such termination.

## ARTICLE 5 TERM AND TERMINATION

**5.01 Term.** Except as otherwise provided in this Article 5, in Section 6.06, in the Schedules hereto or as otherwise agreed in writing by the parties, (a) this Agreement shall have a term of one year from the Distribution Date, (b) TMP's obligation to provide or procure, and HHGI's obligation to purchase, any TMP Service shall cease as of the applicable date set forth in the applicable Schedule or such earlier date determined in accordance with Section 5.02 and (c) HHGI's

obligation to provide or procure, and TMP's obligation to purchase, any HHGI Service shall cease as of the applicable date set forth in the applicable Schedule or such earlier date determined in accordance with Section 5.02.

5.02 *Termination.* (a) Except as otherwise provided in any Schedule hereto, (i) HHGI may from time to time terminate this Agreement with respect to one or more of the TMP Services, in whole or in part, upon giving at least 30 days' prior notice to TMP, (ii) TMP may from time to time terminate this Agreement with respect to one or more of the HHGI Services, in whole or in part, upon giving at least 30 days' prior notice to HHGI and (iii) either party hereto may terminate this Agreement at any time upon 30 days' written notice.

(b) TMP may terminate any TMP Service or any HHGI Service at any time if HHGI shall have failed to perform any of its material obligations under this Agreement relating to any such Service, TMP has notified HHGI in writing of such failure and such failure shall have continued for a period of 30 days after receipt of HHGI of written notice of such failure.

(c) HHGI may terminate any HHGI Service or any TMP Service at any time if TMP shall have failed to perform any of its material obligations under this Agreement relating to any such Service, HHGI has notified TMP in writing of such failure and such failure shall have continued for a period of 30 days after receipt of TMP of written notice of such failure.

5.03 *Effect of Termination.* (a) Other than as required by law, upon termination of any Service pursuant to Section 5.02, or upon termination of this Agreement in accordance with its terms, the party obligated to render such Service hereunder prior to such termination shall have no further obligation to provide the terminated Service (or any Service, in the case of termination of this Agreement) and the party entitled to receive such Service hereunder prior to such termination shall have no obligation to pay any fees relating to such Service or make any other payments hereunder; provided that notwithstanding such termination, (i) each party hereto that received Services from the other party hereto shall remain liable to the other party hereto for fees owed and payable in respect of such Services provided prior to the effective date of the termination and (ii) the provisions of Articles 4, 5, 6 and 7 shall survive any such termination indefinitely.

(b) Following termination of this Agreement with respect to any TMP Service, TMP and HHGI agree to cooperate in providing for an orderly transition of such TMP Service to HHGI or to a successor service provider. Following termination of this Agreement with respect to any HHGI Service, TMP and HHGI agree to cooperate in providing for an orderly transition of such HHGI Service to TMP or to a successor service provider.

## ARTICLE 6 MISCELLANEOUS

6.01 *Confidential Information.* HHGI and TMP hereby covenant and agree to hold in trust and maintain confidential all Confidential Information relating to the other party or any of such other party's Subsidiaries as provided in Section 6.06 of the Distribution Agreement.

6.02 *Prior Agreements.* In the event there is any inconsistency between the provisions of this Agreement, on the one hand, and provisions of prior services agreements (other than commercial agreements entered into between any TMP Entity and any HHGI Entity as of the Distribution Date), if any, between any TMP Entity and any HHGI Entity (the "*Prior Agreements*"), on the other hand, the provisions of this Agreement shall govern and such provisions in the Prior Agreements are deemed to be amended so as to conform with this Agreement.

6.03 *Future Litigation and Other Proceedings.* In the event that HHGI (or any of its Subsidiaries or any of its or their officers or directors) or TMP (or any of its Subsidiaries or any of its or their officers or directors) at any time after the date hereof initiates or becomes subject to any litigation or other proceedings before any governmental authority or arbitration panel with respect to which the parties have no prior agreements (as to indemnification or otherwise), the party (and its Subsidiaries and its and their officers and directors) that has not initiated and is not subject to such litigation or

other proceedings shall comply, at the other party's reasonable expense, with any reasonable requests by the other party for assistance in connection with such litigation or other proceedings (including by way of provision of information and making available of employees as witnesses). In the event that HHGI (or any of its Subsidiaries or any of its or their officers or directors) and TMP (or any of its Subsidiaries or any of its or their officers or directors) at any time after the date hereof initiate or become subject to any litigation or other proceedings before any governmental authority or arbitration panel with respect to which the parties have no prior agreements (as to indemnification or otherwise), each party (and its officers and directors) shall, at their own expense, coordinate their strategies and actions with respect to such litigation or other proceedings to the extent such coordination would not be detrimental to their respective interests and shall comply, at the reasonable expense of the requesting party, with any reasonable requests of the other party for assistance in connection therewith (including by way of provision of information and making available of employees as witnesses).

6.04 *No Agency.* Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the parties hereto or constitute or be deemed to constitute any party the agent or employee of the other party for any purpose whatsoever and neither party shall have authority or power to bind the other or to contract in the name of, or create a liability against, the other in any way or for any purpose.

6.05 *Subcontractors.* Either party hereto may hire or engage one or more subcontractors to perform all or any of its obligations under this Agreement; provided that, subject to Section 4.02, TMP shall in all cases remain primarily responsible for all obligations undertaken by it in this Agreement with respect to the scope, quality and nature of the TMP Services and HHGI shall in all cases remain primarily responsible for all obligations undertaken by it in this Agreement with respect to the scope, quality and nature of the HHGI Services.

6.06 *Force Majeure.* (a) For purposes of this Section, "*Force Majeure*" means an event beyond the control of either party, which by its nature could not have been foreseen by such party, or, if it could have been foreseen, was unavoidable, and includes without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) and failure of energy sources.

(b) Without limiting the generality of Section 4.02(a), neither party shall be under any liability for failure to fulfill any obligation under this Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered, or delayed as a consequence of circumstances of Force Majeure; provided that such party shall have exercised all due diligence to minimize to the greatest extent possible the effect of Force Majeure on its obligations hereunder.

(c) Promptly on becoming aware of Force Majeure causing a delay in performance or preventing performance of any obligations imposed by this Agreement (and termination of such delay), the party affected shall give written notice to the other party giving details of the same, including particulars of the actual and, if applicable, estimated continuing effects of such Force Majeure on the obligations of the party whose performance is prevented or delayed. If such notice shall have been duly given, and actual delay resulting from such Force Majeure shall be deemed not to be a breach of this Agreement, and the period for performance of the obligation to which it relates shall be extended accordingly; provided that if Force Majeure results in the performance of a party being delayed by more than 60 days, the other party shall have the right to terminate this Agreement with respect to any Service affected by such delay forthwith by written notice.

6.07 *Information.* Subject to applicable law and privileges, each party hereto covenants and agrees to provide the other party with all information regarding itself and transactions under this Agreement that the other party reasonably believes are required to comply with all applicable federal, state, county and local laws, ordinances, regulations and codes, including, but not limited to, securities laws and regulations.

8

---

6.08 *Notices.* All notices and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be deemed given when received addressed as follows:

If to TMP, to:

TMP Worldwide Inc.  
622 Third Avenue, 38th Floor  
New York, New York 10017  
Facsimile: (917) 256-8026  
Attention: Andrew J. McKelvey

With a copy to:

TMP Worldwide Inc.  
622 Third Avenue, 38th Floor  
New York, New York 10017  
Facsimile: (917) 256-8526  
Attention: Myron Olesnycky

Fulbright & Jaworski L.L.P.  
666 Fifth Avenue  
New York, New York 10103  
Facsimile: (212) 318-3400  
Attention: Gregg J. Berman, Esq.

If to HHGI, to:

Hudson Highland Group, Inc.  
622 Third Avenue  
New York, New York 10017  
Facsimile: (917) 256-8403  
Attention: Jon F. Chait

With a copy to:

Hudson Highland Group, Inc.  
225 West Wacker Drive, Suite 2100  
Chicago, Illinois 60606  
Facsimile: (312) 782-1743  
Attention: Latham Williams

Any party may, by written notice so delivered to the other parties, change the address to which delivery of any notice shall thereafter be made.

6.09 *Severability.* If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, the Agreement shall be construed as if not containing the particular invalid or unenforceable provision, and the rights and obligations of each party shall be construed and enforced accordingly.

6.10 *Amendments; No Waivers.*

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by TMP and HHGI, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and

remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

6.11 *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

6.12 *Governing Law.* This Agreement shall be construed in accordance with and governed by the law of the State of New York, without regard to the conflicts of laws rules thereof.

6.13 *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto.

6.14 *Entire Agreement.* This Agreement (including the Schedules constituting a part of this Agreement) constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

6.15 *Jurisdiction.* Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in the United States District Court for the Southern District of New York or any other New York State court sitting in New York County, and each of the parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 6.08 shall be deemed effective service of process on such party.

6.16 *Captions.* The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Transition Services Agreement to be duly executed by their respective authorized officers as of the date first above written.

TMP WORLDWIDE INC.

By: \_\_\_\_\_

Name:

Title:

HUDSON HIGHLAND GROUP, INC.

By: \_\_\_\_\_

Name:

Title:

10

**Schedules for Services  
Effective as of the Distribution Date**

Schedule #	Service Provider	Functional Area
1	TMP/HHGI	Tax services
2	TMP	Legal services
3	TMP/HHGI	Information technology
4	TMP	Insurance
5	HHGI	Accounting, payroll & administrative
6	HHGI	Facilities
7	HHGI	Information technology
8	TMP	Insurance, human resources, workplace health and safety
9	TMP	Secretarial, property and administrative
10	TMP	Facilities
11	TMP	Accounting services
12	TMP	Facilities
13	TMP	Facilities
14	TMP	Information technology
15	TMP	Accounting services

TRANSITION SERVICES SCHEDULE

Schedule #:
Service provider: o TMP Worldwide o Hudson Highland
Functional area: o Insurance o Tax Services o Legal Services
o Facilities o Human Resources o Information Technology
o Other (describe):
Start/end date:
Summary of Services to be provided (describe in appropriate detail):

S-1

Estimated total Service Costs to service provider:
Describe Service Cost methodology and factors affecting total Service Costs:
Describe how Service Costs will be adjusted in the event of an increase/decrease in Services provided:
Additional information:

IN WITNESS WHEREOF, the parties have executed and delivered the foregoing Transition Service Schedule, which is hereby deemed incorporated into and made part of that certain Transition Services Agreement between TMP Worldwide Inc. and Hudson Highland Group, Inc.

Date:
TMP WORLDWIDE INC.
By:
Name:
Title:
HUDSON HIGHLAND GROUP, INC.
By:
Name:
Title:

S-2

TRANSITION SERVICES SCHEDULE

Schedule #: 1
Service provider: [x] TMP Worldwide [x] Hudson Highland
Functional area: o Insurance [x] Tax Services o Legal Services
o Facilities o Human Resources o Information Technology
o Other (describe):
Start/end date: Commencing on the Distribution Date, and ending on the first anniversary of the Distribution Date, unless terminated earlier.
Summary of Services to be provided (describe in appropriate detail):

TMP will provide U.S. federal, state, local and international tax services to HHGI and its Subsidiaries. HHGI will provide international tax services to TMP and its Subsidiaries in the Asia Pacific region as requested by TMP. The tax services will cover compliance, audits and tax planning activities, including, but not limited to, the following:

- 1. Gathering data necessary to complete tax returns.
2. Preparing U.S. tax returns (U.S. federal, state and local income, franchise and capital tax returns, U.S. foreign transaction reporting and U.S. Form 5471) for filing with the appropriate taxing jurisdictions.
3. Assisting in the management of tax audits and negotiations with tax authorities.
4. Reconciling tax accruals to returns as filed.

5. Providing information and preparing tax provisions.
6. Identifying tax-planning opportunities.
7. Providing tax and financing structure planning, including tax efficient financing.
8. Reviewing tax implications of business proposals and assistance with implementation as required.
9. Ensuring the same level of compliance support for the period of the agreement as in the comparable period of the previous year.

The cost allocation for the services is based on the following:

Description	North America	Europe	Asia-Pacific
Direct Staff Costs	\$ 955,000	\$ 200,000	\$ 150,000
Overhead	264,000	*	*
Total Costs	1,219,000	200,000	150,000
**% Allocable to HHGI (TMP)	25%	50%	(50%)

S-1

Description	North America	Europe	Asia-Pacific
Total Allocable to HHGI (TMP)	304,750	100,000	(75,000)
Net Charge to HHGI	\$ 329,750		

This will give a net monthly charge of \$27,479 from TMP to HHGI.

Estimated total Service Costs to HHGI: US\$33,729

Estimated total Service Costs to TMP: US\$6,250

Describe Service Cost methodology and factors affecting total Service Costs: *HHGI and TMP shall pay each other's direct and indirect, fully allocated costs (including overhead) of providing the services described in this Schedule, plus out-of-pocket expenses. TMP and HHGI shall cause their respective employees performing the tax services described on this Schedule to maintain reasonably accurate records as to the portion of their time spent performing such services. HHGI shall also reimburse TMP, and TMP shall reimburse HHGI, for out-of-pocket expenses (including the costs of outside accountants or other service providers, which HHGI shall have the right to pre-approve, in the event that TMP is the service provider hereunder, and which TMP shall have the right to pre-approve, in the event that HHGI is the service provider hereunder), incurred in connection with the services provided pursuant to this Schedule. To the extent that outside professional help is used for particular projects, the projects themselves, the overall costs and the split of the costs between the parties shall be agreed prior to any liability being created.*

Describe how Service Costs will be adjusted in the event of an increase/decrease in Services provided: *Not applicable.*

Additional information:

TMP Contacts: Patrick J. Harrington, Vice President—Taxes  
Kate Watson, Regional Tax Manager—Europe

HHGI Contact: Sandy Beasley, Regional Tax Manager—Asia Pacific Region

S-2

## TRANSITION SERVICES SCHEDULE

Schedule #: 2

Service provider:  TMP Worldwide  Hudson Highland

Functional area:  Insurance  Tax Services  Legal Services  
 Facilities  Human Resources  Information Technology  
 Other (describe):

Start/end date: *Commencing on the Distribution Date, and ending four months thereafter, unless extended by written agreement of the parties hereto, but in no event more than one year after the Distribution Date.*

Summary of Services to be provided (describe in appropriate detail):

*TMP's European General Counsel shall continue to provide for HHGI and its Subsidiaries those legal services that such counsel has historically provided for HHGI as a whole. Such services shall include, but not be limited to, the following:*

1.



## TECHNOLOGY

### 1 DESCRIPTION OF SERVICES

#### A. SCOPE

The TMP Technologies Group ("TMP") will provide Technology support services, for North American & European users, web sites and office locations to Hudson Highland Group, Inc. and its affiliates ("HHGI"). The HHGI Technologies Group will provide technology support services for European TMP users within agreed to facilities.

#### B. TERMS AND CONDITIONS

1. Any invoices for services at dedicated HHGI offices with an invoice date after April 1, 2003, are the responsibility of HHGI for payment.
2. HHGI will use existing TMP vendors to allow existing contracts to be re-negotiated during the agreement term.
3. All efforts will be made to separate Mail, File, Print, Domain and Other Specialty servers (e.g. Citrix) onto separate equipment, by April 1, 2003.
4. HHGI shall be responsible for assuring that its domain names are owned by it and in place throughout the term of this Agreement.
5. Shared company internet connectivity for all HHGI dedicated offices shall be owned and operated by HHGI (Indianapolis, London, Sydney) and in place by April 1, 2003. Some individual offices will migrate onto separate circuits beyond the April 1 date, but, in any case, will be completed prior to September 1, 2003.
6. Assumes internal switches and routers are in place in HHGI dedicated offices and duplicate equipment in Shared facilities.
7. Once a user's email has been migrated to HHGI, HHGI will assume responsibility for e-mail.
8. Assumes external DNS servers are owned and in place for HHGI.
9. HHGI will provide service and all support to their dedicated offices, including desktop support, carrier services and billing, network maintenance and monitoring. In cases where HHGI has an office that is not shared, or new telecomm and data circuits are delayed in being installed, HHGI agrees to pay the invoiced rate for those services under the existing Telecomm or Data Network contracts.
10. All HHGI related web site and internal systems servers will be relocated to a HHGI data center environment and supported by HHGI staff starting on or about April 1, 2003, or additional charges for data center costs will be included by TMP to HHGI.
11. HHGI will support existing Business Applications in use with their business and TMP will have no obligation to provide such support.
12. There will be no help desk support provided by TMP to HHGI personnel.
13. Any UUNET dial up users will be transferred and bill directly to HHGI.
14. All HHGI employees will not have access to current TMP intranets and Sales Data Warehouses. Copies of intranets and Sales Data Warehouses, as related to HHGI customers, will be provided to HHGI for potential separate implementations on HHGI infrastructure.

S-3

- 
15. During the term of this Agreement, TMP & HHGI shall be required to provide desktop, telco services at substantially the same, and not a higher, level of functionality and service as that maintained as of the date of this Agreement.

#### C. SHARED FACILITIES

##### North America

- The following are identified as Shared facilities in this region;
- See schedule A attached

##### Europe

- The following are identified as Shared facilities in this region;
- See schedule B attached

#### D. CHARGE STRUCTURE

- **Global Email forwarding service Charge**
-

- All email received by designated employees (transferred to HHGI) to their TMP email address will be forwarded to their new equivalent HHGI email address
- A list of current email addresses to forward will be provided to TMP Technologies by March 15, 2003, and an update to such list will be provided to TMP Technologies on the Distribution Date
- A monthly fee of \$4,000 will be charged to HHGI for this forwarding service for a period of three months.
- Beginning on or about July 1, an email address change notification will be displayed when email is submitted to the former TMP email addresses, notifying the sender of the new email address for the HHGI employee, this service will be provided until December 31, 2003.
- **Shared Facilities Definition, Terms and Conditions**
- A shared facility is defined as one office (one lease or landlord), where both HHGI and TMP staff are located and provided services by the local technical staff.
- Shared Technical assets (not individual pcs, laptops, phones, software) ownership and responsibility for local technical support will be provided by the lease holder (Office Owner).
- In shared facilities, all efforts will be made by both staff (HHGI & TMP) to install duplicate network and telco facilities so as to have separate facilities by September 1, 2003.
- In a situation where the number of either HHGI or TMP staff within a shared facility does not justify separate infrastructure then an appropriate charge will be made to the non-office owner company for the shared use of the office owner company's infrastructure.
- Any office cost charge variance of greater than 20% from one month to the next, requires notification to charged company's technical primary contact, on a monthly basis.
- **Rate Structure for Shared Facility Services**

S-4

- 
- At each location where services are provided, all costs required to provide the service, including but not limited to provision of equipment, maintenance expenses, equipment depreciation, equipment lease expense, occupancy required for equipment, calling services and management fees shall be tallied to form a total monthly cost. The tracking of the office costs is the responsibility of the Office Owner. The monthly cost charge shall define the number of office users apportioned to the customer. The customer shall pay a percentage of total monthly cost. This percentage is defined by the number of customer office users, divided by the total office users in the facility. Office user counts can be adjusted with a 30 day notification to the Office Owner. Confirmation on changes in headcount is required by the Office Owner, prior to adjusting the user counts. Charges shall accrue in full month increments.
  - **As Needed Services**
  - For specific services & support requested by HHGI or TMP (Europe) (As Needed Services) and as related to:
  - **Communications, Security & Voice Support:** Support for hardware/software/configuration for Voice, Data, Internet. Security, Mobile and remote access including billing.
  - **Site Support Services (Desktop/LAN/Technology Services):**
    - **Local Server Management**
    - **Backup Support:** Resources performing backups on HHGI or TMP (Europe) file servers.
    - **Business Systems:** Support for the front & back office TMP/HHGI business systems and associated technical infrastructure hardware/software.
    - **Messaging:** Support for the hardware/resource/software/configuration and related email issues arising.
    - **Network Services:** Support for level 2 desktop/server issues arising following the split.
    - **Call forwarding service provided by a telecommunications provider:** Local calls into TMP offices will be forwarded for to a new number within HHGI office for any individual for a period as determined by the provider's policy and not to exceed 90 days.
    - **TMP Help Desk Services**

- This support between HHGI & TMP (Europe) will be provided free of charge to a maximum amount of hours per week during the term of the agreement in accordance with the following:

Month 1 - 20 hours max  
 Month 2 - 16 hours max  
 Month 3 - 12 hours Max  
 Month 4 - 8 hours Max  
 Month 5 - 4 hours Max  
 Month 6 - 2 hours max

Thereafter this period, the charges for any as needed services will default to the enforced charges referenced in Rate Structure for as Needed Services below.

- **Rate Structure for As Needed Services**
- Call forwarding service—USD\$50 per month for each individual number forwarded. Where the call forward is over a Public network.

S-5

- USD\$50 per hour (with a one hour minimum) for any work during business hours (8:00 - 5:00 EST) on business days.
- For work outside of business hours the rate will be USD\$80 (with a two hour minimum)
- As needed service will be billed monthly by TMP.
- **Administrative Services**
- All invoices for HHGI expenses will be collected and forwarded to the appropriate single regional designee within HHGI. All invoices received will be forwarded on a weekly basis. This invoice collection and forwarding service will be provided until September 1, 2003.
- **Rate Structure for Administrative Services**
- A monthly fee of USD\$2,000 will be charged to HHGI for the term of this agreement.

**E. PRIMARY CONTACTS**

The primary contacts for the services are as follows:

TMP: Brian Farrey, President, TMP Technologies

HHGI: John Allison

S-6

TMP shall redirect the following web sites to HHGI's site as indicated on the Distribution Date.

admin.eresourcing.tmp.com  
 at.eresourcing.tmp.com  
 be.eng.eresourcing.tmp.com  
 be.eresourcing.tmp.com  
 be.fl.eresourcing.tmp.com  
 be.fr.eresourcing.tmp.com  
 benelux.eng.eresourcing.tmp.com  
 benelux.eresourcing.tmp.com  
 benelux.fr.eresourcing.tmp.com  
 benelux.nl.eresourcing.tmp.com  
 br.eresourcing.tmp.com  
 cz.eresourcing.tmp.com  
 denmark.eresourcing.tmp.com  
 deutschland.eresourcing.tmp.com  
 dk.eresourcing.tmp.com  
 er.tmpw.co.uk  
 eresourcing.insideworldwide.com  
 eresourcing.tmp.com  
 es.eresourcing.tmp.com  
 fi.eresourcing.tmp.com  
 finland.eresourcing.tmp.com  
 fr.eresourcing.tmp.com  
 germany.eresourcing.tmp.com  
 hu.eresourcing.tmp.com  
 ie.eresourcing.tmp.com

it.eresourcing.tmp.com  
netherlands.eresourcing.tmp.com  
nl.eresourcing.tmp.com  
no.eresourcing.tmp.com  
norway.eresourcing.tmp.com  
pl.eresourcing.tmp.com  
recruitment.tmp.com  
scotland.eresourcing.tmp.com  
se.eresourcing.tmp.com  
sk.eresourcing.tmp.com  
spain.eresourcing.tmp.com  
staffturnover.eresourcing.tmp.com  
sweden.eresourcing.tmp.com  
tmpapex.co.uk  
tmp-apex.co.uk  
tmpapex.com  
tmpexec.co.uk  
tmpexec.com  
tmpexec.eresourcing.tmp.com  
tmpfrance.com  
tmpsearch.co.uk  
tmpsearch.com  
tmpsoler.no  
tmpwexec.com  
uk.eresourcing.tmp.com  
uk.intranet-eresourcing.tmp.com

S-11

---

### TRANSITION SERVICES SCHEDULE

Schedule #: 4

Service provider:  TMP Worldwide  Hudson Highland

Functional area:  Insurance  Tax Services  Legal Services  
 Facilities  Human Resources  Information Technology  
 Other (describe):

Start/end date: *From time to time, on an as needed basis, commencing on or after the Distribution Date.*

Summary of Services to be provided (describe in appropriate detail):

*TMP shall provide the insurance transition services described in Section 7.02(a) of the Distribution Agreement from time to time at the request of HHGI, and the transition services described in Section 7.02(c)(i) of the Distribution Agreement from time to time upon receipt of HHGI's prior approval as provided therein.*

S-1

---

Estimated total Service Costs to service provider: *Not applicable.*

Describe Service Cost methodology and factors affecting total Service Costs: *HHGI shall pay TMP's direct and indirect, fully allocated costs (including overhead) of providing the services described in this Schedule, plus out-of-pocket expenses. TMP shall cause its employees performing the insurance services described on this Schedule to maintain reasonably accurate records as to the portion of their time spent performing such services.*

Describe how Service Costs will be adjusted in the event of an increase/decrease in Services provided: *Not applicable.*

Additional information:

S-2

---

### TRANSITION SERVICES SCHEDULE

Schedule #: 5

Service provider:  TMP Worldwide  Hudson Highland

Functional area:  Insurance  Tax Services  Legal Services  
 Facilities  Human Resources  Information Technology  
 Other (describe): *Accounting, payroll and administrative services*

Start/end date: *Commencing on the Distribution Date, and ending on the first anniversary of the Distribution Date, unless terminated earlier.*





Schedule #: 8

Service provider:  TMP Worldwide  Hudson Highland

Functional area:  Insurance  Tax Services  Legal Services  
 Facilities  Human Resources  Information Technology  
 Other (describe): *Workplace health and safety*

Start/end date: *In the case of the health insurance services described in paragraph 1 below, commencing on the Distribution Date and ending on the renewal date of TMP's health insurance policy in October 2003. In the case of all other services described below, commencing on the Distribution Date, and ending on the first anniversary of the Distribution Date, unless terminated earlier.*

Summary of Services to be provided (describe in appropriate detail):

*TMP shall provide the following and related services to HHGI in the United Kingdom:*

- 1. TMP shall provide health insurance coverage to HHGI's United Kingdom employees under its health insurance scheme on the same terms that similarly situated TMP employees are provided such coverage.*
- 2. Management of pensions including Company Pension Schemes; administration and compliance of Group Personal Pension Plan and dealing with annual review/renewal; administration of old plans; wind up and closure administration; administration of individual personal pension plans.*
- 3. Management and administration of Private Medical Insurance Plan, Group Life Assurance, and PHI Plans and management of claims and dealing with annual review and renewal; management and administration of business and Commercial Insurance Policies for the UK and Ireland and dealing with annual review and renewal; liaison and implementation of global insurance programme to the UK/Irish businesses.*
- 4. Health and Safety Officer including Health & Safety Implementation and compliance; undertaking risk assessments; undertaking basic work station assessments; supervising Health & Safety/CDM compliance of external contractors.*
- 5. Administration and submission of work permit applications.*
- 6. Management of office relocations including supervision and delivery of relocation requirements all UK offices; Liaison with removers and ITS.*

S-1

---

Estimated total Service Costs to service provider: *US\$67,502*

Describe Service Cost methodology and factors affecting total Service Costs: *HHGI shall pay TMP's direct and indirect, fully allocated costs (including overhead) of providing the services described in this Schedule, plus out-of-pocket expenses. In the case of expenses shared by TMP and HHGI (including the expense of providing health insurance coverage as described above), HHGI shall pay its pro rata share of such expenses based upon headcount for the relevant time period. TMP shall cause its employees performing the services described on this Schedule to maintain reasonably accurate records as to the portion of their time spent performing such services.*

Describe how Service Costs will be adjusted in the event of an increase/decrease in Services provided: *Not applicable.*

Additional information:

*TMP Contact: John Upwood*

S-2

---

### TRANSITION SERVICES SCHEDULE

Schedule #: 9

Service provider:  TMP Worldwide  Hudson Highland

Functional area:  Insurance  Tax Services  Legal Services  
 Facilities  Human Resources  Information Technology  
 Other (describe): *Secretarial, property and administrative services*

Start/end date: *Commencing on the Distribution Date, and ending on the first anniversary of the Distribution Date, unless terminated earlier.*

Summary of Services to be provided (describe in appropriate detail):

*TMP shall provide the following and related administrative services to HHGI in the United Kingdom:*

- 1. Company Secretarial services for all UK companies including maintenance of statutory records; minuting of board meetings etc; filing returns at Companies House.*
- 2. Property Services including acquisition and disposal of leases; checking and authorization of rent and service charge payments; checking and authorization of business rates; obtaining consents from landlord for works; management of sub let properties and collection of rent and service charges;*



Other (describe): Accounting services

Start/end date: Commencing on the Distribution Date, and ending on June 30, 2003, unless terminated earlier.

Summary of Services to be provided (describe in appropriate detail):

TMP shall provide HHGI the services of the following accounting employees and functions (or replacements of the following accounting employees during the term of the transition services described in this schedule), in Milwaukee, Wisconsin for HHGI's eResourcing North America and Corporate Divisions:

Accounts payable: Cheri Callies, Kelly Wolter, Laura Ayers and one temporary employee;

Collections: Carrie Wichgers, Sheila Conaway, Angel Bates, Michelle Garcia, Oscar Hare, Michelle Ogbaekwe;

Cash Application: Don Coffmann;

Controller: Kim Schulte;

Staff Accountants: Trish Howsare, Rowena Jaenchen and Jennifer Mehalko;

Other: Paul Piorier and Nigel Crouch.

S-1

---

Estimated total Service Costs to service provider: US \$60,042 per month with respect to eResourcing accounting services and \$16,667 per month with respect to Corporate accounting services.

Describe Service Cost methodology and factors affecting total Service Costs: HHGI shall pay TMP's direct and indirect costs (including employee salaries and employee benefits) of providing the services described in this Schedule, plus out-of-pocket expenses. TMP shall cause its employees performing the services described on this Schedule to maintain reasonably accurate records as to the portion of their time spent performing such services.

Describe how Service Costs will be adjusted in the event of an increase/decrease in Services provided: Not applicable.

Additional information:

With respect to services in Milwaukee, HHGI shall furnish TMP one month's notice as the services of specific employees are no longer required.

S-2

---

### TRANSITION SERVICES SCHEDULE

Schedule #: 12

Service provider:  TMP Worldwide  Hudson Highland

Functional area:  Insurance  Tax Services  Legal Services  
 Facilities  Human Resources  Information Technology  
 Other (describe):

Start/end date: Commencing on the Distribution Date, and ending on June 30, 2003, unless terminated earlier.

Summary of Services to be provided (describe in appropriate detail):

TMP shall provide office and cubicle space, and related facilities services, for HHGI (executive search) employees in Milwaukee, Wisconsin.

S-1

---

Estimated total Service Costs to service provider: US\$3,210 per month

Describe Service Cost methodology and factors affecting total Service Costs: HHGI shall pay TMP a flat rate of \$3,210 per month for the services described in this Schedule, plus out-of-pocket expenses.

Describe how Service Costs will be adjusted in the event of an increase/decrease in Services provided: HHGI shall furnish TMP one month's notice as the office space is no longer required.

Additional information:

S-2

---

### TRANSITION SERVICES SCHEDULE

Schedule #: 13

Service provider:  TMP Worldwide  Hudson Highland





## TAX SEPARATION AGREEMENT

by and between

**TMP Worldwide Inc.  
on behalf of itself and the members  
of the TMP Worldwide Group  
and**

**Hudson Highland Group, Inc.  
on behalf of itself and the members  
of the Hudson Highland Group**

Dated as of March , 2003

### TABLE OF CONTENTS

1.	DEFINITIONS	1
2.	ADMINISTRATIVE AND COMPLIANCE MATTERS	5
	2(a) Sole Tax Sharing Agreement	5
	2(b) Designation of Agent	5
	2(c) Pre-Spin-Off Period Tax Returns	5
	2(c)(i) Preparation of Income Tax Returns	6
	2(c)(ii) Audits and Refunds	6
	2(c)(iii) Delivery of Tax Packages	6
	2(c)(iv) Restructuring Tax Liability	6
	2(d) Ratable Allocation	6
	2(e) Non-Income Tax Returns and Post-Spin-Off Period Returns of the HHGI Group	6
	2(f) Short-Year Combined State Returns	6
3.	TAX SHARING	7
	3(a) General	7
	3(b) Prior Years	7
	3(c) 2002 and 2003 Short-Year	7
	3(d) Final Determination	7
	3(e) Carrybacks and Certain Other Matters	7
	3(f) Treatment of Adjustments and Payments	8
	3(g) Deductions and Certain Taxes Related to Options	9
4.	CERTAIN REPRESENTATIONS AND COVENANTS	9
	4(a) HHGI Representations	9
	4(b) HHGI Covenants	10
	4(c) TMP Representations	11
5.	INDEMNITIES	11
	5(a) HHGI Indemnity	11
	5(b) TMP Indemnity	12
	5(c) Discharge of Indemnity	12
	5(d) Tax Benefits	13
6.	PERFORMANCE	13
7.	COMMUNICATION AND COOPERATION	13
	7(a) Consult and Cooperate	13
	7(b) Provide Information	14
	7(c) Tax Attribute Matters	14
8.	AUDITS AND CONTEST	14
9.	PAYMENTS	14
10.	NOTICES	15
11.	COSTS AND EXPENSES	15
12.	EFFECTIVENESS; TERMINATION AND SURVIVAL	15
13.	SECTION HEADINGS	15
14.	ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS	15
	14(a) Entire Agreement	15
	14(b) Amendments and Waivers	16
15.	GOVERNING LAW AND INTERPRETATION	16
16.	DISPUTE RESOLUTION	16

17. COUNTERPARTS	16
18. ASSIGNMENTS; THIRD PARTY BENEFICIARIES	16
19. SEVERABILITY	16
20. SETOFF	16
21. FURTHER ASSURANCES	16
22. AUTHORIZATION, ETC.	17

## TAX SEPARATION AGREEMENT

This Agreement is entered into as of the \_\_\_\_\_ day of March, 2003 between TMP Worldwide Inc. ("TMP"), a Delaware corporation, on behalf of itself and the members of the TMP Group, and Hudson Highland Group, Inc. ("HHGI"), a Delaware corporation, on behalf of itself and the members of the HHGI Group.

### W I T N E S S E T H:

WHEREAS, pursuant to the tax laws of various jurisdictions, certain members of the HHGI Group, as defined below, will file certain tax returns on an affiliated, consolidated, combined, unitary, fiscal unity or other group basis (including as permitted by Section 1501 of the Internal Revenue Code of 1986, as amended (the "Code")) with certain members of the TMP Group, for taxable periods beginning prior to the Spin-off, as defined below;

WHEREAS, TMP and HHGI intend to enter into a Distribution Agreement and Ancillary Agreements providing for the consolidation of the assets and operations of all the "Executive Search" and "eResourcing" businesses owned by TMP and its subsidiaries and affiliates into HHGI and its subsidiaries and affiliates;

WHEREAS, TMP intends to distribute all of the shares of HHGI to its shareholders (the "Spin-off"); and

WHEREAS, TMP and HHGI desire to set forth their agreement on the rights and obligations of TMP, HHGI and the members of the TMP Group and the HHGI Group, respectively, with respect to the handling and allocation of federal, state, local and foreign Taxes incurred in Taxable periods beginning prior to the Spin-off Date, as defined below, Taxes resulting from the Restructuring, as defined below, and various other Tax matters.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

#### 1. DEFINITIONS

(a) As used in this Agreement:

"2003 Short Year" shall mean the short taxable year beginning on the first day of HHGI's first taxable period in 2003 and ending on the Spin-off Date.

"Affiliate" of any Person shall mean (i) any individual, corporation, partnership or other entity directly or indirectly owning more than 50 percent (by vote or value) of, owned more than 50 percent (by vote or value) by, or under more than 50 percent (by vote or value) common ownership with, such Person, and (ii) any entity that is entitled to the benefit of any Tax Asset of such Person under applicable law, any entity with any Tax Asset to which such Person is entitled to the benefit of under applicable law, or any entity which is entitled or required to transfer or assign income, revenues, receipts, or gains to such Person under applicable law.

"After-Tax Amount" shall mean an additional amount necessary to reflect the hypothetical Tax consequences of the receipt or accrual of any payment, using the maximum statutory rate (or rates, in the case of an item that affects more than one Tax) applicable to the recipient of such payment for the relevant year, reflecting for example, the effect of the deductions available for interest paid or accrued and for Taxes such as state and local income Taxes.

"Ancillary Agreement" shall have the meaning assigned to it in the Distribution Agreement.

"Consolidated Group" shall mean the HHGI Group, the TMP Group and the TMP Consolidated Group.

"Distribution Agreement" shall mean the Distribution Agreement, dated as of the date hereof, between TMP and HHGI.

"Executive Search Business" shall mean any business activity associated with counseling and assisting companies worldwide in the recruitment of high-level executives, normally vice-president and above, including CEOs, COOs, CFOs and board members, as well as operations and staff positions, as determined by the TMP Vice President—Taxes, in accordance with past practices.

"eResourcing Business" shall mean any business activity associated with assisting companies around the world in finding suitable employees in the mid-market selection and temporary contracting industry, excluding any business activity associated with the selection process through the use of interactive media and on-line databases, as determined by the TMP Vice President—Taxes, in accordance with past practices.

"Federal Tax" shall mean any Tax imposed under the Code and any related penalty imposed under Subtitle F of the Code.

"Final Determination" shall mean (i) with respect to Federal Taxes, (A) a "determination" as defined in Section 1313(a) of the Code, or (B) the date of acceptance by or on behalf of the IRS of Form 870-AD (or any successor form thereto), as a final resolution of Tax liability for any Taxable period, except that a Form 870-AD (or successor form thereto) that reserves the right of the taxpayer to file a claim for refund or the right of the IRS to assert a further deficiency shall

not constitute a Final Determination with respect to the item or items so reserved; (ii) with respect to Taxes other than Federal Taxes, any final determination of liability in respect of a Tax that, under applicable law, is not subject to further appeal, review or modification through proceedings or otherwise; (iii) with respect to any Tax, any final disposition by reason of the expiration of the applicable statute of limitations or applicable foreign equivalent; or (iv) with respect to any Tax, the payment of Tax by TMP, HHGI, or any member of the TMP Group or the HHGI Group, whichever is responsible for payment of such Tax under applicable law, with respect to any item disallowed or adjusted by a Taxing Authority, provided that the provisions of Section 9 hereof have been complied with, or, if such section is inapplicable, that the party responsible under the terms of this Agreement for such Tax is notified by the party paying such Tax that it has determined that no action should be taken to recoup such disallowed item, and the other party agrees with such determination.

"HHGI Group" shall mean HHGI and its Affiliates immediately after the Spin-off Date, including any predecessors thereto; PROVIDED, HOWEVER, that for purposes of determining whether an entity is a member of the HHGI Group, a transfer of beneficial ownership of an entity shall be treated as a transfer of title, regardless of whether title has actually passed; PROVIDED FURTHER, that to the extent that TMP or an Affiliate of any member of the TMP Consolidated Group conducted at least one Executive Search Business or eResourcing Business and at least one Non-Executive Search/eResourcing Business, each Executive Search Business and/or eResourcing Business, as applicable, shall be treated for purposes of this Agreement as a separate corporation that is a member of the HHGI Group, unless such Executive Search Business and/or eResourcing Business, as applicable, continues to be conducted by an Affiliate of any member of the TMP Group immediately after the Spin-off Date and each Non-Executive Search/eResourcing Business shall be treated for purposes of this Agreement as a separate corporation that is a member of the TMP Group; PROVIDED FURTHER, that if with respect to any Pre-Spin-off Period any Affiliate of any member of the TMP Group was involved solely in the conduct of an Executive Search Business or eResourcing Business, such member shall be treated as a member of the HHGI Group for such Pre-Spin-off Period, unless such Executive Search Business or eResourcing Business, as applicable, continues to be conducted by an Affiliate of any member of the TMP Group immediately after the Spin-off Date; and PROVIDED FURTHER, that if with respect to any Pre-Spin-off Period any Affiliate of any member of the HHGI Group was not involved in the conduct of an Executive Search Business or eResourcing Business, such member shall not be treated as

2

---

a member of the HHGI Group for such Pre-Spin-off Period. Notwithstanding anything to the contrary herein, the HHGI Group shall include any entity (and any Affiliate thereof) that is sold by TMP or any member of the TMP Group to HHGI or any member of the HHGI Group prior to the Spin-off Date in connection with the Restructuring.

"HHGI Tax Liability" shall mean, with respect to any Taxable period and subject to Sections 3(e)(ii)-(iv), the HHGI Group's Tax liability for such Taxable period, computed as if the relevant members of the HHGI Group were not and never were part of the TMP Consolidated Group, but rather were a separate affiliated group of corporations filing a similar group Return (PROVIDED, HOWEVER, that transactions with any member of the TMP Group shall not be taken into account until the first Taxable period in which such transaction is required to be taken into account for Tax purposes under applicable law). Such computation shall be made (A) without regard to the income, deductions (including net operating loss and capital loss deductions) and credits in any year of any member of the TMP Group, except to the extent that a payment was made to any member of the TMP Group with respect thereto, (B) by taking account of any Tax Asset of the HHGI Group, including net operating loss and capital loss carryforwards and carrybacks and minimum Tax credits from earlier years of the HHGI Group, and with reduction for any such Tax Assets used by any member of the TMP Group, (C) by applying the maximum applicable statutory Tax rate in effect under applicable law during the relevant year, (D) reflecting the positions, elections and accounting methods used by the TMP Consolidated Group in preparing the relevant Return for the TMP Consolidated Group, (E) by not permitting the HHGI Group any compensation deductions attributable to the exercise of options to purchase stock of TMP which are held by employees or former employees of the HHGI Group, and (F) without regard to gain attributable to the recognition by TMP of any excess loss account with respect to the stock of HHGI or by HHGI of any excess loss account with respect to the stock of its subsidiaries, in each case as a result of the Restructuring.

"IRS" shall mean the Internal Revenue Service.

"LIBOR" shall be determined on the basis of the offered rates for deposits in U.S. Dollars for a period of 30 days that appear on the Reuters Screen LIBOR Page as of 11:00 a.m., London time. If at least two rates appear on the Reuters Screen LIBOR Page, the rate will be the arithmetic mean of such rates.

"Non-Executive Search/eResourcing Business" shall mean any business activity other than an Executive Search Business and/or an eResourcing Business.

"Person" shall have the meaning ascribed to it in Section 7701(a)(1) of the Code.

"Post-Spin-off Period" shall mean (i) any Taxable period (or portion thereof) beginning after the close of business on the Spin-off Date and (ii) with respect to a Taxable period that begins before and ends after the Spin-off Date, the portion of such Taxable period that commences on the day immediately after the Spin-off Date.

"Pre-Spin-off Period" shall mean (i) any Taxable period ending on or before the close of business on the Spin-off Date and (ii) with respect to a Taxable period that begins before and ends after the Spin-off Date, the portion of such Taxable period ending on and including the Spin-off Date.

"Prime" shall mean the rate announced from time to time as "prime" as reported in the Wall Street Journal's Money Rates table as its prime rate with respect to the applicable currency.

"Restructuring" shall mean the Spin-off, all transactions effected by the Spin-off and all transactions occurring in connection with the Spin-off; including, but not limited to, any transaction contemplated by the Distribution Agreement or any Ancillary Agreement.

3

---

"Return" shall mean any Tax return, statement, report, form, election, claim or surrender (including estimated Tax returns and reports, extension requests and forms, and information returns and reports) required to be filed with any Taxing Authority.

"Spin-off" shall mean the distribution of all the HHGI common stock by TMP to its shareholders.

"Spin-off Date" shall mean the date of closing of the Spin-off.

"Tax" (and the correlative meaning, "Taxes," "Taxing" and "Taxable") shall mean (A) any net income, gross income, gross receipts, alternative or add-on minimum, sales, use, business and occupation, value-added, trade, goods and services, ad valorem, franchise, profits, license, business royalty, withholding, payroll, employment, capital, excise, transfer, recording, severance, stamp, occupation, premium, property, asset, real estate, acquisition, environmental, custom duty, or other tax, governmental fee or other like assessment or charge of any kind whatsoever, including applicable foreign, together with any interest and any penalty, addition to tax or additional amount imposed by a Taxing Authority; (B) any liability of a member of the TMP Group or the HHGI Group, as the case may be, for the payment of any amounts of the type described in clause (A) for any Taxable period resulting from such member being a part of a Consolidated Group pursuant to the application of Treasury Regulation Section 1.1502-6 or any similar provision applicable under state, local or foreign law; or (C) except as otherwise provided in the Distribution Agreement, any liability of a member of the TMP Group or the HHGI Group for the payment of any amounts described in clause (A) as a result of any express or implied obligation to indemnify any other party.

"Tax Asset" shall mean any net operating loss, net capital loss, investment Tax credit, foreign Tax credit, target jobs Tax credit, low income housing credit, research and experimentation credit, charitable deduction, or any other loss, credit or Tax attribute, including additions to basis of property and attributes which reduce or offset value-added Tax liability, which could reduce any Tax (domestic or foreign), including, without limitation, deductions, credits, or alternative minimum net operating loss carryforwards related to alternative minimum Taxes.

"Tax Benefit" shall mean an amount derived with respect to a Tax Asset that is equal to the excess of (A) the amount of Federal Taxes, Foreign Taxes, or State or Local Combined Income Taxes, as the case may be, that would have been payable by the recipient of the Tax Benefit without the use of a Tax Asset (including, but not limited to, a carryback, carryforward, or reattribution of the Tax Asset), over (B) the amount of Federal Taxes, Foreign Taxes or State or Local Combined Income Taxes, as the case may be, actually payable by such recipient. In the case of a tax refund arising out of the use of a Tax Asset, the Tax Benefit shall be equal to the amount of the refund that was actually received over the amount of the refund that would have been received in the absence of such Tax Asset.

"Tax Item" shall mean any item of income, gain, loss, deduction or credit, or other attribute that may have the effect of increasing or decreasing any Tax.

"Tax Packages" shall mean one or more packages of information that are (i) reasonably necessary for the purpose of preparing Returns of any Consolidated Group with respect to a Pre-Spin-off Period and (ii) completed in all material respects in accordance with the standards that TMP has established for its subsidiaries with respect to the relevant Pre-Spin-off Period.

"Tax Proceeding" shall mean any Tax audit, dispute or proceeding (whether administrative or judicial).

"Taxing Authority" shall mean any governmental authority (domestic or foreign), including, without limitation, any state, municipality, political subdivision or governmental agency, responsible for the imposition of any Tax.

"TMP Consolidated Group" shall mean with respect to any Taxable period, TMP and its Affiliates (including their predecessors and successors), including those Affiliates comprising the HHGI Group.

---

"TMP Group" shall mean, with respect to any Taxable period, TMP and its Affiliates (including their predecessors and successors) other than those Affiliates comprising the HHGI Group.

"TMP Tax Liability" shall mean, with respect to any Taxable period and subject to Sections 3(e)(ii)-(iv), the TMP Group's Tax liability for such Taxable period, computed as if the relevant members of the TMP Group were not and never were part of the TMP Consolidated Group, but rather were a separate affiliated group of corporations filing a similar group Return (PROVIDED, HOWEVER, that transactions with any member of the HHGI Group shall not be taken into account until the first Taxable period in which such transaction is required to be taken into account for Tax purposes under applicable law). Such computation shall be made (A) without regard to the income, deductions (including net operating loss and capital loss deductions) and credits in any year of any member of the HHGI Group, except to the extent that a Tax Asset of any member of the HHGI Group was used to reduce the TMP Group Tax Liability, (B) by taking account of any Tax Asset of the TMP Group, including net operating loss and capital loss carryforwards and carrybacks and minimum Tax credits from earlier years of the TMP Group, and without reduction for any such Tax Assets used by any member of the HHGI Group, (C) by applying the maximum applicable statutory Tax rate in effect under applicable law during the relevant year, (D) reflecting the positions, elections and accounting methods used by the Consolidated Group in preparing the relevant Return for the Consolidated Group and (E) by taking into account any compensation deductions in accordance with Section 3(g) hereof.

"TMP Vice President—Tax" shall include any successor position or title; PROVIDED, HOWEVER, that if such successor position or title does not have responsibility for Tax matters, then the most senior position or title that has responsibility for Tax matters shall be substituted for the TMP Vice President-Tax in this Agreement.

(b) Any term used in this Agreement which is not defined in this Agreement shall, to the extent the context requires, have the meaning assigned to it in the Code or the applicable Treasury regulations thereunder (as interpreted in administrative pronouncements and judicial decisions) or in comparable provisions of applicable law.

## 2. ADMINISTRATIVE AND COMPLIANCE MATTERS.

(a) Sole Tax Sharing Agreement. Any and all existing Tax sharing agreements or arrangements, written or unwritten, between any member of the TMP Group and any member of the HHGI Group shall be or shall have been terminated as of the date of this Agreement. As of the date of this Agreement, neither the members of the HHGI Group nor the members of the TMP Group shall have any further rights or liabilities thereunder, and this Agreement shall be the sole Tax sharing agreement between members of the HHGI Group and the members of the TMP Group. Notwithstanding the foregoing, if any such termination is not binding on any Taxing Authority, the HHGI Group shall hold the affected member of the TMP Group harmless against any adverse effect which would have been avoided if such termination had been given effect by such Taxing Authority.

(b) Designation of Agent. HHGI and each member of the HHGI Group, hereby irrevocably authorize TMP as its agent, coordinator, and administrator, for the purpose of taking any and all actions (including the execution of waivers of applicable statutes of limitation) necessary or incidental

to the filing of any Return, any amended Return, or any claim for refund (even where an item or Tax Asset giving rise to an amended Return or refund claim arises in a Post-Spin-off Period), credit or offset of Tax or any other proceedings, and for the purpose of making payments to, or collecting refunds from, any Taxing Authority, in each case relating only to any Pre-Spin-off Period.

(c) Pre-Spin-Off Period Returns.

5

(i) Preparation of Income Tax Returns. TMP will prepare and file, with the assistance of HHGI Group, all Returns of TMP Consolidated Group and all Separate Income Tax Returns of any member of that group for all Pre-Spin-off Periods. TMP shall have the right with respect to such Returns to determine (A) the manner in which such returns, documents or statements shall be prepared and filed, including, without limitation, the manner in which Tax Items shall be reported; (B) whether any extensions should be requested, and (C) the elections that will be made by any member of TMP Group or HHGI Group.

(ii) Audits and Refunds. With respect to all Returns of TMP Consolidated Group and all Separate Income Tax Returns of any member of that group for all Pre-Spin-off Periods, except as otherwise provided in Section 8, TMP shall have the right to (i) contest, compromise or settle any adjustment or deficiency proposed, asserted or assessed as a result of any audit of any Return, (ii) file, prosecute, compromise or settle any claim for refund, (iii) determine whether any refunds to which a Consolidated Group may be entitled shall be received by way of refund or credited against the Tax liability of such Group and (iv) determine whether a deposit will be made with a Taxing Authority to stop the running of interest.

(iii) Delivery of Tax Packages. With respect to the 2002 and 2003 Tax years, HHGI and the members of the HHGI Group shall prepare and deliver to TMP all Tax Packages no later than 90 days prior to the due date of such Returns taking into account duly filed extensions of time.

(iv) Restructuring Tax Liability. To the extent that any Return for a Pre-Spin-off Period reflects any transaction effected in connection with the Restructuring, TMP shall have complete discretion in determining the amount of any Tax liability resulting from the Restructuring that will be shown on such Return. For the purpose of exercising such discretion, any such Return that is filed by a member of the HHGI Group shall be submitted by such member of the HHGI Group to TMP (together with any relevant schedules, statements and, to the extent requested by TMP, supporting documentation) at least 45 days prior to the due date (including extensions) of such Return. To the extent necessary to determine the amount of any Tax liability resulting from the Restructuring which will be shown on such Return, TMP shall have the right to review all work papers and procedures used to prepare such Return. If, within 10 business days after delivery of any such Return, TMP objects to the amount of any Tax liability shown on such Return and resulting from the Restructuring, the Return shall be adjusted in the manner TMP deems appropriate and as so adjusted shall be binding upon the parties without further adjustment.

(d) Ratable Allocation. TMP may, at its option, elect and HHGI will join TMP (if necessary) in electing to ratably allocate items (other than extraordinary items) of the HHGI Group in accordance with relevant provisions of Treasury Regulation Section 1.1502-76. If TMP exercises its option to make the election, each member of the HHGI Group will provide a statement stating its consent to such election as required under the regulations.

(e) Non-Income Tax Returns and Post-Spin-Off Period Returns of the HHGI Group. HHGI shall be solely responsible for the preparation and filing of (i) Income Tax Returns of the HHGI Group for all Post-Spin-off Periods and the separate Foreign, State and Local Returns of HHGI and any member of the HHGI Group, if any, for all Tax periods that end after the Spin-off Date and (ii) the Returns of HHGI Group for Non-Income Taxes for any tax period.

(f) Short-Year Combined State Returns. TMP and HHGI agree that State or Local Returns in which a member of the HHGI Group files such Return with a member of the TMP Group on a consolidated, combined or unitary basis and which was filed for Tax periods beginning prior to the Spin-off Date, will reflect a short taxable year for HHGI ending on the Spin-off Date in any state or local taxing jurisdiction in which such tax year is allowed by administrative practice, whether or not required by law.

6

3. TAX SHARING.

(a) General. Any Return filed by TMP or a member of the TMP Group prior to the Spin-off Date that reflected the income, assets or operations of an Executive Search Business or an eResourcing Business shall be treated as required to be filed by the TMP Group and any payment made prior to the Spin-off Date with respect to such Return shall be treated as having been made by the TMP Group. Any Return filed by HHGI or a member of the HHGI Group prior to the Spin-off date that reflected the income, assets or operations of a Non-Executive Search/eResourcing Business shall be treated as required to be filed by the HHGI Group and any payment made prior to the Spin-off date with respect to such Return shall be treated as having been made by the HHGI Group.

(b) Prior Years. Except as otherwise provided in Section 3(d)-(g), for all Taxable periods of TMP Consolidated Group, for which a Return has been filed on the date of the Spin-off, during which the Tax Asset of the HHGI Group or TMP Group, as appropriate, was included in a Return of such Consolidated Group and the Tax Asset resulted in a reduction of Taxes, neither the HHGI Group nor the TMP Group, as appropriate, is obligated to pay the HHGI Group or the TMP Group, as appropriate, for the Tax Benefit of the use of the Tax Asset in such Return.

(c) 2002 and 2003 Short Year. Except as otherwise provided in Section 3(d)-(g), for the calendar year 2002 and the 2003 Short Year of the TMP Consolidated Group, for which a Return will be filed subsequent to the date of the Spin-off, during which the Tax Asset of the HHGI Group or the TMP Group, as applicable, may be included in a Return of such Consolidated Group and the Tax Asset will result in a reduction of Taxes, neither the HHGI Group or the TMP Group, as applicable, will be obligated to pay the HHGI Group or the TMP Group, as applicable, for the Tax benefit of the use of the Tax Asset in such Return.

(d) Final Determination. If the Final Determination of the TMP Tax Liability with respect to any Consolidated Group reflects a Tax Asset that was not used to reduce the Tax liability of the TMP Group, but may under applicable law be used to reduce the Tax liability of the HHGI Group for any Tax period, HHGI shall pay to TMP the actual Tax saving produced by such Tax Asset within 30 days after such Tax saving is claimed on a Return, and

the future Returns of the HHGI Group shall be adjusted to reflect such use. The amount of any such Tax saving for any Tax period shall be the amount of the reduction in Taxes payable to a Taxing Authority (or the increase in any Tax refund) with respect to such period as compared to the Taxes that would have been payable to a Taxing Authority (or the Tax refund that would have been received) by the Consolidated Group with respect to such period in the absence of such Tax Asset.

(e) Carrybacks and Certain Other Matters.

(i) HHGI and each member of the HHGI Group agrees not to carry back any Tax Asset of the HHGI Group from a Post-Spin-off Period without the advance written consent of TMP. If TMP consents to such carryback, TMP shall not be obligated to pay to HHGI or any member of the HHGI Group the Tax Benefit received by TMP Consolidated Group from the use in any Pre-Spin-Off Period of a carryback of any Tax Asset of HHGI Group from a Post-Spin-Off Period.

(ii) Notwithstanding the definitions of HHGI Tax Liability or TMP Tax Liability or any other provision in this Agreement, any loss recognized upon any sale to any member of the TMP Consolidated Group of any Executive Search Business or eResourcing Business from a Pre-Spin-Off Period, or any Tax Asset used in an Executive Search Business and/or eResourcing Business from a Pre-Spin-Off Period, shall be treated as a Tax Asset of the TMP Group.

7

---

(iii) Notwithstanding the definitions of HHGI Tax Liability or TMP Tax Liability or any other provision in this Agreement, any Tax Asset or refund of Tax resulting from the matters relating to the UK Inland Revenue Thin Capitalization examination shall be treated as a Tax Asset of, or a refund of Tax attributable to, the TMP Group, respectively.

(iv) Notwithstanding the definitions of HHGI Tax Liability or TMP Tax Liability or any other provision in this Agreement, any Tax Asset or refund of Tax resulting from the sale or transfer of the stock or assets of the European restructurings, in accordance with the Distribution and Ancillary Agreements, shall be treated as a Tax Asset of, or a refund of Tax attributable to, the TMP Group, respectively.

(f) Treatment of Adjustments and Payments.

(i) Responsibility for Payment. Except as provided in paragraph (f)(ii)-(iv) or in Section 9, TMP shall be responsible for any payment due to any taxing authority as a result of an audit adjustment to any Income Tax Return which relates solely to a Pre-Spin-off Period. HHGI shall be responsible for any payment due to any taxing authority as a result of an adjustment to any Return of HHGI Group which relates solely to a Post-Spin-off period. In the case of any adjustment not covered in the preceding sentence, TMP Vice President-Tax shall determine the amount to be paid by each party in a manner consistent with the principles of this Agreement and with past practices.

(ii) Timing Differences. To the extent that any audit adjustment of an Income Tax Return relating to a Pre-Spin-off period is attributable to timing differences attributable to the HHGI Group, HHGI shall pay to TMP an amount reflecting the timing differences. In the case of a Federal Return, or Foreign Return this amount shall be equal to the actual amount of the adjustment to TMP Consolidated Group Tax liability that is attributable to the timing differences, as determined by TMP Vice President-Tax. In the case of a Combined Income Tax Return or Separate Income Tax Return, the amount shall be equal to the difference between the tax actually due on the adjusted Return and the amount that would have been due on the adjusted Return had HHGI not been included as a member of TMP Consolidated Group, as determined by TMP Vice President-Tax.

(iii) Except as provided in clause (iv) below, if any adjustment by reason of audit, amended return or otherwise is made with respect to a Return filed by a member of the TMP Group which would have increased the HHGI Tax Liability with respect to a Pre-Spin-off Period Return, then within 30 days after any member of the TMP Group makes a payment to a Taxing Authority or makes a deposit with a Taxing Authority to stop the running of interest with respect to such audit adjustment, the HHGI Group shall pay to the TMP Group the additional HHGI Tax Liability.

(iv) Any refunds or credits of Tax (including a return of a deposit described in Section 3(f)(iii)) received by a member of the HHGI Group relating to a Pre-Spin-off Period, to the extent attributable to any Tax Asset of any member of the HHGI Group shall be paid by the HHGI Group to the TMP Group within 30 days of receipt; provided that no such payment shall be required to the extent such refund or credit is attributable to an adjustment for which payment in respect thereof has previously been made pursuant to Section 3(f)(iii) and PROVIDED FURTHER that, in determining the extent to which a refund is attributable to any Tax Asset of a member of the HHGI Group, if the portion of any such refund represents interest with respect to Taxes and the items or Tax attributes to which such interest relates are not readily identifiable, then the TMP Vice President-Tax shall in good faith determine the allocation of such interest among the items and Tax attributes of the members of the HHGI Group.

8

---

(g) Deductions and Certain Taxes Related to Options. The TMP Group shall file Returns claiming (x) the Tax deductions attributable to the exercise of options to purchase stock of TMP which are held by employees or former employees of the HHGI Group and (y) any other similar compensation related Tax deductions. Accordingly, (i) the TMP Group shall be entitled to any such Tax deductions, (ii) the Returns of the TMP Group and the HHGI Group shall reflect the entitlement of the TMP Group to such deductions, and (iii) to the extent any such deductions are disallowed, the HHGI Group shall file amended Returns claiming such deductions and shall pay to the TMP Group an amount equal to the actual benefit received by the HHGI Group in respect of such deductions. If, at any time subsequent to a disallowance described in the immediately preceding clause (iii), the TMP Vice President-Tax determines that the HHGI Group shall claim all subsequent Tax deductions attributable to the exercise of options to purchase TMP stock which are held by employees or former employees of the HHGI Group, (i) the Returns of the TMP Group and the HHGI Group filed after such determination shall reflect such determination, (ii) not later than 3 days prior to the due date of any such Return, HHGI shall notify the TMP Vice President-Tax of the amount of Tax deductions it intends to claim on such Return with respect to such options or other compensation related Tax deductions, and (iii) the HHGI Group shall pay to the TMP Group an amount equal to the actual benefit received by the HHGI Group in respect of such

deductions. For purposes of the immediately preceding clause (i), the TMP Vice President—Tax will have the right to determine the amount of such Tax deductions that will be claimed by the HHGI Group on any such Return. For purposes of each of the two immediately preceding clauses (iii), the actual benefit shall be considered equal to the excess of the amount of Tax that would have been payable to a Taxing Authority (or of the Tax refund that would have been receivable) by the HHGI Group in the absence of such deduction over the amount of Tax actually payable to a Taxing Authority (or of the Tax refund actually received) by the HHGI Group. Payment of the amount referred to in the first clause (iii) of this Section 3(g) shall be made within 30 days of the receipt by any member of the HHGI Group of any refund, credit or other offset attributable thereto from the relevant Taxing Authority. Payment of the amount referred to in the second clause (iii) of this section 3(g) shall be made not later than 3 days after the due date of the estimated Tax payment immediately following when any member of the HHGI Group becomes entitled to any refund, credit or other offset attributable to such deduction. HHGI agrees to act as TMP's pay agent for purposes of administering and accounting for TMP stock options held by employees or former employees of the HHGI Group. In addition, upon the exercise of any options to purchase stock of TMP which are held by employees or former employees of the HHGI Group, the HHGI Group (as agent for the TMP Group, where applicable) shall prepare and file all applicable Returns, withhold and remit any required withholding under federal, state, local or foreign income Tax law, and pay the applicable tax liability under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, any state employment Tax law or any equivalent or similar foreign statute in connection with such an event. To the extent a Taxing Authority determines that the TMP Group is liable for withholding Taxes or Taxes under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, any state employment Tax law or any equivalent or similar foreign statute in connection with the exercise of such an option, the HHGI Group shall pay to the TMP Group an amount equal to the Tax paid by the TMP Group as a result of such Tax liability within 30 days of demand thereof.

#### 4. CERTAIN REPRESENTATIONS AND COVENANTS.

(a) HHGI Representations. HHGI and each member of the HHGI Group represent that as of the date hereof, and covenants that on the Spin-off Date, there is no plan or intention (i) to liquidate, merge or consolidate HHGI or any member of the HHGI Group with any other Person subsequent to the Spin-off Date, (ii) to sell or otherwise dispose of any asset, or cease business operations in any Executive Search Business or eResourcing Business of HHGI, or any member of the HHGI Group, subsequent to the Spin-off Date, in a manner that would result in any increased

9

---

Tax liability or reduction of any Tax Asset of the TMP Group or any member thereof or which would not be in the ordinary course of business, (iii) to take any action inconsistent with the information and representations furnished to any Taxing Authority, legal counsel or accounting firm in connection with the request for a ruling or comparable pronouncement by a Taxing Authority, or with the delivery of an opinion by such counsel or accounting firm, with respect to the Restructuring, regardless of whether such information or representations were included in the ruling or pronouncement issued by the Taxing Authority or the opinion delivered by such counsel or accounting firm, (iv) to take any action that contravenes any existing gain recognition agreement or other agreement with a Taxing Authority to which any member of the HHGI Group or the TMP Group is a party (v) to repurchase stock of HHGI in a manner contrary to the requirements of Revenue Procedure 96-30 or in a manner contrary to the representations furnished to any Taxing Authority, legal counsel or accounting firm in connection with the request for a ruling or comparable pronouncement by a Taxing Authority, or with the delivery of an opinion by such counsel or accounting firm, with respect to the Restructuring, or (vi) to enter into any negotiations, agreements, or arrangements with respect to transactions or events (including stock issuances, pursuant to the exercise of options or otherwise, option grants, capital contributions, or acquisitions, but not including the Spin-off) that may cause the Spin-off to be treated as part of a plan pursuant to which one or more persons acquire directly or indirectly HHGI stock representing a "50-percent or greater interest" within the meaning of Section 355(d)(4) of the Code.

(b) HHGI Covenants. HHGI covenants to TMP that, without the prior written consent of the TMP Vice President-Tax,

(i) during the two-year period following the Spin-off Date, neither HHGI nor any member of the HHGI Group will liquidate, merge or consolidate with any other Person,

(ii) during the two-year period following the Spin-off Date neither HHGI nor any member of the HHGI Group will sell, exchange, distribute or otherwise dispose of its assets or cease business operations in any Executive Search Business or eResourcing Business in a manner that would result in any increased Tax liability or reduction of any Tax Asset of the TMP Group or any member thereof or which would not be in the ordinary course of business,

(iii) HHGI will not take any action that contravenes any existing gain recognition agreement or other agreement with a Taxing Authority to which any member of the HHGI Group or the TMP Group is a party,

(iv) on or after the Spin-off Date, HHGI will not, nor will it permit any member of the HHGI Group to, make or change any accounting method, amend any Return or take any Tax position on any Return, take any other action, omit to take any action or enter into any transaction that results in any increased Tax liability or reduction of any Tax Asset of the TMP Group or any member thereof in respect of any Pre-Spin-off Period,

(v) HHGI will not, nor will it permit any member of the HHGI Group to, take any action inconsistent with the information and representations furnished to any Taxing Authority, legal counsel or accounting firm in connection with a request for a ruling or comparable pronouncement by a Taxing Authority or with the delivery of an opinion by such counsel or accounting firm, with respect to the Restructuring, regardless of whether such information or representations were included in the ruling or pronouncement issued by such Taxing Authority or the opinion delivered by such counsel or accounting firm,

(vi) HHGI will for a minimum of two years following the date of such distribution, continue the active conduct of the historic business relied upon to satisfy the requirements of Section 355(b) of the Code,

10

---

(vii) HHGI will not repurchase stock of HHGI in a manner contrary to the requirements of Revenue Procedure 96-30 or in a manner contrary to the representations furnished to any Taxing Authority, legal counsel or accounting firm in connection with the request for a ruling or comparable pronouncement by a Taxing Authority, or with the delivery of an opinion by such counsel or accounting firm, with respect to the Restructuring,

(viii) during the applicable period provided in Section 355(e)(2)(B) of the Code with respect to the Spin-off, HHGI will not enter into any transaction or make any change in equity structure (including stock issuances, pursuant to the exercise of options, option grants or otherwise, capital contributions, or acquisitions, but not including the Spin-off) that may cause the Spin-off to be treated as part of a plan pursuant to which one or more persons acquire directly or indirectly HHGI stock representing a "50-percent or greater interest" within the meaning of Section 355(d)(4) of the Code,

(ix) HHGI will file federal consolidated returns with its subsidiaries for the Tax period immediately after the Spin-off Date.

(c) TMP Representations.

(i) TMP represents as of the date hereof that on the date of the Spin-off, there is no plan or intention to take any action inconsistent with the information and representations furnished to the Internal Revenue Service in connection with the request for rulings under Section 355 and 368(a)(1)(D) of the Code.

(ii) Except as otherwise disclosed in public documents, TMP and the members of the TMP Group represent as of the date hereof that on the Spin-off date, neither TMP or the TMP Group is aware of any present plan or intention by the current shareholders of TMP to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, TMP.

5. INDEMNITIES.

(a) HHGI Indemnity. HHGI and each member of the HHGI Group will jointly and severally indemnify TMP and the members of the TMP Group that were members of a Consolidated Group that included such HHGI Affiliate against and hold them harmless from:

(i) any Tax Liability of the HHGI Group;

(ii) any liability or damage resulting from a breach by HHGI or any member of the HHGI Group of any representation or covenant made by HHGI herein;

(iii) any Tax Liability attributable to the Restructuring that is attributable to any action of HHGI or any member of the HHGI Group, without regard to whether the TMP Vice President-Tax or any other TMP officer has consented to such action, including, but not limited to, any Taxes attributable to the failure of the Spin-off to qualify under Section 355 of the Code or attributable to the application of Sections 355(e) or 355(f) of the Code with respect to such Spin-off if (x) for any reason a member or members of the HHGI Group or a shareholder of such member or members is responsible for the Spin-off's failure to qualify under Section 355 or (y) the stock of HHGI is acquired by one or more persons, whether directly or indirectly, such that Section 355(e) causes such stock not to be treated as "qualified property" for purposes of Section 361(c)(2);

(iv) any Tax Liability resulting from the recapture, pursuant to Section 904(f) of the Code, of an overall foreign loss for a Pre-Spin-off Period to the extent that the TMP Vice President-Tax determines that such loss is attributable to operations of the Executive Search Business and/or eResourcing Business in a Pre-Spin-off Period;

11

---

(v) any Tax Liability resulting from the recapture, pursuant to Section 367(a)(3)(C) of the Code, of a branch loss for a Pre-Spin-off Period to the extent that the TMP Vice President-Tax determines that such loss is attributable to operations of the Executive Search Business and/or eResourcing Business in a Pre-Spin-off Period;

(vi) any increase in any Tax Liability, or any reduction of any Tax Asset, of any member of the TMP Group resulting from a Final Determination of a Taxing Authority relating to the pricing of services provided by a member of the TMP Group to a member of the HHGI Group; and

(vii) all liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax liability or damage described in (i), (ii), (iii), (iv) (v) or (vi) including those incurred in the contest in good faith in appropriate proceedings relating to the imposition, assessment or assertion of any such Tax, liability or damage.

(b) TMP Indemnity. TMP and each member of the TMP Group will jointly and severally indemnify HHGI and the members of the HHGI Group that were members of a Consolidated Group that included such TMP Affiliate against and hold them harmless from:

(i) any Tax Liability of the TMP Group, other than any such liability described in Section 5(a);

(ii) any Tax Liability resulting from the Restructuring, other than any such liabilities described in Section 5(a);

(iii) any liability or damage resulting from a breach by TMP or any member of the TMP Group of any representation or covenant made by TMP herein;

(iv) any increase in any Tax Liability, or any reduction of any Tax Asset, of any member of the HHGI Group resulting from a Final Determination of a Taxing Authority relating to the pricing of services provided by a member of the HHGI Group to a member of the TMP Group; and

(v) all liabilities, costs, expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), losses, damages, assessments, settlements or judgments arising out of or incident to the imposition, assessment or assertion of any Tax liability or damage described in (i), (ii), or (iii), or (iv) including those incurred in the contest in good faith in appropriate proceedings relating to the imposition, assessment or assertion of any such Tax, liability or damage.

If a member of the TMP Group ceases to be an Affiliate of any member of the TMP Group as a result of a sale of its stock to a third party (whether or not treated as a sale or exchange of stock for Tax purposes), such member of the TMP Group shall be released from its obligations under this Agreement upon such sale and neither TMP nor any member of the TMP Group shall have any obligation to indemnify HHGI or any member of the HHGI Group under Section 5(b) for any liability or damage attributable to actions taken by such Affiliate after such sale.

(c) Discharge of Indemnity. HHGI, TMP and the members of the HHGI Group and TMP Group, respectively, shall discharge their obligations under Sections 5(a) and 5(b) hereof, respectively, by paying the relevant amount within 30 days of demand thereof. The TMP Group shall be entitled to make such a demand at any time after a member of the TMP Group makes a payment or deposit in respect of a Tax for which any member of the HHGI Group has an obligation under Section 5(a). The HHGI Group shall be entitled to make such a demand at any time after a Final Determination of an obligation of any member of the TMP Group under

12

---

Section 5(b). Any such demand shall include a statement showing the amount due under Section 5(a) or 5(b), as the case may be. Calculation mechanics relating to items described in Section 5(a)(i) and 5(b)(i) are set forth in Section 2(c). Notwithstanding the foregoing, if either HHGI, TMP or any member of the HHGI Group or TMP Group disputes in good faith the fact or the amount of its obligation under Section 5(a) or Section 5(b), then no payment of the amount in dispute shall be required until any such good faith dispute is resolved in accordance with Section 16 hereof; PROVIDED, HOWEVER, that any amount not paid within 30 days of demand thereof shall bear interest as provided in Section 9.

(d) Tax Benefits. If an indemnification obligation of any member of the TMP Group or any member of the HHGI Group, as the case may be, under this Section 5 arises in respect of an adjustment that makes allowable any deduction, amortization, exclusion from income or other allowance (a "Tax Benefit") which would not, but for such adjustment, be allowable, then any payment by any member of the TMP Group or any member of the HHGI Group, respectively, pursuant to this Section 5 shall be an amount equal to (x) the amount otherwise due but for this subsection (d), minus (y) the present value of the product of the Tax Benefit multiplied (i) by the maximum applicable federal, foreign or state, as the case may be, corporate tax rate in effect at the time such Tax Benefit becomes allowable to a member of the HHGI Group or a member of the TMP Group (as the case may be) or (ii) in the case of a credit, by 100 percent. The present value of such product shall be determined by discounting such product from the time the Tax Benefit becomes allowable at a rate equal to Prime.

(e) For purposes of this Section 5, in the case of Taxes that are imposed on a periodic basis and are payable for a Tax period that includes (but does not end on) the Spin-off Date, the portion of such Tax related to the portion of such Tax period ending on the Spin-off Date shall (x) in the case of any Taxes other than Taxes based upon or related to income, sales, gross receipts, or wages, be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction the numerator of which is the number of days in the Tax period ending on the Spin-off Date and the denominator of which is the number of days in the entire Tax period, and (y) in the case of any Tax based upon or related to income, sales, gross receipts, or wages, be deemed equal to the amount which would be payable if the relevant Tax period ended on the Spin-off Date.

6. PERFORMANCE. TMP agrees and acknowledges that TMP shall be responsible for the performance of the obligations of each member of the TMP Group hereunder applicable to such member. HHGI agrees and acknowledges that HHGI shall be responsible for the performance by each member of the HHGI Group of the obligations hereunder applicable to such member.

#### 7. COMMUNICATION AND COOPERATION.

(a) Consult and Cooperate. HHGI and TMP shall consult and cooperate (and shall cause each member of the HHGI Group or the TMP Group, respectively, to cooperate) fully at such time and to the extent reasonably requested by the other party in connection with all matters subject to this Agreement. Such cooperation shall include, without limitation:

(i) the retention and provision on reasonable request of any and all information including all books, records, documentation or other information pertaining to Tax matters relating to the TMP Group and the HHGI Group, any necessary explanations of information, and access to personnel, until one year after the expiration of the applicable statute of limitation (giving effect to any extension, waiver, or mitigation thereof);

(ii) the execution of any document that may be necessary or helpful in connection with any required Return or in connection with any audit, proceeding, suit or action; and

13

---

(iii) the use of the parties' best efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with the foregoing.

(b) Provide Information. TMP and HHGI shall keep each other fully informed with respect to any material development relating to the matters subject to this Agreement.

(c) Tax Attribute Matters. TMP and HHGI shall promptly advise each other with respect to any proposed Tax adjustments relating to a Consolidated Group, which are the subject of an audit or investigation, or are the subject of any proceeding or litigation, and which may affect any Tax liability or any Tax attribute of TMP, HHGI, the TMP Group, the HHGI Group or any member of the HHGI Group or the TMP Group (including, but not limited to, basis in an asset or the amount of earnings and profits).

#### 8. AUDITS AND CONTEST.

(a) Notwithstanding anything in this Agreement to the contrary, TMP shall have full control over all matters relating to any Return or any Tax Proceeding relating to any Tax matters of at least one member of the TMP Group or any Tax liability resulting from the Restructuring. HHGI may, at its own expense, participate in any such Tax Proceeding. TMP Vice President—Tax shall have absolute discretion with respect to any decisions to be made, or the nature of any action to be taken, with respect to any matter described in the preceding sentence.

(b) The indemnified party agrees to give notice to the Indemnitor of the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought hereunder within 30 days of such assertion or commencement, or such earlier time that would allow the Indemnitor to timely respond to such claim, suit, action or proceeding.

(c) With respect to Returns relating to Taxes solely attributable to the HHGI Group, HHGI and the members of the HHGI Group shall have full control over all matters relating to any Tax Proceeding in connection therewith. HHGI and the members of the HHGI Group shall have absolute discretion with respect to any decisions to be made, or the nature of any action to be taken, with respect to any matter described in the preceding sentence.

9. **PAYMENTS.** All payments to be made hereunder shall be made in immediately available funds. Except as otherwise provided, all payments required to be made pursuant to this Agreement will be due 30 days after the receipt of notice of such payment or, where no notice is required, 30 days after the fixing of liability or the resolution of a dispute. Payments shall be deemed made when received. All payments shall be increased to reflect any tax liability of the payee such that the payee receives the After-Tax Amount of any such payment. Any payment that is not made by the TMP Group when due shall bear interest at LIBOR plus 25 basis points as quoted from time to time, for each day until paid. Any payment that is not made by the HHGI Group when due shall bear interest at LIBOR plus 25 basis points, as quoted from time to time, for each day until paid. If, pursuant to a Final Determination, any amount paid by TMP or the members of the TMP Group, pursuant to this Agreement results in any increased HHGI Tax liability or reduction of any Tax Asset of TMP or any member of the TMP Group, relating to a HHGI Tax Liability, then HHGI, shall indemnify TMP or the TMP Group and hold it harmless from any interest or penalty attributable to such increased Tax liability or the reduction of such Tax Asset and shall pay to TMP or the TMP Group, in addition to amounts otherwise owed, the After-Tax Amount. With respect to any payment required to be made under this Agreement, TMP Vice President—Tax has the right to designate, by written notice to HHGI, which member of the HHGI Group or the TMP Group, as the case may be, will make or receive such payment and in which currency such payment will be made. In addition, the remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any party at law or in equity.

14

---

10. **NOTICES.** All notices and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be deemed given when received addressed as follows:

If to TMP or the TMP Group, to:

Patrick Harrington  
Vice President—Tax TMP Worldwide, Inc.  
622 Third Avenue, 38<sup>th</sup> Floor  
New York, New York 10017  
Facsimile: (917) 256-8526

If to HHGI or the HHGI Group, to:

Hudson Highland Group, Inc.  
622 Third Avenue  
New York, New York 10017  
Facsimile: (917) 256-8403  
Attention: Jon F. Chait

At such time that HHGI hires a Vice President of Taxes, notices to HHGI or the HHGI Group shall be given to the Vice President of Taxes, or such successor position or title.

11. **COSTS AND EXPENSES.**

(i) Except as expressly set forth in this Agreement, each party shall bear its own costs and expenses incurred pursuant to this Agreement. For purposes of this Agreement, costs and expenses shall include, but not be limited to, reasonable attorney fees, accountant fees and other related professional fees and disbursements. Notwithstanding anything to the contrary in this Agreement, the HHGI Group will be responsible for its allocable portion, as determined by the TMP Vice President—Tax, of (i) all costs and expenses attributable to filing any Return that reflects the income, assets or operations of the HHGI Group and (ii) all costs and expenses incurred by TMP in complying with the provisions of Section 7 of this Agreement.

(ii) With respect to all Tax Proceedings, costs shall be allocated in good faith by the TMP Vice President—Tax. Each party hereto shall be liable for its allocable portion of such costs as provided in Section 5.

12. **EFFECTIVENESS; TERMINATION AND SURVIVAL.** This Agreement shall become effective upon the closing of the Spin-off. All rights and obligations arising hereunder with respect to a Pre-Spin-off Tax Period shall survive until they are fully effectuated or performed and, provided, further, that notwithstanding anything in this Agreement to the contrary, this Agreement shall remain in effect and its provisions shall survive for one year after the full period of all applicable statutes of limitation or applicable foreign equivalent (giving effect to any extension, waiver or mitigation thereof) and, with respect to any claim hereunder initiated prior to the end of such period, until such claim has been satisfied or otherwise resolved.

13. **SECTION HEADINGS.** The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

14. **ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS.**

(a) **Entire Agreement.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and thereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof.

15

---

(b) Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by TMP and HHGI, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

15. GOVERNING LAW AND INTERPRETATION. This Agreement shall be construed and enforced in accordance with the laws of the State of New York without giving effect to laws and principles relating to conflicts of law.

16. DISPUTE RESOLUTION. If the parties hereto are unable to resolve any disagreement or dispute relating to this Agreement, including but not limited to whether a transaction is part of the Restructuring and whether a Tax liability is a TMP Tax Liability or a HHGI Tax Liability, such dispute shall be resolved in good faith by the TMP Vice President—Tax.

17. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

18. ASSIGNMENTS; THIRD PARTY BENEFICIARIES. Except as provided below, this Agreement shall be binding upon and shall inure only to the benefit of the parties hereto and their respective successors and assigns, by merger, acquisition of assets or otherwise (including but not limited to any successor of a party hereto succeeding to the Tax attributes of such party under applicable law). This Agreement is not intended to benefit any person other than the parties hereto and such successors and assigns, and no such other person shall be a third party beneficiary hereof. If, during the period beginning on the Spin-off Date and ending upon the expiration of the survival period set forth in Section 12, any corporation becomes an Affiliate of any member of the HHGI Group, such Affiliate shall be bound by the terms of this Agreement and HHGI shall provide evidence to TMP of such Affiliate's agreement to be bound by the terms of this Agreement.

19. SEVERABILITY. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement or such provision or the application of such provision to such party or circumstances, other than those determined to be so invalid, illegal or unenforceable, shall remain in full force and effect to the fullest extent permitted by law and shall not be affected by such determination, unless such a construction would be unreasonable.

20. SETOFF. If, at the time HHGI is required to make any payment to TMP under this Agreement, TMP owes HHGI any amount under this Agreement or any Ancillary Agreement (as such term is defined in the Distribution Agreement), then such amounts shall be offset and the excess shall be paid by the party liable for such excess. Similarly, if at the time TMP is required to make any payment to HHGI under this Agreement, HHGI owes TMP any amount under this Agreement or any Ancillary Agreement (as such term is defined in the Distribution Agreement), then such amounts shall be offset and the excess shall be paid by the party liable for such excess.

21. FURTHER ASSURANCES. In addition to the actions specifically provided for elsewhere in this Agreement, TMP and HHGI shall use reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements or otherwise to consummate and make effective their obligations under this Agreement, including, but not limited to, using its reasonable efforts to obtain any consents and approvals and to make any filings and applications necessary or desirable in order to carry out

16

---

their obligations under this Agreement; provided that no party hereto shall be obligated to pay any consideration therefor (except for filing fees and other similar charges) to any third party from whom such consents or approvals are requested or to take any action or omit to take any action if the taking of or the omission to take such action would be unreasonably burdensome to the party, its Group or its Group's business.

22. AUTHORIZATION, ETC. Each of the parties hereto hereby represents and warrants that it has the power and authority to execute, deliver and perform this Agreement, that this Agreement has been duly authorized by all necessary corporate action on the part of such party, that this Agreement constitutes a legal, valid and binding obligation of each such party, and that the execution, delivery and performance of this Agreement by such party does not contravene or conflict with any provision or law or of its charter or bylaws or any agreement, instrument or order binding on such party.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the day and year first written above.

TMP on its own behalf and on behalf of the  
members of the TMP Group.

By: \_\_\_\_\_

Name:  
Title:

HHGI on its own behalf and on behalf of the  
members of the HHGI Group.

By: \_\_\_\_\_

Name:  
Title:

17

---

## QuickLinks

[Exhibit 10.3](#)

[TABLE OF CONTENTS](#)

[TAX SEPARATION AGREEMENT](#)

## LOAN AGREEMENT

LOAN AGREEMENT, dated as of March , 2003, between HUDSON HIGHLAND GROUP, INC., a Delaware corporation having its principal office at 622 Third Avenue, New York, New York 10017 (the "Borrower"), and TMP WORLDWIDE INC., a Delaware corporation having its principal office at 622 Third Avenue, New York, New York 10017 (the "Lender").

### RECITALS:

The Borrower desires the Lender, and the Lender is willing, subject to and upon the terms and conditions set forth in this Agreement and in the "Financing Agreements" (as hereinafter defined), to make cash advances to the Borrower from the date hereof through the Maturity Date (as hereinafter defined) in the aggregate principal sum not in excess of \$15,000,000 at any one time outstanding, which advances shall be due and payable in full on the Maturity Date.

NOW, THEREFORE, IT IS AGREED:

### SECTION 1. DEFINITIONS AND ACCOUNTING TERMS.

1.1 *Defined Terms.* As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

"*Affiliate*" shall mean, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with, such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") when used with respect to any specified Person, shall mean the power to direct or cause the direction of the actions, management or policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and whether or not such power is actually exercised.

"*Agreement*" shall mean this Loan Agreement, as amended, modified or supplemented from time to time in accordance with its terms.

"*Availability*" shall mean \$15,000,000.

"*Business Day*" shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to close under the laws of the State of New York, and (ii) when used with respect to any LIBOR Loan, such definition shall also exclude any day on which commercial banks in London are not open for dealing in Dollar deposits in the London Interbank Market.

"*Default Rate*" shall mean the Prime Rate plus 4.0%.

"*Dollars*" and the symbol "\$" shall mean lawful currency of the United States of America.

"*Financing Agreements*" shall mean the following agreements and instruments (as such agreements and instruments may be hereafter amended, modified or supplemented in accordance with their respective terms): (i) the Note and (ii) any other supplementary agreements or instruments now or hereafter delivered to the Lender by the Borrower in connection with the Loans, including without limitation, the Security Agreement.

"*GAAP*" shall mean U.S. generally accepted accounting principles applied on a consistent basis.

"*Loans*" shall have the meaning set forth in Section 2.1 hereof.

"*Maturity Date*" shall mean the date that is the earlier of (i) six months from the date hereof or (ii) the date on which the Borrower or any combination of the Borrower's Subsidiaries closes on

---

a credit agreement or credit agreements with a third party or third parties which provides for a total borrowing capacity with such third party or third parties of \$15,000,000 or more.

"*Note*" shall have the meaning set forth in Section 2.1 hereof.

"*Obligations*" shall mean all obligations, liabilities and indebtedness of the Borrower to the Lender under this Agreement and the Financing Agreements, whether now existing or hereafter created, direct or indirect, due or not, including, without limitation, all obligations, liabilities and indebtedness of the Borrower with respect to the Loans and all fees, costs, expenses and indemnity obligations hereunder or thereunder.

"*Person*" shall mean an individual, partnership, joint venture, firm, corporation, trust, or other business or legal entity.

"*Prime Rate*" shall mean the rate of interest announced from time to time by Citibank, NA in New York City as its prime rate of interest.

"*Security Agreement*" shall mean that certain security agreement, dated as of the date hereof, by and among the Borrower, its Subsidiaries and the Lender.

"*Subsidiary*" shall mean a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board

of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by the Borrower.

## SECTION 2. FINANCING.

### 2.1 Loans.

2.1.1 Subject to the terms and conditions set forth in this Agreement, at the Borrower's request the Lender shall make cash advances (each a "Loan" and collectively the "Loans") to the Borrower at any time and from time to time from the date hereof to, but not including, the Maturity Date. Following the Maturity Date, the Borrower shall have no right to request any Loans.

2.1.2 The Borrower may repay any Loans on any Business Day provided each repayment shall be in the minimum principal sum of \$250,000 or in integral multiples of \$250,000 in excess thereof. The Borrower shall be entitled to borrow or re-borrow Loans on any Business Day provided that each of the Loans shall be in the minimum principal sum of \$250,000 or in integral multiples of \$250,000 in excess thereof.

2.1.3 Concurrently with the execution and delivery of this Agreement, the Borrower shall evidence its obligation to pay the principal of and interest on the Loans by executing and delivering to the Lender a promissory note in the principal sum of \$15,000,000 in the form annexed hereto as Exhibit A (the "Note").

2.1.4 The Borrower shall give the Lender notice of each proposed borrowing of Loans, not later than 11:00 a.m., New York City time, on the Business Day of such proposed borrowing. The notice of borrowing shall be given by telephone to Jim Fawcett at (212) 351-7146 and in writing whereby each such borrowing notice shall specify (i) the date of such borrowing (which shall be a Business Day), (ii) the amount thereof (which shall be in accordance with the provisions of this Agreement), and (iii) shall otherwise be in the form of Exhibit B hereto (the "Borrowing Notice"). Each Borrowing Notice shall be effective upon receipt and shall irrevocably commit the Borrower to borrow in accordance with the terms of this Agreement. The Borrower shall give the Lender notice of each repayment not later than 11:00 a.m., New York City time, on the Business Day of

2

---

such proposed repayment by telephone to Jim Fawcett at (212) 351-7146 and by email to and specifying the repayment amount thereof (which shall be in accordance with the provisions of this Agreement). All repayments shall be made in immediately available Dollars transferred for good value on the notified repayment date to the following Lender bank account or to such other account as the Lender may specify from time to time in writing: Fifth Third Bank, 38 Fountain Square Plaza, Cincinnati, OH 45263, ABA Number: 042000314, Account Name: TMP Worldwide Inc., Account Number: 99939084.

2.1.5 In no event shall the aggregate principal balance of the Loans at any time outstanding exceed Availability. If, at any time, the aggregate principal balance of the Loans then outstanding shall exceed Availability, the Borrower shall immediately make a prepayment on the Loans in an amount equal to such excess.

2.2 *Term Out of Principal.* Except as otherwise expressly provided in this Agreement, the principal sum of the Loans outstanding on the Maturity Date shall be paid in one installment on the Maturity Date.

### 2.3 Interest Rate and Other Charges.

2.3.1 *Prime Rate.* Except as otherwise expressly provided in this Section 2.3, the Borrower shall pay interest to the Lender on the outstanding and unpaid principal amount of the Loans at a rate per annum equal to the Prime Rate.

2.3.2 *Calculation of Interest; Payment.* Interest on the Loans shall be calculated on the basis of the actual number of days elapsed in a 360-day year. Interest shall be due and payable monthly in arrears on the 15<sup>th</sup> day of each month, however, if the 15<sup>th</sup> day of the month is not a Business Day interest shall be due on the immediately following Business Day. By way of example interest for the period May 1, 2003 through and including May 31, 2003 shall be payable on June 16, 2003. Interest payments shall be made in immediately available Dollars transferred to the following Lender bank account or to such other account as the Lender may specify from time to time in writing: Fifth Third Bank, 38 Fountain Square Plaza, Cincinnati, OH 45263, ABA Number: 042000314, Account Name: TMP Worldwide Inc., Account Number: 99939084.

2.3.3 *Overdue Payments.* If any payment of principal (whether due at maturity, upon acceleration or otherwise), interest or other fees or charges payable by the Borrower hereunder or under any of the Financing Agreements shall not be paid when due, the Borrower shall pay interest on the overdue payment for the period for which overdue, on demand, at the Default Rate, but in no event in excess of the maximum rate permitted by applicable law.

## SECTION 3. CONDITIONS PRECEDENT.

3.1 *Conditions to Making the Initial Loan.* The obligation of the Lender to make the initial Loan is subject to the conditions precedent that:

3.1.1 *Financing Agreements.* The Borrower shall have executed and delivered to the Lender this Agreement and the other the Financing Agreements to be executed by it, and all other agreements, instruments and documents required or contemplated by this Agreement and the Financing Agreements.

3.1.2 *Evidence of Borrower Corporate Actions.* The Lender shall have received copies of all corporate action taken by the Borrower to authorize the execution, delivery and performance of this Agreement and the Financing Agreements to be executed by it. All of the foregoing documents shall be certified by the Borrower's Secretary in a Secretary's Certificate dated as of even date herewith.

3

---

3.1.3 *Cash on Hand.* The Borrower and its Subsidiaries shall, on a consolidated basis, as shown on a consolidated balance sheet prepared by Borrower and certified by the Borrower's Chief Financial Officer (or functional equivalent) to be in accordance with GAAP as of the month end immediately prior to the month in which the Borrower has requested a Loan have cash and cash equivalents of no more than \$10 million.

3.2 *Additional Preconditions.* As of the date of the making of any of the Loans to the Borrower, as a condition to the making of any such Loans:

3.2.1 *Representations and Warranties.* All representations and warranties contained in this Agreement or otherwise made to the Borrower pursuant to this Agreement or any of the Financing Agreements shall be true, complete and correct in all material respects.

3.2.2 *Event of Default.* There shall exist no Event of Default (or any event which with the giving of notice or the passage of time, or both, would constitute an Event of Default).

3.2.3 *Cash on Hand.* The Borrower and its Subsidiaries shall, on a consolidated basis, as shown on a consolidated balance sheet prepared by Borrower and certified by the Borrower's Chief Financial Officer (or functional equivalent) to be in accordance with GAAP as of the month end immediately prior to the month in which the Borrower has requested a Loan have cash and cash equivalents of no more than \$10 million.

#### SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender to enter into this Agreement and to make the Loans hereunder, the Borrower represents and warrants to the Lender as follows:

##### 4.1 *Organization.*

The Borrower and each Subsidiary is a duly organized and validly existing corporation in good standing under the laws of its jurisdiction of incorporation with perpetual corporate existence and has all requisite right, power and authority and all necessary licenses and permits to own and operate its assets and properties and to carry on its business as now conducted and as presently proposed to be conducted. The Borrower and each Subsidiary has qualified and is in good standing as a foreign corporation in each state or other jurisdiction where the nature of its business or the ownership or use of its property requires such qualification, except such jurisdictions, if any, in which the failure to be so qualified will not have a material and adverse effect on either the conduct of its business or the ownership of its properties.

##### 4.2 *Authorization.*

The Borrower has all requisite legal right, power and authority to execute, deliver and perform the terms and provisions of this Agreement, the Financing Agreements executed by it and all other instruments and documents delivered by it pursuant hereto and thereto. The Borrower has taken or caused to be taken all necessary action to authorize the execution, delivery and performance of this Agreement, the Financing Agreements executed by it and any other related agreements, instruments or documents delivered or to be delivered by the Borrower pursuant hereto and thereto. This Agreement, the Financing Agreements executed by the Borrower and all related agreements, instruments or documents delivered or to be delivered pursuant hereto or thereto constitute and will constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally, and to the exercise of judicial discretion in accordance with general principles of equity.

4.3 *No Conflicts.* Neither the execution and delivery of this Agreement, the Financing Agreements, or any of the instruments and documents delivered or to be delivered pursuant hereto or

---

thereto, by the Borrower, nor the consummation of the transactions herein or therein contemplated, nor compliance with the provisions hereof or thereof, will violate any law, statute or regulation, or any order, writ or decree of any court or governmental instrumentality, or will conflict with, or result in the breach of, or constitute a default in any respect under, any indenture, mortgage, deed of trust, agreement or other instrument to which the Borrower is a party, or by which any of its properties may be bound or affected, or will result in the creation or imposition of any lien, charge or encumbrance upon any of its properties (except as contemplated hereunder or under the Financing Agreements) or will violate any provision of the Certificate of Incorporation or By-Laws of the Borrower, each as amended to date.

#### SECTION 5. AFFIRMATIVE COVENANTS.

The Borrower covenants and agrees that, until all of the Obligations are paid and satisfied in full, it shall comply, or cause compliance with, the following covenants:

5.1 *Notification to Lender.* The Borrower shall promptly notify the Lender of (i) any Event of Default hereunder, (ii) any event, condition or act which with the giving of notice or the passage of time, or both, would constitute an Event of Default hereunder, (iii) any material litigation or proceedings that are instituted or threatened (to the knowledge of the Borrower) against the Borrower or any Subsidiary or any of their respective assets, and (iv) each and every default by the Borrower or any Subsidiary under any obligation for borrowed money which would permit the holder of such obligation to accelerate its maturity, including the names and addresses of the holders of such obligation and the amount thereof, in each case describing the nature thereof and the action the Borrower proposes to take with respect thereto.

5.2 *Further Assurances.* The Borrower shall duly execute and deliver, or will cause to be duly executed and delivered, such further instruments and documents, and will do or use its best efforts to cause to be done such further acts as may be necessary or proper in the Lender's opinion to effectuate the provisions or purposes of this Agreement and the Financing Agreements.

#### SECTION 6. EVENTS OF DEFAULT/REMEDIES.

6.1 *Events of Default.* The occurrence of any one or more of the following events shall constitute an "Event of Default":

6.1.1 The Borrower shall fail to pay the principal of, or interest on, the Note, or any other fee or charge payable under this Agreement or under any Financing Agreement, as and when due and payable.

6.1.2 If a default shall be made by the Borrower in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in this Agreement (other than as described in Section 6.1.1 above) or any other agreement between the Lender and the Borrower; or if this Agreement or any Financing Agreements shall terminate, be terminable or be terminated or become void or unenforceable for any reason whatsoever without the prior written consent of the Lender.

6.2 *Remedies.* (a) Upon the occurrence of any one or more of such Events of Default, the Lender may, at its option, without presentment for payment, demand, notice of dishonor or notice of protest or any other notice, all of which are hereby expressly waived by the Borrower, declare the Loans to be due and payable together with interest at the Default Rate. The Lender shall have all of the rights and remedies set forth in this Agreement and the Financing Agreements, and in any instrument or document referred to herein or therein, and under any other applicable law relating to this Agreement or the Financing Agreements. At any time during the existence of an Event of Default, Lender will also have the immediate right to enforce and realize upon a collateral security granted

5

---

under any Financing Agreements in any manner or order that Lender deems expedient without regard to any equitable principles of marshalling or otherwise.

(b) *Other Remedies.* In addition to the rights and remedies expressly granted in the Financing Agreements, Lender also will have all other legal and equitable rights and remedies granted by or available under all applicable law, and all rights and remedies will be cumulative in nature.

## SECTION 7. MISCELLANEOUS.

7.1 *Survival of Agreement.* All agreements, representations and warranties contained herein or made in writing by the parties hereto in connection with the transactions contemplated hereby shall survive the execution and delivery of this Agreement, the Financing Agreements and the consummation of the transactions contemplated herein or therein regardless of any investigation made by or on behalf of the Lender.

7.2 *No Waiver; Cumulative Remedies.* No failure to exercise, and no delay in exercising on the part of the Lender, any right, power or privilege under this Agreement or under any of the Financing Agreements or other documents referred to herein or therein shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power and privilege. The rights and remedies of the Lender hereunder and under the Financing Agreements and under any other present and future agreements between the Lender and the Borrower are cumulative and not exclusive of any rights or remedies provided by law, or under any of said Financing Agreements or agreements and all such rights and remedies may be exercised successively or concurrently.

### 7.3 *Notices and Deliveries.*

7.3.1 *Manner of Delivery.* Except as otherwise expressly provided in this Agreement, all notices, communications and materials to be given or delivered pursuant to this Agreement or any of the Financing Agreements shall be given or delivered in writing (which shall include telex and telecopy transmissions).

7.3.2 *Addresses.* All notices, communications and materials to be given or delivered pursuant to this Agreement or any of the Financing Agreements shall be given or delivered at the following respective addresses and telex, telecopier and telephone numbers and to the attention of the following individuals or departments:

(i) if to the Borrower, to it at:

622 Third Avenue  
New York, New York, 10017  
Telecopier No.: 917-256-8403  
Attention: Jon Chait

(ii) if to the Lender, to it at:

622 Third Avenue  
New York, New York 10017  
Telecopier No.: 917-256-8526  
Attention: Myron Olesnyckyj, General Counsel

or at such other address or telecopier number or to the attention of such other individual or department as the party to which such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address".

6

---

7.3.3 *Effectiveness.* Each notice and communication and any material to be given or delivered pursuant to this Agreement or any of the Financing Agreements shall be deemed so given or delivered (i) if sent by registered or certified mail, postage prepaid, return receipt requested, on the third Business Day after such notice, communication or material, addressed as above provided, is delivered to a United States post office and a receipt therefor is issued thereby, (ii) if sent by any other means of physical delivery, when such notice, communication or material is delivered to the appropriate address as above provided, and (iii) if sent by telecopier, when such notice, communication or material is transmitted to the appropriate telecopier number as above provided and is received at such number, provided however, that in each of the foregoing cases notices of change of address or telecopier number shall not be deemed given until received.

7.4 *Amendments and Waivers.* Neither this Agreement, nor any of the Financing Agreements or any other instrument or document referred to herein or therein may be changed, waived, discharged or terminated orally, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

7.5 *Applicable Law.* This Agreement and the Financing Agreements and any other document referred to herein or therein and the obligations of the parties hereunder or thereunder are being executed and delivered in New York, New York and shall be construed and interpreted in accordance with the laws of the State of New York applied to agreements entered into and performed therein.

7.6 *Successors.* This Agreement, the Financing Agreements and any other document referred to herein or therein shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective heirs, successors and assigns, except that the Borrower may not assign its rights under this Agreement, the Financing Agreements and any other document referred to herein or therein without the prior written consent of the Lender.

7.7 *Partial Invalidity.* If any provision of this Agreement or the Financing Agreements is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement or the Financing Agreements as a whole but this Agreement or the particular Financing Agreement, as the case may be, shall be construed as though it did not contain the particular provision or provisions held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by law.

7.8 *Headings and Word Meanings.* The headings used herein are for convenience only and do not constitute matters to be considered in interpreting this Agreement. The words "herein," "hereinabove," "hereof," and "hereunder," when used anywhere in this Agreement, refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires. The singular shall include the plural, the masculine gender shall include the feminine and neuter and the disjunctive shall include the conjunctive, and vice versa, unless the context otherwise requires.

7.9 *WAIVER OF JURY TRIAL.* THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT, THE FINANCING AGREEMENTS OR ANY AGREEMENT, INSTRUMENT OR DOCUMENT DELIVERED PURSUANT HERETO OR THERETO, OR THE VALIDITY, PROTECTION, INTERPRETATION, ADMINISTRATION, COLLECTION OR ENFORCEMENT HEREOF OR THEREOF, OR ANY OTHER CLAIM OR DISPUTE HEREUNDER OR THEREUNDER.

7.10 *JURISDICTION; SERVICE OF PROCESS.* THE BORROWER HEREBY IRREVOCABLY CONSENTS TO THE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK FOR THE COUNTY OF NEW YORK, AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH

7

---

ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE FINANCING AGREEMENTS OR ANY AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT HERETO OR THERETO. IN ANY SUCH LITIGATION, BORROWER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS AND AGREES THAT THE SERVICE THEREOF MAY BE MADE BY CERTIFIED MAIL DIRECTED TO IT AT ITS ADDRESS SET FORTH HEREIN, OR DESIGNATED IN WRITING PURSUANT TO, THIS AGREEMENT OR IN ANY OTHER MANNER PERMITTED BY THE RULES OF EITHER OF SAID COURTS.

7.11 *Indemnity.* The Borrower hereby agree to defend, indemnify, and hold the Lender harmless from and against any and all claims, damages, investigations, judgments, penalties, costs and expenses (including attorney fees and court costs now or hereafter arising from the aforesaid enforcement of this clause) arising directly or indirectly from the activities of the Borrower, and each Subsidiary, their respective predecessors in interest, or third parties with whom either has a contractual relationship, their respective use of proceeds of the Loans, or arising directly or indirectly from the violation of any environmental protection, health, or safety law, whether such claims are asserted by any governmental agency or any other Person. This indemnity shall survive termination of this Agreement.

7.12 *Marshalling; Recourse to Security; Payments Set Aside.* The Lender shall not be under any obligation to marshal any assets in favor of the Borrower or any other party or against or in payment of any or all of the Obligations of the Borrower to the Lender hereunder or under the Financing Agreements or otherwise. Recourse to security shall not be required at any time. To the extent that the Borrower makes a payment or payments to the Lender, or the Lender exercises its rights of set-off, and such payment or payments or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

7.13 *Set-off.* In addition to any rights and remedies of the Lender now or hereafter provided by law, the Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, on the occurrence and during the continuation of any Event of Default to set off and apply against any Obligation, whether matured or immature, of the Borrower any amount owing from the Lender to the Borrower, at or at any time after the happening of any such Event of Default, and such right of set-off may be exercised by the Lender against the Borrower or against any trustee in bankruptcy, debtor-in-possession, assignee for the benefit or creditors, receiver, or execution, judgment or attachment creditor of any of them, notwithstanding the fact that such right of set-off shall not have been exercised by the Lender before the making, filing or issuance, or service on the Lender, of, or of notice of, any such event or proceeding.

7.14 *Counterparts; Facsimile Signature.* This Agreement may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective when copies hereof which, when taken together, bear the signatures of each of the parties hereto shall be delivered to the Lender. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed signature page hereto.

8

---

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

HUDSON HIGHLAND GROUP, INC.

By: \_\_\_\_\_

Name:  
Title:

TMP WORLDWIDE INC.

By: \_\_\_\_\_

Name:  
Title:

9

EXHIBIT A

### SECURED PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, HUDSON HIGHLAND GROUP, INC., a Delaware corporation (the "Borrower"), PROMISES TO PAY to the order of TMP WORLDWIDE INC., a Delaware corporation (the "Lender") at its office at 622 Third Avenue, New York, New York 10017, or at such other place as may be designated by the holder hereof in writing, the principal sum of FIFTEEN MILLION (\$15,000,000.00) DOLLARS or, if less, the aggregate unpaid principal sum of all Loans made by the Lender to the Borrower from time to time pursuant to a loan agreement, dated the date hereof, between the Borrower and the Lender (the "Loan Agreement"), in one installment on the earlier of (i) six months from the date hereof or (ii) the date on which the Borrower or any combination of Borrower's Subsidiaries closes on a credit agreement or credit agreements with a third party or third parties which provides for a total borrowing capacity with such third party or third parties of \$15,000,000 or more.

Interest on the Loans shall be payable at the times provided in the Loan.

All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, dated March , 2003, by and between the Borrower and the Lender (the "Loan Agreement"). This Note is the Note referred to in, and is entitled to the benefits of, the Loan Agreement and is secured by a security interest in the collateral described in the Security Agreement delivered in connection with the Loan Agreement. Further, this Note and the holder hereof are entitled to all of the benefits and security provided by or referred to in the Security Agreement. The Loan Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events that are specified in the Loan Agreement.

The Borrower hereby waives presentment, demand for payment, notice of protest and all other demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

This Note shall be governed by the laws of the State of New York without giving effect to its choice of law provisions. No amendment, modification or waiver of any provision of this Note nor consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

HUDSON HIGHLAND GROUP, INC.

By: \_\_\_\_\_

Name: Jon F. Chait  
Title: Chairman, President and Chief Executive Officer

Dated: March , 2003  
New York, New York

1

EXHIBIT B

### NOTICE OF BORROWING

, 2003

TMP WORLDWIDE INC.  
622 Third Avenue, 38<sup>th</sup> Floor  
New York, New York 10017  
Attention: Jim Fawcett  
Facsimile: (917) 256-8506/8501

1. (a) HUDSON HIGHLAND GROUP, INC. (the "Company") pursuant to the Loan Agreement dated as of March [ ], 2003, hereby requests TMP Worldwide Inc. ("TMP") to make a Loan on the following terms:

Principal Amount of Loan: \$

Date of Loan:

(b)

The Company requests TMP to apply the proceeds of the Loan as follows:

Transfer to financial  
Institution and account shown below:  
Financial Institution:  
Account No.:  
Total (same as principal  
Amount of the Loan):  
Total Loans Outstanding (after making  
of the above requested loan):

\$  
\$

2. Capitalized terms used in this Notice shall have the meanings set forth in the Loan Agreement.
3. The Company hereby represents, warrants and covenants to the Lender that all conditions precedent to the making of a Loan under the Loan Agreement have been satisfied.

HUDSON HIGHLAND GROUP, INC.

By: \_\_\_\_\_

Name:  
Title:

## QuickLinks

[Exhibit 10.4](#)

[LOAN AGREEMENT](#)

[SECURED PROMISSORY NOTE](#)

[NOTICE OF BORROWING](#)

**Hudson Highland Group, Inc. Subsidiaries**

1. TMP Worldwide eResourcing America Inc. (Florida)\*
  2. TMP Worldwide eResourcing Holdings, Inc. (Delaware)\*
  3. TMP Worldwide eResourcing Management, Inc. (Pennsylvania)\*
  4. People.com Consultants, Inc. (California)
  5. People.com Technology Partners, Inc. (Delaware)
  6. People.com Consultants India Private Limited (India) (99% interest)
  7. People.com Network Solutions Private Limited (India) (99% interest)
  8. Techpeople.com Pte Ltd. (Singapore)
  9. Cornell Technical Services, Inc. (Virginia)
  10. LAI International Holdings, Inc. (Florida)
  11. LAI Worldwide Asia Ltd. (Hong Kong)
  12. TMP Worldwide Search, Inc. (Canada)\*
  13. 305 7313 Nova Scotia Company (Canada)
  14. TMP Worldwide Search Ltd. (England)\*
  15. Morgan & Banks Holdings Limited (England)
  16. Morgan & Banks Payroll Services Ltd. (England)
  17. TMP Holdings International Inc. (Delaware)\*
  18. TMP Worldwide E-Resourcing, S.L. (Spain)\*
  19. TMP Personalberatung GmbH (Germany)\*
  20. TMP Worldwide Executive Resourcing AB (Sweden)\*
  21. James Botrie & Associates Inc. (Canada)
  22. TMP Worldwide Search Holdings AG, Zug (Switzerland)\*
  23. TMP Worldwide Search AG, Zurich (Switzerland)\*
  24. TASA AG (Switzerland) (99% interest)
  25. TMP Worldwide Executive Resourcing NV (Belgium)\*
  26. TASA AG (Spanish Branch) (Switzerland)
  27. TMP Worldwide E-Resourcing Madrid, S.L. (Spain)\*
  28. TASA Ltd. (England)
  29. TMP Worldwide Search GmbH (Germany)\*
  30. TMP Worldwide Search SA (France) (99% interest)\*
  31. TASA Worldwide SRL (Italy) (99.5% interest)
  32. TMP Worldwide Search NV (Belgium) (99% interest)\*
  33. TMP Worldwide Executive Search Pty Ltd. (Singapore)\*
  34. TASA Unternehmensberatung GmbH (Austria)
  35. TMP Worldwide Executive Search Pte Ltd. (Australia)\*
  36. TASA International NV (Netherlands, Antilles)
  37. TASA International Inc. (Panama)
- 
38. TASA Executive Search International Ltd. (British Virgin Islands)
  39. Conpar S.A. (Mexico) (49% interest)
  40. Tasa Inc. (Florida)
  41. TMP Worldwide Search SRL (Italy)\*
  42. TMP Worldwide Executive Search, SL (Spain)\*
  43. TMP Worldwide Search Holding B.V. (Netherlands)\*
  44. TMP Worldwide eResourcing (NZ) Limited (New Zealand)\*
  45. TMP Worldwide Search B.V. (Netherlands)\*
  46. TMP Australia Pty Ltd. (Australia)\*
  47. Interquest Pty Ltd. (Australia)
  48. Morgan & Banks Holdings Australasia Pty Ltd (Australia)
  49. TMP Worldwide eResourcing Pty Ltd. (Australia)\*
  50. TASA Holdings Australasia Pty Ltd. (Australia)
  51. TASA Holdco NZ (New Zealand)
  52. Andale Limited (New Zealand)
  53. Morgan & Banks Management Services Pty Ltd. (Australia)
  54. SCCAP Pty Ltd. (Australia)
  55. Red D Hire Pty Ltd. (Australia)
  56. TMP Worldwide eResourcing (Industrial Services) Pty Ltd. (Australia)\*
  57. TMP Worldwide eResourcing (Industrial Solutions) Pty Ltd. (Australia)\*
  58. TMP Worldwide eResourcing (Office Services) Pty Ltd. (Australia)\*
  59. Alectus Personnel Pty Ltd. (Australia)
  60. Lampen Personnel Group Pty Ltd. (Australia)
  61. The Australian Temp Company Pty Ltd. (Australia)
  62. TMP Worldwide eResourcing (Newcastle) Pty Ltd. (Australia)\*
  63. Credential Check Pty Ltd. (Australia)
  64. SBN Convenience Pty Ltd. (Australia)
  65. Tristam Investments Ltd. (Australia)
  66. H. Neumann International Pty Ltd. (Australia)

67. H. Neumann International Ltd. (New Zealand) (95% interest)
  68. Morgan & Banks Recruitment Ltd. (Hong Kong)
  69. TMP Worldwide eResourcing (Hong Kong) Ltd. (Hong Kong)\*
  70. TMP Worldwide eResourcing (Singapore) Pte Ltd. (Singapore)\*
  71. TMP Worldwide Search Pte Ltd. (Singapore)\*
  72. H. Neumann International (Asia) Pte. Ltd. (Singapore) (95% interest)
  73. PT Morgan Nusantara (Indonesia)
  74. Maldon Holdings Ltd. (New Zealand)
  75. M&B Holdco NZ (New Zealand)\*
  76. TMP Worldwide (Shanghai) Ltd. (China)\*
  77. TMP Worldwide eResourcing (Malaysia) Sdn Bhd (Malaysia)\*
  78. TMP Worldwide (Korea) Limited (Korea)\*
- 

79. TMP Worldwide Business Solutions Ltd. (New Zealand)\*
  80. TMP Worldwide Industrial (NZ) Ltd. (New Zealand)\*
  81. Methven Personnel Consultants Ltd. (New Zealand)
  82. TMP Worldwide Executive Search Limited (Hong Kong)\*
  83. TMP Worldwide Jersey Limited (Jersey)\*
  84. Cepec Consulting Ltd. (England)
  85. TMP Worldwide Executive Resourcing Limited (England)\*
  86. QD Group Limited (England)
  87. Melville Craig Group Limited (Scotland)
  88. The Definitive Group Limited (England)
  89. TMP Worldwide Contracting Ltd. (England)\*
  90. HW Daniel Bates Legal Ltd. (England)
  91. HW Daniel Bates Partnership Ltd. (England)
  92. HW Hall Alexander Ltd. (England)
  93. HW Hearst Austin Rowley Search & Selection Ltd. (England)
  94. HW Technology Ltd. (England)
  95. HW Martina Keane Associates Ltd. (England)
  96. HW Harrison Willis Ltd. (England)
  97. HW Trustees Ltd. (England)
  98. HW Group International Ltd. (England)
  99. HW Group Asia Pacific Pty Ltd. (Australia)
  100. QD Recruitment North Ltd. (England)
  101. QD Recruitment Ltd. (England)
  102. QD Toronto Branch (Canada)
  103. QD Asia Ltd. (Hong Kong)
  104. QD Consulting Group Ltd. (England)
  105. QD Conferencing Ltd. (England)
  106. QD Technology Ltd. (England)
  107. MCG Managed Services Ltd. (Scotland)
  108. Gem Personnel Select Ltd. (Cyprus)
  109. TMP Worldwide Limited (Cyprus)\*
  110. Interrecruit Consulting Limited (Cyprus)
  111. TMP Belgium NV (Belgium)\*
  112. TMP Worldwide SAS (France)\*
  113. TMP Worldwide Norway eResourcing Holding AS (Norway)\*
  114. TMP.Worldwide eResourcing Holding B.V. (Netherlands)\*
  115. Excel Resources International Limited (England)
  116. Kudos Recruitment Limited (England)
  117. TMP Worldwide eResourcing Ltd. (England)\*
  118. TMP.Worldwide Kft. (Hungary)\*
  119. TMP Personnel Select, s.r.o. (Czech Republic)\*
- 

120. TMP Worldwide Sp. Zo. o. (Poland)\*
121. TMP Worldwide s.r.o. (Slovakia)\*
122. TMP Worldwide Executive Resourcing Luxembourg SA (Luxembourg)\*
123. TMP Soler AS (Norway)\*
124. TMP Worldwide eresourcing APS (Denmark)\*
125. TMP.Worldwide eResourcing B.V. (Netherlands)\*
126. Apex Computer Recruitment West Ltd. (England)
127. Apex Computer Recruitment (UK) Ltd. (England)
128. IT Managed Services Ltd. (England)
129. Definitive Training Services Ltd. (England)
130. Apex Computer Recruitment Limited (England)
131. Apex IT Resources Ltd. (Ireland)
132. Definitive Group IT Resources Pty Ltd. (Australia)
133. Kudos Holdings Ltd. (England)
134. The Kudos Partnership (Ireland) Ltd. (Ireland)
135. The Kudos Partnership Ltd. (England)
136. TMP Worldwide (ER) Payroll Services Ltd. (England)\*
137. CRDP Sp.zo.o (Poland)
138. Promen Sp.zo.o (Poland)
139. Morgan & Banks (Hong Kong) Ltd.(Hong Kong)
140. Maston Development Ltd. (Hong Kong)

- 141. H. Neumann International (Asia) Ltd. (Hong Kong) (95% interest)
  - 142. The Wright Company Pte Ltd. (Singapore)
  - 143. TMP Worldwide Search (Indonesia)
  - 144. Labor LinQ Ltd. (New Zealand)
  - 145. TASA International BV (Netherlands)
  - 146. Morgan & Banks Ltd. (England)
  - 147. TMP Worldwide Executive Resourcing Limited (Ireland)\*
  - 148. TMP Worldwide Executive Resourcing Holding GmbH (Austria)\*
  - 149. Definitive IT Solutions Pty Ltd. (Australia)
- 

\* On or prior to the consummation of the distribution, TMP Worldwide Inc. ("TMP") and Hudson Highland Group, Inc. ("HHGP") shall cause the name of any subsidiary listed above that includes the name "TMP" to be changed such that "TMP" is no longer included in the name of such subsidiary; *provided, however*, that in the case of any such subsidiary organized under the laws of a European jurisdiction, TMP and HHGP shall cause such subsidiary, on or prior to the consummation of the distribution, to adopt a resolution and to submit to any applicable authority a duly completed application to change its name such that "TMP" is no longer included in the name of such subsidiary.

---

## QuickLinks

[Exhibit 21](#)

[Hudson Highland Group, Inc. Subsidiaries](#)

**TMP WORLDWIDE INC.  
622 Third Avenue  
New York, New York 10017**

March 17, 2003

Dear Fellow Stockholder,

I am pleased to inform you that the board of directors of TMP Worldwide Inc. ("TMP") has approved a pro rata distribution to TMP's stockholders of 100% of the outstanding shares of common stock of Hudson Highland Group, Inc. ("HH Group") which is currently a wholly-owned subsidiary of TMP. HH Group will own and operate the eResourcing and Executive Search businesses of TMP. Immediately following the distribution, you will continue to own your shares of TMP as well as the new shares of HH Group.

The distribution, commonly referred to as a "spin-off," is expected to take place on or about March 31, 2003. The spin-off is intended to be tax-free to TMP stockholders, except for cash received in lieu of any fractional share interests. Each TMP stockholder as of the close of business on March 14, 2003, the record date for the distribution, will receive one HH Group share for every thirteen and one third ( $13\frac{1}{3}$ ) shares of TMP common stock held on that date. HH Group common shares have been admitted for trading on The Nasdaq National Market, subject to notice of official issuance, under the symbol "HHGP." Immediately after the spin-off is completed, TMP will not own any shares of HH Group common stock, and HH Group will be an independent public company.

We believe that the distribution is in the best interests of TMP stockholders. The spin-off is intended to separate the eResourcing and Executive Search businesses from TMP's Monster, Advertising and Communications and Directional Marketing businesses in order to enable each of TMP and HH Group to compete effectively without negatively affecting the other's businesses and to adopt strategies that will enhance each company's growth opportunities and prospects.

The enclosed information statement describes the distribution and provides important financial and other information about HH Group. Please carefully read the enclosed information statement, including the risk factors beginning on page 11.

You do not have to vote, or take any other action, in order to receive your HH Group shares. You will not be required to pay anything or to surrender your TMP shares. Account statements reflecting your ownership of HH Group shares will be mailed to record holders of TMP stock shortly after April 1, 2003. If you are not a record holder of TMP stock, your HH Group shares should be credited to your account with your stockbroker or nominee on or about April 1, 2003. Following the distribution, you may also request physical stock certificates if you wish. Information for making that request will be furnished with your account statement.

Sincerely,



Andrew J. McKelvey  
Chairman and CEO

---

**HUDSON HIGHLAND GROUP, INC.  
622 Third Avenue  
New York, New York 10017**

March 17, 2003

Dear Stockholder,

It is my pleasure to welcome you as a stockholder of Hudson Highland Group, Inc. ("HH Group"), which will be spun-off from TMP Worldwide Inc. and will be publicly traded for the first time on or about April 1, 2003. Our stock has been admitted for trading on The Nasdaq National Market, subject to notice of official issuance, under the symbol "HHGP."

We are committed to serving your interests as a stockholder of HH Group. While we will soon begin our life as a new public company, our eResourcing and Executive Search businesses have a long history of excellence in offering a range of services in the area of human capital management, including mid-market recruitment, temporary contracting and project management, executive search, and career management and assessment. These services are provided through a network of offices in over 30 countries.

As an independent public company we plan to create sustained growth in stockholder value by building on our existing strengths: our experienced management team, our global distribution network and a proven capability in a range of high margin professional service categories, including accounting, banking and finance, technology, engineering, scientific, legal and human resources. We have further opportunities through development of our geographic markets and expansion in the range and depth of our service offerings.

Our entire management team is united in the aim to distinguish HH Group as a global leader through innovative solutions that deliver superior value to our clients and candidates. As Mr. McKelvey mentioned in TMP's letter to you, the purpose of this transaction is to separate the HH Group businesses from TMP's remaining businesses. We believe that HH Group will benefit by being able to focus closely on the development of its businesses.

We hope that you, as a stockholder of HH Group, will share our enthusiasm for this opportunity. I invite you to learn more about HH Group and our strategy as an independent public company in the attached Information Statement.

Sincerely,



Jon F. Chait  
Chairman, President and CEO

---

**INFORMATION STATEMENT**

**HUDSON HIGHLAND GROUP, INC.**

**DISTRIBUTION OF APPROXIMATELY  
8,523,812 SHARES OF COMMON STOCK**

We are furnishing this information statement to the stockholders of TMP Worldwide Inc. ("TMP") in connection with TMP's distribution of all the outstanding shares of common stock of Hudson Highland Group, Inc. ("HH Group") to the holders of TMP's common stock. As of the date of this information statement, TMP owns all of our outstanding common stock.

We expect the distribution to occur on or about March 31, 2003. If you were a holder of record of TMP common stock at the close of business on March 14, 2003, which is the record date for the distribution, you will be entitled to receive one share of our common stock for every thirteen and one third ( $13\frac{1}{3}$ ) shares of TMP common stock that you held on the record date.

**No stockholder approval of the distribution is required or sought. TMP is not asking you for a proxy and you are requested not to send us a proxy.**

You will not be required to pay for the shares of our common stock received by you in the distribution, to surrender or to exchange your shares of TMP common stock in order to receive our common stock or to take any other action in connection with the distribution. The distribution will be tax-free to you, except for any cash received in lieu of fractional shares. TMP has received a private letter ruling from the Internal Revenue Service (the "IRS") to that effect.

No current public trading market exists for our common stock, although it is expected that a "when issued" trading market may develop on or about the record date for the distribution. Our common stock will be traded on The Nasdaq National Market under the symbol "HHGP", subject to notice of official issuance.

**Owning shares of HH Group will involve risks. In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 11.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.**

**THIS INFORMATION STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES.**

If you have inquiries related to the distribution, you should contact TMP's transfer agent, The Bank of New York, at 101 Barclay Street, New York, New York 10286, telephone 1-800-524-4458.

The date of this information statement is March 17, 2003.

---

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>SUMMARY</b>	<b>1</b>
The Company	1
Overview of the Distribution	2
Questions and Answers About the Distribution	2
Summary of Historical and Pro Forma Financial Data	5
Summary of the Distribution	7
<b>RISK FACTORS</b>	<b>11</b>

Risks relating to our separation from TMP	11
Risks relating to our common stock	14
Risks relating to our business	15
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	22
DIVIDEND POLICY	22
THE DISTRIBUTION	22
Background and Reasons for the Distribution	22
Conditions Precedent to the Distribution	23
Distribution Agent	23
Manner of Effecting the Distribution	24
Treatment of options and restricted stock	24
Results of the Distribution	25
Incurrence of Debt	25
Certain U.S. Federal Income Tax Consequences of the Distribution	25
Approval and trading of the shares of HH Group common stock	26
Reasons for furnishing this Information Statement	27
ARRANGEMENTS BETWEEN TMP AND HH GROUP RELATING TO THE DISTRIBUTION	27
Distribution Agreement	28
Transition Services Agreement	32
Tax Separation Agreement	33
Loan Agreement and Security Agreement	34
Other Discussions	34
SELECTED HISTORICAL FINANCIAL DATA	35
UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS	36
CAPITALIZATION	39
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	40
Critical Accounting Policies and Items Affecting Comparability	42
Results of Operations	44

---

Liquidity and Capital Resources	48
Recent Accounting Pronouncements	49
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	51
BUSINESS	52
General	52
Industry Overview	52
Our Human Capital Solutions	53
Strategy	54
Sales and Marketing	54
Clients	55
Competition	55
Employees	55
Properties	55
Legal Proceedings	55
MANAGEMENT	56
Executive Officers and Directors	56
Key Employees	56
Committees of the Board of Directors	59
Compensation of Directors	60
Compensation Committee Interlocks and Insider Participation	60
Compensation of Executive Officers	60
Option Grants in Last Fiscal Year	61
Option Values for 2002	62
Long Term Incentive Plan	62
Employee Stock Purchase Plan	64
Employment Agreements	65
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	65
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	66
DESCRIPTION OF CAPITAL STOCK OF HH GROUP	68
HH Group common stock	68
HH Group preferred stock	68
CERTAIN ANTI-TAKEOVER EFFECTS	69
Delaware Anti-Takeover Law	69
Classified Board of Directors	69
LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	70
INDEPENDENT ACCOUNTANTS	70
ADDITIONAL INFORMATION	70
INDEX TO COMBINED FINANCIAL STATEMENTS	F-1

## SUMMARY

The following is a summary of certain information contained elsewhere in this information statement concerning the distribution of the common stock of Hudson Highland Group, Inc. ("HH Group") to TMP Worldwide Inc. stockholders. We changed our name from TMP Worldwide Search, Inc. to Hudson Highland Group, Inc. in February 2003. This summary is included for convenience only and should not be considered complete. This summary is qualified in its entirety by the more detailed information, including the financial statements and notes thereto, set forth elsewhere in this information statement. We encourage you to read the entire document. Unless the context otherwise requires, references in this information statement to "we", "us", "HH Group" or "the Company" shall mean Hudson Highland Group, Inc. and its subsidiaries, and references to "TMP" shall mean TMP Worldwide Inc. and its subsidiaries, exclusive of HH Group. HH Group's historical financial data is not comparable among the periods presented due to the effects of (i) acquisitions accounted for as purchases and (ii) goodwill amortization in all periods except the year ended December 31, 2002, a goodwill impairment charge recorded during the year ended December 31, 2002 and business reorganization and other special charges recorded during the year ended December 31, 2002. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### The Company

We are one of the world's largest specialized staffing and executive search firms. We provide professional staffing services on a permanent, contract and temporary basis, as well as executive search and career management services to clients operating in a wide range of sectors. We focus on mid-level executives in specialized professional areas and at the senior executive level. We currently employ approximately 4,000 employees in 31 countries. We are organized into two divisions, eResourcing and Executive Search.

*eResourcing.* Our eResourcing division primarily focuses on mid-market executive search and professional temporary and contract businesses. We focus on mid-level executives and professionals who typically earn between \$50,000 and \$150,000 annually, and possess the set of skills and/or profile outlined by our clients. In the case of the temporary and contracting business, we place professionals and executives in temporary assignments that can range from one day to more than 12 months. Our sales strategy focuses on clients operating in particular sectors, such as health care, financial services, and technology and communications. We supply candidates in a variety of specialist fields such as law, accounting, banking and finance, health care, engineering, technology and science, regardless of contract length. We use both traditional and interactive methods to select potential candidates for our clients, employing a suite of products which assess talent and help predict whether a candidate will be successful in a given role.

Within the eResourcing division, we also provide a variety of other services, including career management, executive assessment and coaching, and human resources consulting. These service offerings are growing rapidly and, we believe, will help balance the cyclical nature of our core offerings. These services allow us to offer clients a comprehensive set of human capital management services, ranging from temporary workers, to assessment or coaching of permanent staff, to recruitment or search for permanent workers, to outplacement.

We operate on a global basis with our revenues divided approximately evenly among North America, Europe, primarily the UK, and the Asia/Pacific region, primarily Australia and New Zealand.

*Executive Search.* We offer a comprehensive range of executive search services aimed at finding the appropriate executive or professional for a wide range of clients operating in sectors such as health care, technology, financial services, retail and consumer and industrial. We also have an active practice in assisting clients who desire to augment their boards of directors. Our executive search service identifies senior executives who typically earn in excess of \$150,000 annually.

Executive Search operates on a global basis with its revenues primarily derived in North America and the remainder primarily in Europe.

Some of our constituent businesses have operated for more than 20 years, and we were founded in 1987. We have been operated as divisions of TMP since 1998. Our executive offices are located at 622 Third Avenue, New York, New York 10017. Our telephone number is (212) 351-7200 and our Internet address is <http://www.hhgp.net>.

### Overview of the Distribution

TMP is spinning off all of the common stock of HH Group by way of a pro rata distribution to TMP's stockholders. HH Group will have one class of common stock with equal voting rights. Following the distribution, we will be an independent, publicly-held company and TMP will own no shares of our capital stock. TMP will continue to own and operate TMP's Monster, Advertising and Communications and Directional Marketing businesses.

The distribution is intended to separate the eResourcing and Executive Search businesses from the remaining TMP businesses in order to enable each of TMP and HH Group to compete effectively without negatively affecting the other's businesses and to adopt strategies to enhance each company's growth opportunities and prospects. TMP's management and board of directors believe that separating HH Group from TMP will provide the following benefits:

- *Enhanced Management Focus.* The management team of each of TMP and HH Group will be better able to focus on each company's respective operations, strategic direction and core businesses as well as pursue growth opportunities, which TMP believes will help maximize value over the long term for both TMP and HH Group stockholders.
- *Enhanced Ability to Attract and Retain Key Employees.* HH Group will have a greater chance of attracting and retaining qualified employees if employee equity compensation is directly related to the operation and success of HH Group as an independent entity.
- *Permit Investors to Better Evaluate Company Performance.* Stockholders of HH Group and TMP will be better able to evaluate the financial performance of each company, thereby enabling increased investor focus.

## Questions and Answers about the Distribution

- Q: Why is TMP separating its businesses?
- A: TMP's management and board of directors believes that the separation of HH Group from TMP is in the best interests of TMP stockholders. TMP believes that the businesses have distinct financial and operating characteristics and that separating the businesses will: (i) enable the management team of each company to focus exclusively on its operations, strategic direction and core businesses as well as pursue growth opportunities; (ii) enable each company to compete effectively without negatively affecting the other; (iii) attract and retain key employees; and (iv) enable investors and analysts to better measure the performance of both TMP and HH Group against other comparable companies in similar businesses.
- Q: Why is the separation of HH Group structured as a spin-off?
- A: TMP believes that a tax-free distribution of shares of HH Group to TMP stockholders, or spin-off, offers TMP and its stockholders the greatest long-term value and is the most tax-efficient way to separate the companies.
- Q: How many shares of HH Group common stock will I receive?

2

- 
- A: You will receive one share of HH Group common stock for every thirteen and one third ( $13\frac{1}{3}$ ) shares of TMP common stock you hold as of the close of business on the record date. For example, if you own one hundred (100) TMP shares, you will receive seven (7) HH Group shares and cash for the remaining fractional share. We estimate that TMP will distribute 8,523,812 shares of HH Group common stock, based on the number of shares of TMP common stock outstanding on March 14, 2003, the record date. The shares to be distributed will constitute all of the outstanding shares of HH Group common stock immediately after the distribution.
- Q: Should I send in my TMP stock certificates for exchange?
- A: No. Holders of TMP common stock should not send stock certificates to TMP, HH Group or the distribution agent. See "The Distribution—Manner of Effecting the Distribution."
- Q: What do I have to do to receive my HH Group shares?
- A: Nothing. Your HH Group shares will either be reflected in an account statement that HH Group's transfer agent will send to you shortly after April 1, 2003 or credited to your account with your broker or nominee on or about April 1, 2003.
- Q: Will the distribution change the number of shares I own in TMP?
- A: No. The distribution will not change the number of shares of TMP common stock owned by TMP stockholders. Immediately after the distribution, each TMP stockholder will continue to own the same proportionate interest in TMP that such stockholder owned immediately prior to the distribution and will directly own the same proportionate interest in HH Group. However, stockholders will own their interest in these businesses through ownership of stock in each of two independent public companies, TMP and HH Group.
- Q: Will TMP retain any ownership interest in HH Group after the distribution?
- A: No. TMP will not own any shares of HH Group common stock after the distribution, and HH Group will not own any shares of TMP common stock after the distribution.
- Q: Will there be any ongoing relationships between the HH Group and TMP following the distribution?
- A: Yes. Ongoing relationships between HH Group and TMP will occur in the areas of allocation of tax liabilities arising from the distribution or prior operations of each entity; continuing cooperation in the resolution of third party disputes pending against HH Group stemming from activity prior to the distribution; and the provision of certain administrative services by TMP to HH Group or HH Group to TMP, generally for no more than one year following the distribution. There will also be certain sublease arrangements between the parties. TMP has agreed to reimburse HH Group for \$10 million of cash payments (\$2.5 million per quarter) related to HH Group's accrued integration, restructuring and business reorganization obligations during the first year following the spin-off. TMP has also agreed to extend a short-term secured, revolving line of credit to HH Group in the aggregate principal amount of \$15 million, if HH Group has not otherwise closed on a credit facility with a third party. The parties have commenced discussions concerning certain potential commercial arrangements involving the provision of Monster.com and advertising and communication services. Any arrangements will be negotiated on an arm's length basis and will be pursuant to customary terms and conditions, including pricing terms. The parties may from time to time also negotiate and purchase other services from the other, on an arm's length basis, pursuant to customary terms and conditions.
- Q: Will HH Group common stock be publicly traded?

3

- 
- A: The common stock of HH Group has been admitted for trading on The Nasdaq National Market, subject to notice of official issuance. HH Group common stock will trade on The Nasdaq National Market under the ticker symbol "HHGP" and regular trading will begin on or about April 1, 2003. In addition, TMP's common stock will continue to be traded on The Nasdaq National Market under the symbol "TMPW." However, we cannot assure you that an active trading market will develop for HH Group common stock.
- Q: Will the distribution affect the trading price of my TMP common stock?

- A: Yes. After the distribution, the trading price of TMP common stock may be lower than the trading price immediately prior to the distribution. Moreover, until the market has evaluated the operations of TMP without HH Group's operations, the trading price of TMP common stock may fluctuate significantly. The combined trading prices of TMP common stock and HH Group common stock after the distribution may be more or less than the trading price of TMP common stock prior to the distribution. See "The Distribution—Approval and trading of the shares of HH Group common stock."
- Q: When will the distribution become effective?
- A: The distribution is expected to be effective as of 11:59 p.m., New York City time on March 31, 2003.
- Q: Will I be taxed on the distribution?
- A: TMP has received an IRS ruling to the effect that the distribution will be tax-free to TMP stockholders under Section 355 of the Internal Revenue Code.
- Q: Will there be any change in the United States Federal tax basis of my TMP shares as a result of the distribution?
- A: Yes. The tax basis in your TMP shares prior to the distribution will be allocated among your shares of TMP and your shares of HH Group in proportion to their relative fair market value at the time of the distribution. If you are the record holder of your TMP shares, you will receive information with your account statement that will help you calculate the adjusted tax basis for your TMP shares, as well as the tax basis for your HH Group shares. See "The Distribution—Certain U.S. Federal Income Tax Consequences of the Distribution".
- Q: Where can I get more information?
- A: If you have any questions relating to the mechanics of the distribution and the delivery of account statements, you can contact the distribution agent at the following address and telephone number: The Bank of New York, 101 Barclay Street, New York, New York 10286 Tel: 1-800-524-4458.

### Summary of Historical and Pro Forma Financial Data

The following table sets forth our summary historical and pro forma financial information derived from our audited combined financial statements as of December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000, our unaudited combined financial statements as of December 31, 1999, and 1998 and for the years then ended (not included elsewhere in this information statement), and our unaudited pro forma combined condensed financial statements. The summary financial information may not be indicative of our future performance as an independent company. In our opinion, all adjustments, which consist only of normal and recurring accruals, considered necessary for a fair presentation have been included in our unaudited combined financial statements. For an explanation of the pro forma adjustments made to our historical combined financial statements for the distribution and the transactions related to the distribution to derive the summary pro forma information below, please see "Unaudited Pro Forma Combined Condensed Financial Statements." The unaudited pro forma combined condensed financial statements were prepared as if the estimated effect of the distribution and related transactions had occurred as of December 31, 2002, for the unaudited pro forma combined condensed balance sheet, and as of January 1, 2002, for the unaudited pro forma condensed statements of operations. The summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the unaudited pro forma combined condensed financial statements and the notes thereto and the combined financial statements and the notes thereto included elsewhere in this information statement.

	Year ended December 31,			Year ended December 31,		Pro Forma
	2002	2001	2000	1999	1998	Year ended December 31, 2002
	(dollars in thousands)			(unaudited)		(unaudited)
<b>STATEMENT OF OPERATIONS:</b>						
Revenue	\$ 1,065,439	\$ 1,287,798	\$ 1,325,146	\$ 1,130,010	\$ 964,272	\$ 1,065,439
Direct costs of temporary contractors	631,501	698,598	652,916	590,296	486,271	631,501
Salaries & related, office & general and marketing & promotion	473,990	559,903	612,863	502,998	426,648	473,990
Merger and integration costs and restructuring costs	5,373	43,177	50,995	49,662	23,355	5,373
Business reorganization & other special charges	73,543	—	—	—	—	73,543
Amortization of intangibles	754	14,324	8,947	4,297	2,811	754
Total operating expenses	1,185,161	1,316,002	1,325,721	1,147,253	939,085	1,185,161
Income (loss) from operations	(119,722)	(28,204)	(575)	(17,243)	25,187	(119,722)
Income (loss) before accounting change	(119,251)	(34,195)	(16,867)	(39,751)	14,722	(119,251)
Net income (loss)	(412,251)	(34,195)	(16,867)	(39,751)	14,722	(412,251)
Pro forma basic income (loss) per share before accounting change(1)	(13.99)	(4.01)	(1.98)	(4.66)	1.73	(13.99)
Pro forma basic net income (loss) per share(1)	(48.37)	(4.01)	(1.98)	(4.66)	1.73	
<b>CASH FLOW INFORMATION:</b>						

Net cash provided by (used in) operating activities	\$	(110,834)	\$	11,416	\$	23,618	\$	(23,502)	\$	8,262
Net cash used in investing activities		(16,589)		(118,785)		(109,491)		(39,806)		(43,747)
Net cash provided by financing activities		112,054		103,115		101,671		30,814		40,929
<b>TEMPORARY CONTRACTING DATA(2):</b>										
Temporary contracting revenue	\$	771,253	\$	898,372	\$	847,705	\$	741,185	\$	608,150
Direct costs of temporary contractors		631,501		698,598		652,916		590,296		486,271
Temporary contracting gross margin	\$	139,752	\$	199,774	\$	194,789	\$	150,889	\$	121,879
Gross margin as a percent of revenue		18.1%		22.2%		23.0%		20.4%		20.0%
<b>EBITDA(3):</b>										
Income (loss) before benefit for income taxes	\$	(120,268)	\$	(30,448)	\$	(7,315)	\$	(26,368)	\$	19,750
Interest expense, net		322		1,901		5,325		7,068		4,484
Depreciation and amortization		21,061		33,290		34,555		23,167		20,333
EBITDA	\$	(98,885)	\$	4,743	\$	32,565	\$	3,867	\$	44,567

5

	December 31,			December 31,		Pro Forma
	2002	2001	2000	1999	1998	December 31, 2002
				(unaudited)		(unaudited)

**BALANCE SHEET DATA:**

Current assets	\$	215,916	\$	246,248	\$	305,581	\$	242,628	\$	229,519	\$	240,008
Total assets		467,104		765,986		686,592		440,868		380,873		491,196
Current liabilities		147,754		237,780		256,913		189,604		138,966		147,754
Long-term debt, less current portion		1,184		2,917		21,441		41,298		40,097		1,184
Divisional/stockholders' equity		316,574		522,680		404,380		201,616		178,880		340,666

- Pro forma basic income (loss) per share amounts for each period presented are based on shares of TMP common stock outstanding at March 14, 2003 multiplied by the distribution ratio of one share of HH Group common stock for every thirteen and one third shares of TMP common stock. Shares of TMP common stock outstanding at March 14, 2003 were 113,647,982 resulting in shares of HH Group common stock outstanding of 8,523,812. HH Group will not have stock options or other common stock equivalents outstanding as of the distribution date.
- Temporary contracting revenues are a component of eResourcing revenues. Temporary contracting gross margin and gross margin as a percent of revenue are shown to provide additional information on our ability to manage our cost structure and provide further comparability relative to HH Group's peers. Temporary contracting gross margin is derived by deducting direct costs of temporary contractors from temporary contracting revenue. Our calculation of gross margin may differ from those of other companies.
- Earnings before interest, income taxes, depreciation and amortization. EBITDA is presented to provide additional information about our ability to meet our future debt service, capital expenditures and working capital requirements and is one of the measures, which may determine our ability to borrow under any credit facility to which we are a party. EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of our profitability or liquidity. Furthermore, EBITDA as presented above, may not be comparable with similarly titled measures reported by other companies.

6

**Summary of the Distribution**

Please see "The Distribution" for a more detailed description of the matters described below.

Distributing Company	TMP Worldwide Inc., a Delaware corporation.
Distributed Company	Hudson Highland Group, Inc., a Delaware corporation.
Distribution Ratio	One share of common stock of HH Group, \$.001 par value per share, for every thirteen and one third (13 <sup>1</sup> / <sub>3</sub> ) shares of common stock of TMP, \$.001 par value per share, held of record as of the record date for the distribution.

Securities to be Distributed

Based on approximately 113,647,982 shares of TMP common stock outstanding on March 14, 2003, including treasury stock and assuming no exercise of outstanding options, approximately 8,523,812 million shares of HH Group common stock will be distributed. These shares will be of one class with identical voting rights. The HH Group common stock to be distributed will constitute all of the outstanding HH Group common stock immediately following the distribution. TMP stockholders will not be required to pay for the shares of HH Group common

stock to be received in the distribution or to surrender or exchange shares of TMP common stock or to take any other action in connection with the distribution.

Fractional Share Interests	Fractional shares of HH Group common stock will not be distributed nor credited to book-entry accounts. Fractional shares of HH Group common stock will be aggregated and sold in the public market by the distribution agent, and the aggregate net cash proceeds will be distributed ratably to those stockholders entitled to fractional interests. The distribution agent, in its sole discretion, without any influence from TMP or HH Group, will determine when, how, through which broker-dealer and at what price to sell such aggregated fractional shares. Any broker-dealer used by the distribution agent will not be an affiliate of either TMP or HH Group. These sale proceeds generally will be taxable to TMP stockholders. TMP will bear the cost of brokerage commissions in connection with such sales.
Record Date	March 14, 2003.
Distribution Date	March 31, 2003.
Mailing Date	March 17, 2003.
Distribution Agent	The Bank of New York will act as the distribution agent for the distribution. Stockholders of TMP with questions concerning procedural issues related to the distribution may call the distribution agent at 1-800-524-4458.
Book-Entry Shareholding	Effective as of the distribution date, the distribution agent will distribute shares of HH Group common stock to each eligible holder of TMP common stock by crediting book-entry accounts with that holder's proportionate share of whole shares of HH Group common stock. For stockholders who own TMP common stock through a broker or other nominee, their shares of HH Group common stock will be credited to their account by the broker or other nominee.

7

Reasons for the Distribution	The distribution is intended to separate the eResourcing and Executive Search businesses from the other businesses of TMP in order to enable each of TMP and HH Group to compete effectively without negatively affecting the other's businesses and to adopt strategies and pursue objectives appropriate to its specific needs and to enhance the growth opportunities of each company. See "The Distribution—Background and Reasons for the Distribution."
Conditions to the Distribution	The distribution is conditioned upon certain events, including the absence of any order, injunction, decree or any other legal constraint or prohibition preventing the distribution. See "The Distribution—Conditions Precedent to the Distribution." The board of directors of TMP has reserved the right to waive all of the conditions to the distribution except the absence of any order, injunction, decree or legal constraint or prohibition preventing the distribution.
U.S. Federal Income Tax Consequences of the Distribution	The distribution will be tax-free to U.S. persons, except for any cash received in lieu of fractional shares, and TMP has received an Internal Revenue Service ruling to that effect. See "The Distribution—Certain U.S. Federal Income Tax Consequences of the Distribution."
Dividend Policy	HH Group does not currently anticipate that it will pay a dividend in the foreseeable future. The HH Group dividend policy will be established by HH Group's board of directors from time to time based on the results of operations and financial condition of HH Group and other business considerations the board of directors of HH Group considers relevant. See "Dividend Policy."
Trading Market	There is not currently a public market for the HH Group common stock, although we expect that a "when-issued" trading market will develop on or about the record date for the distribution. When-issued trading refers to a transaction made conditionally because the security has been authorized but not yet issued. On the first trading day following the distribution date, when-issued trading in respect of the HH Group common stock will end and regular trading will begin. We cannot predict the trading prices for the HH Group common stock before or after the distribution date; however, we believe the presence of a when-issued trading market prior to the distribution may have a stabilizing effect on the price of the HH Group common stock following the distribution. The HH Group common stock has been admitted for trading on The Nasdaq National Market, subject to notice of official issuance, under the symbol "HHGP". See "Risk Factors — Risks relating to our common stock — Our common stock has no prior public market, and it is not possible to predict how our stock will perform after the distribution" and "The Distribution — Approval and trading of the shares of HH Group common stock."

8

Debt Incurrence	Contemporaneously with the distribution TMP will extend to us a \$15 million secured revolving
-----------------	--

credit facility which will mature on the earlier of six months from the distribution or the date on which we secure a credit facility from a third party. We will be restricted from borrowing under the facility until such time as our aggregate cash and cash equivalents balance falls below \$10 million. We intend to use any proceeds from borrowings under the credit facility for future capital expenditures, working capital and letter of credit requirements.

#### Anti-Takeover Effects

In connection with the distribution, HH Group will agree (subject to certain exceptions) to indemnify TMP for any tax and certain other costs or expenses resulting from any acquisition or any issuance of HH Group common stock that triggers the application of Section 355(e) of the Internal Revenue Code of 1986, as amended, or otherwise causes the spin-off to become taxable to TMP. See "Arrangements Between TMP and HH Group Relating to the Distribution." These obligations could discourage, delay or prevent a change of control of HH Group.

Certain provisions of the HH Group certificate of incorporation and by-laws and of Delaware law, as each will be in effect immediately following the distribution, could have the effect of making it more difficult for a third party to acquire control of HH Group in a transaction not approved by HH Group's board of directors. These provisions have been designed to permit HH Group to develop its business without disruptions caused by the threat of a takeover not deemed by its board of directors to be in the best interests of HH Group and its stockholders. See "Risk Factors—Risks relating to our common stock—Provisions in our organizational documents and Delaware law will make it more difficult for someone to acquire control of us." In addition, provisions of HH Group's certificate of incorporation eliminate certain liabilities of its directors in connection with the performance of their duties. See "Liability and Indemnification of Officers and Directors."

#### Relationship Between TMP and HH Group

TMP will have no stock ownership in HH Group after completion of the distribution. For purposes of governing certain ongoing relationships between TMP and HH Group after the distribution, to provide for an orderly transition and to govern certain tax matters, among other things, HH Group and TMP have entered into or will enter into certain agreements to be effective following the distribution as mutually agreed upon. In addition, TMP and HH Group may also purchase services that the other offers the public, at market rates as its management may desire. TMP is also making available to us a secured \$15 million revolving line of credit. See "Arrangements Between TMP and HH Group Relating to the Distribution."

#### Risk Factors

The distribution and ownership of the HH Group common stock involve various risks. You should carefully consider the matters discussed under "Risk Factors."

### RISK FACTORS

You should carefully consider and evaluate all of the information set forth in this information statement, including the risk factors listed below. Some of the following risks relate principally to our separation from TMP and ownership of HH Group common stock. Other risks relate principally to HH Group's business. The risks and uncertainties described below are not the only ones facing HH Group. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect HH Group's business.

If any of the following risks or uncertainties develops into actual events, the business, financial condition or results of operations of HH Group, and the value of your holdings in HH Group common stock, could be materially adversely affected. Neither HH Group nor TMP makes, nor is any other person authorized to make, any representation as to the future market value of our common stock.

#### Risks relating to our separation from TMP

*We have no history of operating as an independent company upon which you can evaluate us.*

The HH Group management team has not operated our company as a public, stand-alone company, and we will have a new board of directors appointed by TMP. Our ability to satisfy our obligations and maintain profitability will be solely dependent upon the future performance of the businesses we own and operate, and we will not be able to rely upon the financial and other resources and cash flows of those business lines remaining with TMP. Since HH Group does not have an operating history as a separate entity, it will be difficult for anyone to accurately forecast our future revenues and other operating results, and we cannot assure you that HH Group will be able to satisfy its obligations and maintain profitability. Further, historically, eResourcing has utilized other services offered by TMP, most notably, Monster. After the spin-off, we will only have the same access to Monster as would any other third party, thereby potentially making our eResourcing services less attractive to some of our customers or potential customers.

*Our historical and pro forma financial information may not be representative of our results as a separate company.*

The financial statements included in this information statement differ from the results of operations, financial condition and cash flows that would have been achieved had HH Group been operated independently during the periods and as of the dates presented. Prior to the distribution, HH Group's businesses were operated by TMP as part of its broader corporate organization rather than as a stand-alone company. Historically, TMP performed certain corporate functions for

us, including legal functions, treasury administration, insurance administration, internal audit and corporate income tax administration. Following the distribution, TMP will not provide assistance to us, other than to provide various corporate support services during a transition period for which we will compensate TMP.

We are in the process of creating our own, or engaging third parties to provide, corporate administrative functions to replace many of the corporate administrative functions TMP currently provides. We may incur costs for these functions that are higher than the amounts reflected in our historical financial statements.

Our historical financial statements contain assumptions about our expenses that may change after the distribution:

- our historical financial statements reflect allocations, primarily with respect to corporate overhead, for services provided to us by TMP, including branding and marketing, which may not reflect the actual costs we will incur for similar services as a stand-alone company; and
- our historical financial statements do not reflect changes that we expect to occur in the future as a result of our separation from TMP, including changes in how we fund our operations as well as tax and employee matters.

11

---

Although we believe that our historical financial statements allocate to us a reasonable share of such expenses, we cannot assure you that our actual costs will not increase, perhaps substantially, after the distribution. Following the distribution, we also will be responsible for the additional costs associated with being an independent public company, including costs related to corporate governance, listed and registered securities and investor relations issues.

Therefore, you should not make any assumptions regarding our future performance based on the financial statements included in this information statement.

*If the distribution is taxable, you could be required to pay tax on the fair market value of the shares of our common stock you receive in the distribution.*

TMP has received an IRS ruling that the distribution will qualify as tax-free to TMP's stockholders, except for cash received in lieu of fractional shares. Although the ruling relating to the qualification of the distribution as a tax-free transaction is generally binding on the IRS, the continuing validity of the ruling is subject to factual representations and assumptions. Neither HH Group nor TMP are aware of any facts or circumstances that would cause such representations and assumptions to be untrue.

If the distribution fails to qualify as a tax-free distribution for U.S. federal income tax purposes, TMP stockholders who receive shares of our common stock in the distribution would be treated as if they had received a taxable distribution in an amount equal to the fair market value of our common stock received. The amount of the taxable distribution would be taxed as a dividend to the extent of TMP's current and accumulated earnings and profits. If the distribution fails to qualify as a tax-free distribution for U.S. federal income tax purposes to TMP stockholders, then, in general, a corporate income tax could also be payable on the excess of the fair market value of the stock over TMP's adjusted tax basis in the stock at the time of the distribution by the combined tax group of which TMP is the common parent.

*TMP could incur a corporate tax liability for which we could be responsible under some circumstances.*

Even if the distribution qualifies as a tax-free distribution to TMP stockholders, TMP could be subject to corporate income tax under Section 355(e) of the Internal Revenue Code of 1986, as amended (the "Code"), on gain inherent in the stock of HH Group if one or more persons acquire a 50% or greater interest or HH Group as part of a plan or series of related transactions that included the distribution. Any acquisition that occurs during the four-year period beginning two years before the distribution will be presumed to be part of a plan or a series of transactions relating to the distribution. Under the tax separation agreement, HH Group will bear any related taxes that arise from the application of Section 355(e) in such circumstances. See "The Distribution—Certain U.S. Federal Income Tax Consequences of the Distribution" and "Arrangements Between TMP and HH Group Relating to the Distribution."

*We may be required to indemnify TMP, or may not be able to collect on indemnification rights from TMP.*

Under the terms of the distribution agreement and the tax separation agreement, we and TMP have agreed to indemnify one another from and after the distribution with respect to the indebtedness, liabilities and obligations that will be retained by our respective companies. These indemnification obligations could be significant. Our ability to satisfy any such indemnification obligations will depend upon the future financial strength of our company. We cannot determine whether we will have to indemnify TMP for any substantial obligations after the distribution. We also cannot assure you that, if TMP becomes obligated to indemnify us for any substantial obligations, TMP will have the ability to satisfy those obligations. Any payment by TMP or HH Group pursuant to these indemnification provisions could have a material adverse effect on their respective business. Any failure by TMP or HH Group to satisfy its indemnification obligations could have a material adverse effect on the other's business. See "Arrangements Between TMP and HH Group Relating to the Distribution."

12

---

*We may be unable to make the changes necessary to operate as an independent entity and may incur greater costs.*

Historically, we have been part of a consolidated entity, and we have relied on the results of operations, assets and cash flow of TMP's other business segments. Following the spin-off, TMP will have no obligation to provide financial, operational or organizational assistance to us other than limited services of a short duration. We may not be able to implement successfully the changes necessary to operate independently.

The distribution agreement, transition services agreement and tax separation agreement that we will have entered into in connection with the spin-off provide that our businesses will be conducted differently and that our relationship with TMP will be different from what it has historically been. These differences may have a detrimental effect on our results of operations or financial condition.

*Following the spin-off, we will need to obtain financing on a stand-alone basis.*

Historically, all of our financing was done by TMP at the parent level. TMP was able to use its overall balance sheet to finance our operations. After the spin-off, we will have to raise financing on a stand-alone basis without reference to or reliance on TMP's financial condition. Following the spin-off, we may not be able to secure adequate debt or equity financing on desirable terms or at all. Following the distribution, we will have less financial and other resources than TMP. Our ability to obtain financing, and the terms thereof, will in large part depend on our financial condition and performance. The cost to us of stand-alone financing may be materially higher than the cost of financing that we incurred as part of TMP. If we do not obtain debt financing prior to the date of the spin-off,

TMP will extend to us a secured \$15 million revolving credit facility. The latest maturity date of the facility will be only six months from the date of the spin-off, however. Our failure to obtain financing prior to the expiration of the TMP facility could adversely affect our ability to conduct our business.

*Our new credit facilities and other debt instruments may restrict our operating flexibility.*

Any new credit facilities and other debt instruments are likely to contain a number of significant provisions that will restrict our operating flexibility, which could have important consequences for investors, including the following:

- we may have to use a portion of our cash flow from operations for debt service rather than for our operations;
- we may not be able to incur additional debt financing for future working capital or capital expenditures;
- we could be less able to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- we may not be able to sell assets, grant or incur liens on our assets, repay indebtedness pay dividends, repurchase or redeem capital stock, or engage in mergers or consolidations.
- we are restricted from borrowing under the TMP credit facility until such time as our aggregate cash and cash equivalent balance is equal to or less than \$10 million.

These restrictions could hurt our ability to finance our future operations or capital needs and to make acquisitions that may be in our best interest, and they could put us at a disadvantage compared to our competitors. In addition, any new credit facility will require that we satisfy several financial covenants. Our ability to comply with these financial requirements and other restrictions may be affected by events beyond our control, and our inability to comply with them could result in a default under the new credit facilities or other debt instruments. If a default occurs under these new credit facilities, the lenders under these facilities could elect to declare all of the outstanding borrowings, as well as accrued interest and fees, to be due and payable and require us to apply all of our available cash to repay those borrowings. In addition, a default may result in higher rates of interest and the inability to obtain additional capital. Further, debt incurred under any credit facility will likely bear

---

interest at variable rates. Any increase in interest expense could reduce the funds available for operations.

### **Risks relating to our common stock**

*Our common stock has no prior public market and it is not possible to predict how our stock will perform after the distribution.*

There is not currently a public market for our common stock, although we expect that a "when-issued" trading market will develop on or about the record date, and after our common stock has been admitted for trading, subject to official notice of the distribution, on The Nasdaq National Market. We cannot assure you that an active public market will develop for our common stock.

The trading price of our common stock could be subject to significant fluctuations in response to certain factors, such as variations between our anticipated and actual results of operations, the operating results of other companies in the professional staffing and executive search industries, changes in conditions affecting the economy generally, including incidents of terrorism, analyst reports, general trends in the industries and sales of common stock by insiders, as well as other factors unrelated to our operating results. Prices may also be affected by certain provisions of our certificate of incorporation and by-laws and Delaware law, as each will be in effect following the distribution, which may have anti-takeover effects. See "—Provisions in our organizational documents and Delaware law will make it more difficult for someone to acquire control of us" and "Certain Anti-Takeover Effects." Accordingly, we cannot provide any assurance as to the prices at which trading in our common stock will occur on a "when-issued" basis or after the distribution. See "The Distribution—Approval and trading of the shares of HH Group common stock."

*The distribution will likely cause the trading price of TMP common stock to initially decline and may cause continued fluctuations in the trading price of the TMP and HH Group common stock.*

Following the distribution, shares of TMP common stock will continue to be traded on The Nasdaq National Market under the symbol "TMPW". As a result of the distribution, the trading price of TMP common stock immediately following the distribution may be lower than the trading price of TMP common stock immediately prior to the distribution. The combined trading prices of TMP common stock and HH Group common stock after the distribution may be less than the trading price of TMP common stock immediately prior to the distribution. Until the market has fully analyzed the separate operations of TMP and HH Group, the prices at which TMP and HH Group common stock trades may fluctuate significantly.

*Substantial sales of our stock may occur after the distribution, causing an adverse impact on the trading price of our stock.*

Based on the number of shares of TMP common stock outstanding on March 14, 2003, TMP will distribute to its stockholders a total of approximately 8,523,812 shares of our common stock. Under the United States federal securities laws, almost all of these shares may be resold immediately in the public market, except for shares of our common stock held by our affiliates. Investors holding TMP common stock may hold that common stock because of a decision to invest in a company that operates in multiple businesses. Following the spin-off, shares of HH Group will represent an investment in a smaller company with its business concentrated in the temporary contracting and executive search and professional staffing industries. We cannot predict whether stockholders will resell large amounts of our common stock in the public market following the distribution or how quickly they may resell those shares. In addition, a portion of TMP's common stock is held by funds tied to broad stock market indices, such as the Standard & Poor's 500 index. Our stock will not be included in such indices at the time of TMP's distribution of our common stock, and therefore these index funds will be required to sell our stock. Any sales of substantial amounts of our common stock could have a material adverse effect on the trading price of our common stock.

---

*Provisions in our organizational documents and Delaware law will make it more difficult for someone to acquire control of us.*

Upon consummation of the spin-off, our certificate of incorporation and by-laws and the Delaware General Corporation Law contain several provisions that make more difficult an acquisition of control of us in a transaction not approved by our board of directors, including transactions in which stockholders might

otherwise receive a premium for their shares over then current prices, and that may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. Our certificate of incorporation and by-laws include provisions:

- dividing our board of directors into three classes to be elected on a staggered basis, one class each year;
- authorizing our board of directors to issue shares of our preferred stock in one or more series without further authorization of our stockholders;
- requiring that stockholders provide advance notice of any stockholder nomination of directors or any proposal of new business to be considered at any meeting of stockholders;
- permitting removal of directors only for cause by a super-majority vote;
- providing that vacancies on our board of directors will be filled by the remaining directors then in office;
- requiring that a supermajority vote be obtained to amend or repeal specified provisions or our certificate of incorporation or by-laws; and
- eliminating the right of stockholders to call a special meeting of stockholders or take action by written consent without a meeting of stockholders.

In addition, Section 203 of the Delaware General Corporation Law generally provides that a corporation may not engage in any business combination with any interested stockholder during the three-year period following the time that the stockholder becomes an interested stockholder, unless a majority of the directors then in office approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder or specified stockholder approval requirements are met.

We have agreed not to engage in certain specified transactions, including a sale of HH Group to a third party acquiror, for two years following the distribution. In addition, we have agreed to indemnify TMP for any tax and certain other costs and expenses resulting from any acquisition or other issuance of HH Group common stock that causes the spin-off to become taxable to TMP.

### **Risks relating to our business**

*We may not be able to manage our growth.*

Historically, our business has grown rapidly through acquisitions and internally. This prior growth of our business has placed a significant strain on our management and operations. Our expansion has resulted in substantial growth in the number of our employees. In addition, this growth has resulted in increased responsibility for both existing and new management personnel and incremental strain on our existing operations and financial and management information systems. Our success depends to a significant extent on the ability of our executive officers and other members of senior management to operate effectively both independently and as a group. If we are not able to manage any existing or future growth, our business, financial condition and operating results may be materially adversely affected.

15

---

*We face risks associated with expansion.*

TMP has completed 63 professional staffing and executive search acquisitions since 1999, and we expect that if we continue to grow, it will be, in part, by acquiring businesses. The success of this strategy depends upon several factors, including:

- our ability to identify and acquire businesses on a cost-effective basis;
- our ability to integrate acquired personnel, operations, products and technologies into our organization effectively; and
- our ability to retain and motivate key personnel and to retain the clients of acquired firms.

We cannot assure that financing for acquisitions will be available on terms we find acceptable, or at all, or that we will be able to identify or consummate new acquisitions, or manage and integrate our recent or future expansions successfully. Any inability to do so may materially adversely affect our business, financial condition and operating results. Our level of indebtedness may increase in the future if we finance acquisitions with debt, which would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to obtain additional financing. If we issue shares of our stock as currency in any future acquisitions, then our earnings per share may be diluted as a result of the issuance of such stock. In addition, we cannot assure you that participants in potential acquisitions will view our stock attractively.

*We rely on our information systems and if we lose that technology, or fail to further develop our technology, our business could be harmed. We have not operated these systems by ourselves.*

Our success depends in large part upon our ability to store, retrieve, process and manage substantial amounts of information, including our client and candidate databases. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. Our inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively, or any interruption or loss of our information processing capabilities, for any reason, could harm our business, results of operations or financial condition. Further, prior to the distribution, we relied on TMP for the provision of our information systems. Consequently, we have not operated the information systems by ourselves. To the extent we are unable to do so as efficiently as did TMP, our business, results of operations or financial condition could be negatively impacted.

*Our markets are highly competitive.*

The markets for our services are highly competitive. They are characterized by pressures to:

- reduce prices;
- incorporate new capabilities and technologies; and
- accelerate job completion schedules.

Furthermore, we face competition from a number of sources. These sources include other executive search firms and search and professional staffing firms and several of our competitors have greater financial and marketing resources than we do. In addition, TMP will not be prohibited from competing against us.

16

Due to competition, we may experience reduced margins on our products and services, as well as loss of market share and our customers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business, financial condition and results of operations could be materially adversely affected.

We have no significant proprietary technology that would preclude or inhibit competitors from entering the mid-market professional staffing and temporary contracting and executive search markets. We cannot assure you that existing or future competitors will not develop or offer services and products which provide significant performance, price, creative or other advantages over our services. This could have a material adverse effect on our business, financial condition and operating results.

*Our operating results fluctuate from quarter to quarter.*

Our quarterly operating results have fluctuated in the past and may fluctuate in the future. These fluctuations are a result of a variety of factors, including:

- mismatches between resource allocation and client demand due to difficulties in predicting client demand in a new market;
- the hiring cycles of employers;
- changes in general economic conditions, such as recessions, that could affect recruiting efforts generally;
- the magnitude and timing of marketing initiatives;
- the attraction and retention of key personnel;
- our ability to manage our anticipated growth and expansion;
- our ability to attract and retain clients; and
- the timing of our acquisitions, if any.

*Our temporary contracting operations will be affected by global economic fluctuations.*

Demand for our temporary contracting services is significantly affected by the general level of economic activity in the regions and industries in which we operate, and such business may suffer during economic downturns. Companies use temporary contracting services to manage personnel costs and staffing needs due to business fluctuations. When economic activity increases, temporary employees are often added before full-time employees are hired. As economic activity slows, many companies reduce their use of temporary employees before undertaking layoffs of their regular employees. During expansions, there is intense competition among temporary contracting firms for qualified personnel. In addition, we may experience increased competitive pricing and temporary contracting cost pressures during those periods. Pricing pressures may arise as a result of our competitors seeking to maintain or expand their market share by adopting pricing strategies during periods of declining economic activity that offer customers prices lower than the general market. Similarly, during periods of economic expansion, our costs to recruit and retain qualified temporary personnel may rise along with other temporary contractor providers and companies hiring on a permanent basis as we compete for a limited pool of qualified personnel. These cost increases will cause our profit margins to erode to the extent that we are unable to pass the increased personnel costs on to our customers in the form of higher prices. Additionally, a slowdown in the economy may result in decreased demand for our temporary personnel, and thus in our revenues, and may adversely affect our financial condition and results of operations. Further, we may face increased pricing pressures during economic downturns. For example, during 2001 and 2002, our customers across the United States reduced their overall workforce to reflect the slowing demand for their products and services, which in turn significantly reduced our revenues in the United States. We expect that economic conditions will continue to challenge revenue and profit growth in 2003. A significant economic downturn or recession, especially in regions or industries where

---

our operations are heavily concentrated, could have a material adverse effect on our business, financial condition and operating results.

*The performance of our executive search and mid-market professional staffing businesses is difficult to forecast and is cyclical, and a decline in these businesses could have a material adverse effect on our overall business, financial condition and operating results.*

The performance of our executive search and mid-market professional staffing businesses has fluctuated in the past and can be expected to continue to fluctuate in the future. We provide executive search and mid-market professional staffing services on an assignment-by-assignment basis, which clients can generally terminate at any time, and existing clients may not continue to use our executive search and professional staffing services at historical levels which, for the years ended December 31, 2002, 2001 and 2000, accounted for approximately 6%, 8% and 13% of our revenue, respectively. Like our temporary contracting business, our executive search and professional staffing business is significantly affected by the general level of economic activity in the regions and industries in which we operate, and our executive search and professional staffing business may suffer during economic downturns. When economic activity slows, many companies hire fewer employees, and some companies engage in hiring freezes. A recession could cause employers to reduce or postpone their recruiting efforts and therefore affect demand for our services. During the current economic downturn affecting the United States and European markets, our fees and commissions from our executive search and mid-market professional staffing businesses have been adversely affected. Because we operate from many small offices with fixed overhead, we have only limited flexibility to reduce expenses during economic downturns.

*We face risks relating to our foreign operations.*

We conduct operations in foreign countries, including Australia, Belgium, Canada, France, Germany, Italy, the Netherlands, New Zealand and the United Kingdom. For the years ended December 31, 2002, 2001 and 2000 approximately 67%, 62% and 58%, respectively, of our revenues were earned outside of the United States. Our current or future international operations might not succeed for a number of reasons including:

- difficulties in staffing and managing foreign operations;
- competition from local recruiting services;
- operational issues such as longer customer payment cycles and greater difficulties in collecting accounts receivable;
- language and cultural differences;
- taxation issues;
- unexpected changes in regulatory requirements;
- issues relating to uncertainties of laws and enforcement relating to the regulation and protection of intellectual property; and
- general political and economic trends.

If we are forced to discontinue any of our international operations, we could incur material costs to close down such operation.

We are also subject to taxation in foreign jurisdictions. In addition, transactions between us and our foreign subsidiaries may be subject to United States and foreign withholding taxes. Applicable tax rates in foreign jurisdictions differ from those of the United States, and change periodically. The extent, if any, to which we will receive credit in the United States for taxes we pay in foreign jurisdictions will depend upon the application of limitations set forth in the Code, as well as the provisions of any tax treaties which may exist between the United States and such foreign jurisdictions.

18

---

*Foreign currency fluctuations may have a material adverse effect on our operating results.*

For the years ended December 31, 2002, 2001 and 2000, approximately 67%, 62% and 58% of our revenue was generated outside the United States. The results of our local operations are reported in the applicable foreign currencies and then translated into U.S. dollars at the applicable foreign currency exchange rates for inclusion in our financial statements. In addition, we generally pay operating expenses in the corresponding local currency. Because of devaluations and fluctuations in currency exchange rates or the imposition of limitations on conversion of foreign currencies into U.S. dollars, we are subject to currency translation exposure on the profits of our operations in addition to economic exposure. This risk could have a material adverse effect on our business, financial condition and operating results.

*We depend on our highly skilled professionals.*

The success of our employment recruiting business depends upon our ability to attract and retain highly skilled professionals who possess the skills and experience necessary to fulfill our clients' employee search needs. Competition for highly skilled professionals is intense. We believe that we have been able to attract and retain highly qualified, effective professionals as a result of our reputation and our performance-based compensation system. These professionals have the potential to earn substantial bonuses based on the amount of revenue they generate by:

- obtaining executive search assignments;
- executing search assignments; and
- assisting other professionals to obtain or complete executive search assignments.

Bonuses represent a significant proportion of these professionals' total compensation. Any diminution of our reputation could impair our ability to retain existing or attract additional highly skilled professionals. Any inability to attract and retain highly skilled professionals could have a material adverse effect on our executive search business, financial condition and operating results.

*Our employees may depart with existing executive search clients.*

The success of our executive search business depends upon the ability of employees to develop and maintain strong, long-term relationships with clients. Usually, one or two employees have primary responsibility for a client relationship. When an employee leaves a recruiting firm and joins another, clients that have established relationships with the departing employee may move their business to the employee's new employer. The loss of one or more clients is more likely to occur if the departing employee enjoys widespread name recognition or has developed a reputation as a specialist in executing searches in a specific industry or management function. Historically, we have not experienced significant problems in this area. However, a failure to retain our most effective employees or maintain the quality of service to which our clients are accustomed could have a material adverse effect on our business, financial condition and operating results. Also, the ability of a departing employee to move business to his or her new employer could have a material adverse effect on our business, financial condition and operating results.

*We face risks maintaining our professional reputation and establishing and maintaining our brand name.*

Our ability to secure new employee recruiting engagements and to hire qualified professionals is highly dependent upon our overall reputation and brand name recognition as well as the individual reputations of our professionals. We obtain a majority of our new engagements by referrals from existing clients. Therefore, the dissatisfaction of any client could have a disproportionate, adverse impact on our ability to secure new engagements. Any factor that diminishes our reputation or the reputation of any of our personnel could make it more difficult for us to compete successfully for both new engagements and qualified personnel. This could have an adverse effect on our executive search

19

---

business, financial condition and operating results. In addition, we are not able to predict how our professional reputation will be affected when we are no longer part of TMP.

*We face restrictions imposed by blocking arrangements.*

Either by agreement with clients or for marketing or client relationship purposes, executive search firms frequently refrain, for a specified period of time, from recruiting certain employees of a client, and possibly other entities affiliated with such client, when conducting executive searches on behalf of other clients. This is known as a "blocking" or "off-limits" arrangement. Blocking arrangements generally remain in effect for one or two years following completion of an assignment. The actual duration and scope of any blocking arrangement, including whether it covers all operations of a client and its affiliates or only certain divisions of a client, generally depends on such factors as:

- the length of the client relationship;
- the frequency with which the executive search firm has been engaged to perform executive searches for the client; and
- the number of assignments the executive search firm has generated or expects to generate from the client.

Some of our executive search clients are recognized as industry leaders and/or employ a significant number of qualified executives who are potential candidates for other companies in that client's industry. Blocking arrangements with a client of this nature, or the awareness by a client's competitors of such an arrangement, may make it difficult for us to obtain executive search assignments from, or to fulfill executive search assignments for, competitors while employees

of that client may not be solicited. As our client base grows, particularly in our targeted business sectors, blocking arrangements increasingly may impede our growth or ability to attract and serve new clients. This could have an adverse effect on our executive search business, results of operations and financial condition.

*We may be exposed to employment-related claims, legal liability and costs from both clients and employers that could adversely affect our business, financial condition and results of operations, and our insurance coverage may not cover all of our potential liability.*

We are in the business of employing people and placing them in the workplaces of other businesses. Risks relating to these activities include:

- claims of misconduct or negligence on the part of our employees;
- claims by our employees of discrimination or harassment directed at them, including claims relating to action of our clients;
- claims related to the employment of illegal aliens or unlicensed personnel;
- payment of workers' compensation claims and other similar claims;
- violations of wage and hour requirements;
- retroactive entitlement to employee benefits;
- errors and omissions of our temporary employees, particularly in the case of professionals;
- claims by taxing authorities related to our employment of independent contractors and the risk that such contractors could be considered employees for tax purposes;
- claims related to our non-compliance with European data protection laws which require the consent of a candidate to transfer resumes and other data; and
- claims by our clients relating to our employees' misuse of client proprietary information, misappropriation of funds, other criminal activity or torts or other similar claims.

We are also exposed to potential claims with respect to the recruitment process. A client could assert a claim for matters such as breach of a blocking arrangement or recommending a candidate who

20

---

subsequently proves to be unsuitable for the position filled. Further, the current employer of a candidate whom we place could file a claim against us alleging interference with an employment contract. In addition, a candidate could assert an action against us for failure to maintain the confidentiality of the candidate's employment search or for alleged discrimination or other violations of employment law by one of our clients.

We may incur fines and other losses or negative publicity with respect to these problems. In addition, some or all of these claims may give rise to litigation, which could be time-consuming to our management team and costly and could have a negative impact on our business. In some cases, we have agreed to indemnify our clients against some or all of these types of liabilities. We cannot assure you that we will not experience these problems in the future or that our insurance will cover all claims or that our insurance coverage will continue to be available at economically feasible rates.

*We depend on our key management personnel.*

Our continued success will depend to a significant extent on our senior management, including Jon F. Chait, our Chairman, President and CEO. The loss of the services of Mr. Chait or one or more key employees could have a material adverse effect on our business, financial condition and operating results. In addition, if one or more key employees join a competitor or form a competing company, the resulting loss of existing or potential clients could have a material adverse effect on our business, financial condition and operating results.

*Government regulations may result in the prohibition or restriction of certain types of employment services we offer or in the imposition of additional licensing or tax requirements that may reduce our future earnings.*

In many jurisdictions in which we operate, such as France, Germany and Japan, the temporary staffing industry is heavily regulated. For example, governmental regulations in Germany restrict the length of contracts of temporary employees and the industries in which temporary employees may be used. In some countries, special taxes, fees or costs are imposed in connection with the use of temporary workers. For example, temporary workers in France are entitled to a 10% allowance for the precarious nature of employment which is eliminated if a full-time position is offered to them within three days. The countries in which we operate may:

- create additional regulations that prohibit or restrict the types of employment services that we currently provide;
- impose new or additional benefit requirements;
- require us to obtain additional licensing to provide staffing services; or
- increase taxes, such as sales or value-added taxes, payable by the providers of staffing services.

Any future regulations that make it more difficult or expensive for us to continue to provide our staffing services may have a material adverse effect on our financial condition, results of operations and liquidity.

21

---

#### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand the future prospects of a company and make informed investment decisions. This information statement contains these types of statements, which are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. We use such forward-looking statements regarding our future financial condition and results of operations and our business operations and future business prospects in this information statement. All forward-looking statements reflect the present expectation of future events of our management and are subject to a number of important factors, risks, uncertainties and assumptions, including industry and

economic conditions, that could cause actual results to differ materially from those described in the forward-looking statements. The factors listed under "Risk Factors," as well as any cautionary language in this information statement and our filings with the SEC, provide examples of these risks and uncertainties.

You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this information statement. Except as required by law, we have no obligation, and expressly disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

## DIVIDEND POLICY

We do not expect to pay a dividend in the foreseeable future. Our dividend policy will be established by our board of directors from time to time based on our results of operations and financial condition and such other business considerations and on the circumstances then in existence as the board considers relevant. In addition, the terms of our debt agreements may place limits on our ability to pay dividends and make other distributions.

## THE DISTRIBUTION

### Background and Reasons for the Distribution

Management and the board of directors of TMP have concluded that the separation of TMP's eResourcing and Executive Search businesses by way of a pro rata distribution of the common stock of HH Group to TMP stockholders is in the best interests of TMP stockholders. On October 18, 2002 and March 12, 2003, the board of directors of TMP authorized TMP's management to take the steps necessary to effect the distribution. Consummation of the distribution is subject to several conditions set forth in the distribution agreement between TMP and HH Group and as described in greater detail below.

The distribution is intended to separate the eResourcing and Executive Search businesses from the remaining TMP businesses in order to enable each of TMP and HH Group to compete effectively without negatively affecting the other's businesses and to adopt strategies and pursue objectives appropriate to their specific needs and to enhance each company's growth opportunities. TMP initially entered the eResourcing and Executive Search businesses to further its "intern to CEO" strategy, however, as time went by, it became increasingly clear that these businesses were not furthering TMP's strategy and, in fact, were negatively impacting TMP's relations with some of its other clients. TMP management believes that separating HH Group from TMP will provide the following additional benefits and greater growth opportunities:

- *Enhanced Management Focus.* The management team of each company will be better able to focus on each company's respective operations, strategic direction and core businesses as well as pursue growth opportunities, which TMP believes will help maximize value over the long term for both TMP and HH Group stockholders.

22

- 
- *Enhanced Ability to Attract Key and Retain Employees.* HH Group will have a greater chance of attracting and retaining qualified managerial employees if employee equity compensation is directly related to the operations and success of HH Group as an independent entity.
  - *Permit Investors To Better Evaluate Company Performance.* Stockholders of HH Group and TMP will be better able to evaluate the financial performance of each company thereby enabling increased investor focus. Following the distribution, TMP will continue to own and operate its Monster, Advertising and Communications and Directional Marketing businesses.

### Conditions Precedent to the Distribution

It is expected that the distribution of our common stock to TMP stockholders will be effective on or about March 31, 2003, the ("Distribution Date") so long as:

- the Securities and Exchange Commission has not issued a stop order with respect to the Form 10 or instituted a proceeding for that purpose;
- the actions with respect to the securities or blue sky laws of states or other political subdivisions of the United States (and any comparable laws of any foreign jurisdiction) in connection with the transactions contemplated by the distribution agreement have been taken, and, where applicable, have become effective or been accepted;
- our common stock to be delivered in the distribution has been admitted on The Nasdaq National Market, subject to official notice of issuance;
- TMP's board of directors has been satisfied that the distribution will be made out of TMP's surplus within the meaning of Section 170 of the Delaware General Corporation Law and TMP shall have received a solvency opinion with respect to us;
- TMP's board of directors has not abandoned, deferred or modified the distribution at any time prior to the record date;
- the required corporate restructuring transactions have been effected;
- the distribution agreement, the ancillary agreements described in the distribution agreement and each of the other agreements reasonably necessary or appropriate to consummate the corporate restructuring transactions and the distribution have been duly executed and delivered by the parties;
- no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the distribution or any of the other transactions contemplated by the distribution agreement and the other agreements relating to the distribution may be in effect; and
- any material governmental approvals and consents necessary to consummate the distribution have been obtained and are in full force and effect.

In addition to conditions precedent contained in the distribution agreement, TMP's Board of Directors has conditioned consummation of the distribution upon the Form 10 registration statement being declared effective by the Securities and Exchange Commission and the Securities and Exchange Commission not issuing any stop order with respect to the Form 10 or instituting a proceeding for that purpose.

### Distribution Agent

The distribution agent is The Bank of New York, 101 Barclay Street, New York, New York 10286, telephone 1-800-524-4458.

23

## Manner of Effecting the Distribution

The general terms and conditions relating to the distribution will be set forth in the distribution agreement to be executed on or prior to the distribution date between TMP and us. See "Arrangements Between TMP and HH Group Relating to the Distribution."

In the event that all conditions to the distribution are satisfied or waived, the distribution will be made on or about the distribution date to stockholders of record of TMP on the record date. As part of the spin-off, HH Group will be adopting a book-entry share transfer and registration system for HH Group common stock. Instead of receiving physical share certificates, for every thirteen and one third ( $13\frac{1}{3}$ ) shares of TMP common stock on the record date, registered holders thereof will receive one share of our common stock credited to book-entry accounts established for them by the distribution agent. The distribution agent will mail an account statement to each registered holder stating the number of shares of HH Group common stock credited to such holder's account. For stockholders who own TMP common stock through a broker or other nominee, their shares of HH Group common stock will be credited to their account by the broker or other nominee. After the distribution, holders may request that their shares of HH Group common stock be transferred to a brokerage or other account at any time, as well as delivery of physical stock certificates for their shares, in each case without charge.

Fractional shares of our common stock will not be issued to holders of TMP common stock as part of the distribution nor credited to book-entry accounts. Instead, the distribution agent will aggregate fractional shares into whole shares and sell them in the open market at then-prevailing prices on behalf of holders who otherwise would be entitled to receive fractional share interests, and such persons will receive a cash payment in the amount of their pro rata share of the net sale proceeds. The distribution agent, in its sole discretion, without any influence from TMP or HH Group, will determine when, how, through which broker-dealer and at what price to sell such whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either TMP or HH Group. Sales of fractional shares of our common stock are expected to be made as soon as practicable after the distribution date, and checks representing proceeds of these sales will be mailed thereafter. TMP will bear the cost of brokerage commissions incurred in connection with such sales. See "The Distribution—Certain U.S. Federal Income Tax Consequences of the Distribution" for a discussion of the federal income tax treatment of fractional share interests. **None of TMP, the Distribution Agent nor we guarantee that you will receive any minimum sale price for your fractional shares of HH Group common stock. You will not be paid any interest on the proceeds of the sale.**

Holders of TMP common stock will not be required to pay any cash or other consideration for the shares of our common stock received in the distribution or to surrender or exchange shares of TMP common stock or take any other action in order to receive our common stock. The distribution will not affect the number of, or the rights attaching to, the outstanding shares of TMP common stock.

**Holders of TMP common stock should not send certificates to TMP, HH Group or the Distribution Agent. Shares of our common stock will be credited to book-entry accounts by the Distribution Agent on or about April 1, 2003. TMP stock certificates will continue to represent shares of TMP common stock after the distribution in the same amount of shares shown on the certificates.**

## Treatment of options and restricted stock

Generally, any outstanding options to purchase TMP common stock issued under a TMP stock plan will remain outstanding following the distribution in accordance with and subject to their terms (including terms relating to vesting and exercisability), but will be adjusted in a manner determined by the compensation committee of TMP's board of directors to reflect the economic value of the distribution and will continue to represent only the right to purchase TMP common stock. Upon completion of the distribution the number of shares and exercise price will be adjusted so that each option will have the same aggregate intrinsic value and the same ratio of the exercise price to the

---

market value per share of the TMP stock options prior to the distribution. In addition, the number of shares of TMP common stock underlying certain outstanding restricted stock grants will be adjusted by the compensation committee of TMP's board of directors to reflect the economic value of the distribution.

## Results of the Distribution

Following the distribution, we will be a separate public company. The number and identity of the holders of our common stock immediately following the distribution will be substantially the same as the number and identity of the holders of TMP common stock on the record date. Immediately following the distribution we expect to have approximately 1,998 holders of record of our common stock and 8,523,812 shares of common stock outstanding based on the number of stockholders of record of TMP common stock and the number of outstanding shares of TMP common stock as of the close of business on March 14, 2003 and the distribution ratio of one share of HH Group common stock for every thirteen and one third ( $13\frac{1}{3}$ ) shares of TMP common stock. The actual number of shares of our common stock to be distributed will be determined as of the record date. The distribution will not affect the number of shares outstanding of TMP common stock or any rights of holders of TMP common stock.

## Incurrence of Debt

Subsequent to the distribution, we expect to enter into one or more senior credit facilities. The terms of these credit facilities are still being negotiated, including whether the credit facilities will be secured or unsecured. We intend to use any proceeds from borrowings under the credit facility for future capital expenditures, working capital and letter of credit requirements. As of December 31, 2002, our long-term debt was \$2.2 million, with a total long-term debt to total capitalization ratio of 0.37%.

TMP will extend a secured revolving credit facility to HH Group on the distribution date if HH Group has not otherwise closed on a credit facility with a third party. The credit facility will provide for an interest rate equal to the prime rate and be limited to \$15 million outstanding at any one time. The maturity date of the credit facility will be the earlier of six months from the distribution date or the date on which HH Group closes on a credit facility with a third party. The credit facility will be secured by our accounts receivable. We cannot borrow under the TMP facility until such time as our aggregate cash and cash equivalents balance is equal to or less than \$10 million.

## Certain U.S. Federal Income Tax Consequences of the Distribution

The following is a summary description of the material U.S. federal income tax consequences of the distribution. This summary is not intended as a complete description of all of the tax consequences of the distribution and does not discuss tax consequences under the laws of any state, local or foreign governments or any other jurisdiction. Moreover, the following discussion may not apply to particular categories of holders subject to special tax treatment under the federal income tax laws, including, without limitation, insurance companies, financial institutions, broker-dealers, estates, trusts, tax-exempt organizations, real estate

investment trusts, regulated investment companies, non-United States holders, or persons that will hold their shares of our common stock as a position in a straddle, as part of a synthetic security or hedge, or as part of a conversion transaction or other integrated investment. This summary does not include a description of any alternative minimum tax consequences that may be applicable to the receipt of our shares pursuant to the spin-off. This summary assumes that you hold your shares of our common stock as a capital asset within the meaning of Section 1221 of the Code.

The following discussion is based on currently existing provisions of the Code, existing, proposed and temporary Treasury Department regulations promulgated under the Code and current administrative rulings and court decisions. All of the foregoing are subject to change, which may or may not be retroactive, and any of these changes could affect the validity of the following discussion.

TMP has received an IRS ruling to the effect that the distribution will qualify as a tax-free distribution for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Although the ruling relating to the qualification of the distribution as a tax-free transaction is generally binding on the IRS, the continuing validity of the ruling is subject to factual representations and assumptions. Neither HH Group nor TMP are aware of any facts or circumstances that would cause such representations and assumptions to be untrue.

The ruling provides that for U.S. federal income tax purposes:

- no gain or loss will be recognized by and no amount will be included in the income of TMP's stockholders upon the receipt of HH Group stock from TMP in the distribution;
- the aggregate basis of TMP stock and HH Group stock in the hands of TMP's stockholders after the distribution will be the same as the aggregate basis of the TMP stock in the hands of TMP's stockholders immediately before the distribution, allocated between the TMP stock and HH Group stock in proportion to the fair market values of each;
- the holding period of the HH Group stock to be received by TMP stockholders will include the holding period of their TMP stock;
- neither TMP nor HH Group will recognize any gain or loss as a result of the distribution.

TMP stockholders who receive cash in lieu of fractional shares, if any, will recognize gain or loss on the sale of the fractional share equal to the difference between the cash received and the stockholder's basis in such fractional share.

U.S. Treasury regulations require each TMP stockholder that receives shares of HH Group stock in the distribution to attach to the stockholder's U.S. federal income tax return for the year in which the distribution occurs a detailed statement setting forth such information as may be appropriate to demonstrate the applicability of Section 355 of the Code to the distribution. Such statement shall include a description of the HH Group stock received and the names and addresses of all the corporations involved in the transaction. Within a reasonable period of time after the distribution, TMP will provide its stockholders that receive shares of HH Group stock in the distribution the information necessary to comply with such requirement.

In addition, even if the distribution qualifies as a tax-free distribution for U.S. federal income tax purposes, TMP could be subject to corporate income tax under Section 355(e) of the Code on gain inherent in the stock of HH Group if one or more persons acquire a 50% or greater interest of HH Group as part of a plan or a series of related transactions that included the distribution. Any acquisition that occurs during the four-year period beginning two years before the distribution will be presumed to be part of a plan or a series of transactions relating to the distribution. Under the Tax Separation Agreement HH Group will bear any related taxes that arise from the application of Section 355(e) of the Code in such circumstances.

We urge you to consult your tax advisor as to the particular tax consequences to you of the distribution described herein, including the applicability and effect of any state, local or foreign tax laws, and the possible effects of changes in applicable tax laws.

### **Approval and trading of the shares of HH Group common stock**

There is no existing market for our common stock. Our common stock will be traded on The Nasdaq National Market, subject to notice of official issuance, under the symbol "HHGP". We expect a when-issued trading market for our common stock to develop on or about the record date. The term

"when-issued" means that shares can be traded prior to the time certificates are actually available or issued. There can be no assurance about the trading prices for our common stock before or after the distribution date, and until the shares of our common stock are fully distributed and an orderly market develops, the trading prices for such securities may fluctuate. Prices for our common stock will be determined in the trading markets and may be influenced by many factors, including the depth and liquidity of the market for such securities, developments affecting our business generally, the impact of the factors referred to in "Risk Factors," investor perceptions of our company and its business, our operating results, our dividend policies and general economic and market conditions. See "Risk Factors—Risks relating to our common stock."

TMP common stock will continue to trade on The Nasdaq National Market under the symbol "TMPW". After the distribution, the trading price of TMP common stock may be lower than the trading price immediately prior to the distribution. Until the market has evaluated the operations of TMP without HH Group, the trading price of TMP common stock may fluctuate. In addition, the combined trading prices of our common stock and TMP common stock held by stockholders after the distribution may be less than, equal to or greater than the trading price of TMP common stock prior to the distribution.

The transfer agent and registrar for the HH Group common stock will be The Bank of New York, 101 Barclay Street, New York, New York 10286, telephone 1-800-524-4458.

For certain information regarding options to purchase HH Group common stock that will be granted in connection with the distribution, see "Arrangements Between TMP and HH Group Relating to the Distribution" and "Management—Compensation of Directors" and "—Compensation of Executive Officers."

Shares of our common stock distributed to TMP stockholders in the distribution will be freely transferable under the Securities Act, except for shares of our common stock received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by, or are under common control with, our company, and may include certain of our officers, directors or principal stockholders. Following the distribution, securities held by persons who are our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration

requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act. As of the date of our spin-off, our executive officers and directors will own 255 shares of our common stock.

### **Reasons for furnishing this Information Statement**

This information statement is being furnished solely to provide information to TMP stockholders who will receive shares of our common stock in the distribution as required by applicable law. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any securities of TMP or of us. The information contained in this information statement is believed by TMP and by us to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither TMP nor we will update the information except in the normal course of its or our public disclosure practices.

### **ARRANGEMENTS BETWEEN TMP AND HH GROUP RELATING TO THE DISTRIBUTION**

Immediately before the distribution, we were wholly owned by TMP. Our results of operations for time periods before the distribution have been and will be included in the consolidated financial results of TMP. Following the distribution, TMP will not have any ownership interest in HH Group.

Before the distribution, we will enter into agreements with TMP to define our ongoing relationship after the distribution and to provide for an orderly transition to our status as a separate, independent

27

---

company. We believe that the terms of these agreements will be similar to terms that would be achieved through arm's length negotiations with third parties. This section summarizes the material agreements, the initial forms of which we have filed as exhibits to the registration statement on Form 10 of which this information statement will form a part. We may enter into additional or modified agreements, arrangements and transactions with TMP before or after the distribution, which we will attempt to negotiate at arm's length as well.

### **Distribution Agreement**

We will enter into a distribution agreement with TMP in connection with the distribution. This agreement will, as discussed in greater detail below:

- provide for the principal corporate transactions to be effected in connection with the distribution; and
- provide for other matters relating to our relationship with TMP, and our rights and obligations and the rights and obligations of TMP, following the distribution.

#### ***Corporate Restructuring Transactions and Assignments***

On or before the distribution date, we and TMP will take such actions as are necessary to effect the corporate restructuring transactions identified in the distribution agreement and any other agreement relating to the distribution.

In addition, on or before the distribution date or as soon as reasonably practicable after that date, subject to obtaining any required third party consent:

- TMP will transfer to us or a subsidiary of ours all material transferable licenses and permits that relate to our business and are held in the name of TMP or any of its subsidiaries or their respective employees, officers, directors, stockholders or agents;
- we will transfer to TMP or a subsidiary of TMP all material transferable licenses and permits that relate to their business and are held in our name or the name of any of our subsidiaries or any such subsidiary's respective employees, officers, directors, stockholders or agents;
- TMP will transfer to us or a subsidiary of ours all of its right, title and interest in and to any and all agreements that relate exclusively to our business, us or any of our subsidiaries;
- we will transfer to TMP or a subsidiary of TMP all of our right, title and interest in and to any and all agreements that relate exclusively to TMP's business, TMP or any of TMP's subsidiaries; and
- any agreement that inures to our benefit or the benefit of a subsidiary of ours, and to the benefit of TMP or a subsidiary of TMP, will be assigned so that each party will be entitled to the rights and benefits inuring to its business under that agreement, provided that the full benefit of all mandatory arbitration, non-competition, non-solicitation and non-disclosure of confidential information provisions in favor of TMP will be retained by TMP.

#### ***Conditions to the Distribution***

The distribution agreement will provide that the following conditions must be satisfied or waived before or as of the date of the distribution for the distribution to occur:

- the Securities and Exchange Commission has not issued a stop order with respect to the Form 10 or instituted a proceeding for that purpose;
- the actions with respect to the securities or blue sky laws of states or other political subdivisions of the United States (and any comparable laws of any foreign jurisdiction) in connection with the transactions contemplated by the distribution agreement have been taken, and, where applicable, have become effective or been accepted;

28

- 
- our common stock to be delivered in the distribution has been admitted on The Nasdaq National Market, subject to official notice of issuance;
  - TMP's board of directors has been satisfied that the distribution will be made out of its surplus within the meaning of Section 170 of the Delaware General Corporation Law and TMP shall have received a solvency opinion with respect to us;
  - TMP's board of directors has not abandoned, deferred or modified the distribution at any time prior to the record date;
  - the required corporate restructuring transactions have been effected;
  -

the distribution agreement, the ancillary agreements described in the distribution agreement and each of the other agreements reasonably necessary or appropriate to consummate the corporate restructuring transactions and the distribution must have been duly executed and delivered by the parties;

- no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the distribution or any of the other transactions contemplated by the distribution agreement and the other agreements relating to the distribution may be in effect; and
- any material governmental approvals and consents necessary to consummate the distribution have been obtained and are in full force and effect.

### ***Cross Indemnification***

We and TMP will indemnify one another against specified liabilities. We will indemnify TMP and its subsidiaries other than us and our subsidiaries (which we refer to collectively as the "TMP Group") and their directors, officers and affiliates, which we refer to collectively as the "TMP Indemnitees," from and against any and all damage, loss, liability and expense incurred by any of the TMP Indemnitees arising out of or due to our failure to discharge any obligations or liabilities of ours or of our subsidiaries (which we refer to collectively as the "HH Group") under the distribution agreement, as well as all liabilities, whenever arising, of the HH Group, and liabilities arising from or in connection with our conduct of our business or our ownership or use of assets in connection with our business.

TMP will indemnify the HH Group and our directors, officers and affiliates, which we refer to collectively as "HH Group Indemnitees", from and against any and all damage, loss, liability and expense incurred by any of the HH Group Indemnitees arising out of or due to TMP's failure to discharge any obligations or liabilities of the TMP Group under the distribution agreement, as well as all liabilities, whenever arising, of the TMP Group, liabilities arising from or in connection with the conduct of the TMP Group's businesses, other than our business, or the TMP Group's ownership or use of assets in connection with their businesses.

In addition, we and TMP will indemnify each other and the other's affiliates and controlling persons from specified liabilities under the securities laws relating to the Form 10 and this information statement and will contribute under specified circumstances to the amount paid or payable by the other in respect of the liabilities.

None of these indemnities will apply to indemnification for tax liabilities, which will be addressed in the tax separation agreement described below under "—Tax Separation Agreement." We do not believe that any of these indemnities will have a material adverse effect on our business, financial condition or results of operations.

The distribution agreement will also include procedures for notice and payment of indemnification claims and generally provide that the indemnifying party may assume the defense of a claim or suit brought by a third party. Any indemnification amount paid under the indemnities will be paid net of the amount of any insurance or other amounts actually received from a third party that reduce the

---

liability, and net of any tax benefit to the indemnified party that is attributable to the relevant payment or liability. The indemnification amount will be increased so that the indemnified party receives 100% of the after-tax amount of any payment or liability.

### ***Release of Pre-Distribution Claims***

Effective as of the distribution date:

- we will, for ourselves and each other member of the HH Group and our and their respective affiliates (other than any member of the TMP Group), successors and assigns, release each of TMP, the members of the TMP Group, their affiliates (other than any member of the HH Group), successors and assigns, and all persons who at any time prior to the distribution date have been stockholders, directors, officers, agents or employees of any member of the TMP Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all liabilities whatsoever, with respect to actions and omissions on or before the distribution date, including in connection with the corporate restructuring transactions and all other activities to implement the distribution, except as otherwise provided in the distribution agreement or any other agreement entered into in connection with the distribution; and
- TMP will, for itself and each other member of the TMP Group, its affiliates (other than any member of the HH Group), successors and assigns, release us, the members of the HH Group, their affiliates (other than any member of the TMP Group), successors and assigns, and all persons who at any time prior to the distribution date have been stockholders, directors, officers, agents or employees of any member of the HH Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all liabilities whatsoever, with respect to actions and omissions on or before the distribution date, including in connection with the corporate restructuring transactions and all other activities to implement the distribution, except as otherwise provided in the distribution agreement or any other agreement entered into in connection with the distribution.

### ***Employee Matters***

The distribution agreement will provide that:

- following the distribution, we will continue to employ the HH Group employees on substantially the same terms and conditions (including compensation and benefits, other than equity compensation) as in effect immediately prior to the distribution, subject to our right to prospectively terminate the employment of, and to change the position, responsibilities, compensation or benefits of, any such HH Group employee;
- we will assume, pay and perform all liabilities and other obligations with respect to current and former employees of the HH Group, arising in connection with their employment with the TMP Group and their participation in the TMP Group's employee benefit plans and programs before the distribution; and
- we will maintain employee benefit plans and programs that are substantially similar to those maintained by the TMP Group for the HH Group employees before the distribution date, and HH Group employees who are participants in the TMP Group benefit plans and programs immediately before the distribution date will generally automatically become participants in our corresponding plans and programs on the distribution date.

## ***Access To Information***

Under the distribution agreement, we and TMP will, for a reasonable period of time and with specified exceptions, allow the other party and their specified representatives reasonable access to all records in our or its possession relating to the business and affairs of the other party as reasonably

30

---

required. Access will be allowed for such purposes as auditing, accounting, litigation, regulatory compliance, disclosure and reporting. Each party will also use reasonable efforts to make available to the other its officers, directors, employees and representatives as witnesses and will otherwise cooperate with the other party in connection with any proceeding arising out of its or the other party's business before the distribution.

Except as otherwise provided in the distribution agreement, we, TMP and our respective officers, directors, employees, agents and representatives will hold all information in our, its or their possession concerning the other party in strict confidence.

### ***Real Property***

Pursuant to the distribution agreement, on or prior to the distribution date, we and TMP will enter into long-term and short-term subleases, assignments and licenses relating to the division and sharing of leased real property throughout the world.

### ***Intellectual Property***

The distribution agreement will provide that:

- from and after the distribution date, TMP will own or continue to own all rights in and to the use of all names, brands and marks and other intellectual property that (i) pertain to TMP's business, (ii) do not pertain exclusively to our business and otherwise pertain to both TMP's business and our business or (iii) pertain to neither TMP's business nor our business, and we will have no rights in or to the use of those names, brands, marks and other intellectual property or derivatives of them, except as otherwise agreed with TMP;
- TMP will grant us for a period of two years and six months subject to specified limitations and conditions, a royalty-free license to use the marks "TMP/Hudson Global Resources", "TMP/Hudson Human Resource Consulting", "TMP/Highland Partners", "TMP De Witte & Morel", "TMP Melville Craig", "TMP Solér" and "TMP Legal Flex Force";
- TMP will grant us, in addition to the marks specified above, a license to other specified intellectual property, subject to certain limitations and conditions, including the requirement that we not utilize any of the licensed intellectual property in a manner competitive with TMP's business; and
- we will transfer or assign or cause to be transferred or assigned to the appropriate member of the TMP Group all of our rights in and to the use of all intellectual property that (i) pertains to TMP's business, (ii) does not pertain exclusively to our business and otherwise pertains to both TMP's business and our business or (iii) pertains to neither TMP's business nor our business, or, if any of those rights are non-transferable, will grant the appropriate member of the TMP Group a royalty-free and unrestricted license to those rights.

### ***Competitive Business Activities***

Following the distribution, neither we nor TMP or any of our respective subsidiaries will have any duty to refrain from engaging in the same or similar activities or lines of business as the other party, doing business with any potential or actual supplier or customer of the other party, or engaging in, or refraining from, any other activities whatsoever relating to any of the potential or actual suppliers or customers of the other party.

### ***Discontinuation of Existing Arrangements***

Unless otherwise agreed, if not terminated earlier, all previously existing arrangements and agreements between us and TMP and our respective subsidiaries will be terminated effective as of the distribution date.

31

---

### ***Transaction Expenses***

TMP will generally be responsible for all transaction expenses relating to the distribution incurred by TMP, its subsidiaries, us and our subsidiaries.

### ***TMP Funding of HH Group Obligations***

TMP has agreed to reimburse us for \$10 million of cash payments (\$2.5 million per quarter) related to our accrued integration, restructuring and business reorganization obligations during the first year following the spin-off. Payment from TMP will be received at the end of each quarter. Legal obligations for such liabilities will remain with us.

### ***Termination***

TMP's board of directors may abandon the distribution and terminate the distribution agreement at any time before the distribution.

### ***Transition Services Agreement***

We intend to enter into a transition services agreement with TMP effective as of the date of the distribution. Under the agreement, TMP will provide to us, and we will provide to TMP, the insurance, tax, legal, facilities, human resources, information technology and other services that we each require for a limited time (generally, for one year following the distribution date, except as we otherwise agree with TMP).

Under the transition services agreement, we and TMP will provide or arrange to provide services to each other in exchange for fees which we believe are similar in material respects to what a third-party provider would charge. Fees for transition services will be based on two billing methods, "agreed billing" and "pass-through billing." Under the agreed billing method, TMP will provide or arrange to provide us, or we will provide or arrange to provide TMP, services at the specified cost of providing the services, subject to increase by the party providing the relevant service, in the exercise of its reasonable judgment, after the distribution. Under the pass-through billing method, we and TMP will reimburse each other for all third party expenses, out-of-pocket costs and other expenses incurred in providing or arranging to provide the relevant service.

We and TMP generally will invoice each other monthly for the costs of services provided under the transition services agreement. If either party fails to pay an invoice by its due date, it will be obligated to pay interest to the invoicing party at the prime rate as reported in *The Wall Street Journal*.

The services that TMP will initially provide or arrange to provide to us include:

- facilities services worldwide in specified cities;
- information technology services in North America and Europe;
- limited accounting system access worldwide;
- insurance services, upon request;
- administrative, human resources and legal services in Europe;
- accounting services in North America;
- tax services; and
- others which may be mutually agreed.

The services that we will initially provide or arrange to provide to TMP include:

- tax services in the Asia Pacific region;
- facilities, accounting and administrative services in Europe;
- information technology services in the Asia Pacific region; and

32

- 
- others which may be mutually agreed.

The transition services agreement will also provide that:

- we will indemnify TMP, its subsidiaries and their respective directors, officers, agents or employees from and against all damages arising out of the services rendered by any of them under the services agreement, except for damages caused by their gross negligence or willful misconduct, for which TMP will indemnify us and our subsidiaries and their respective directors, officers, agents and employees;
- TMP will indemnify us, our subsidiaries and our subsidiaries' respective directors, officers, agents or employees from and against all damages arising out of the services rendered to TMP under the services agreement, except for damages caused by our own gross negligence or willful misconduct, for which we will indemnify TMP and its subsidiaries and their respective directors, officers, agents and employees; and
- TMP and its subsidiaries, and we and our subsidiaries, will maintain the confidentiality of all confidential information relating to the other party, as provided in the distribution agreement.

### **Tax Separation Agreement**

After the distribution, we will no longer be included in TMP's consolidated group for United States federal income tax purposes. We and TMP will enter into a tax separation agreement to reflect our separation from TMP with respect to tax matters. The primary purpose of the agreement is to reflect each party's rights and obligations relating to payments and refunds of taxes that are attributable to periods beginning before and including the date of the distribution and any taxes resulting from transactions effected in connection with the distribution.

The tax separation agreement will provide for payments between the two companies to reflect tax liabilities which may arise before and after the distribution. It will also cover the handling of audits, settlements, elections, accounting methods and return filing in cases where both companies have an interest in the results of these activities.

Specifically, with respect to any period referred to above, TMP will:

- continue to have the sole and exclusive responsibility for the preparation and filing of consolidated federal and consolidated or combined state tax returns which include HH Group;
- be designated as the sole and exclusive agent for us in all matters relating to tax liabilities of HH Group which are reflected in any such return;
- conduct and bear any costs of tax audits, including tax assessments and any related interest and penalties and any legal, litigation, accounting or consulting expenses, except to the extent such tax audits relate solely to our tax liability; and
- generally have authority to conduct proceedings relating to the contest or compromise of any tax liability reflected on any consolidated or combined return.

After the distribution, if one or more persons were to acquire a 50% or greater interest in either TMP or us as part of a plan that included the distribution, TMP could recognize gain on the shares of our common stock that it distributes in the distribution. Other transactions could also jeopardize the tax-free nature of the distribution. To minimize these risks, we will agree to refrain from engaging in specified transactions for two years after the distribution.

Transactions that may be affected by these restrictions relating to an acquisition of a 50% or greater interest and other restrictions include:

- a liquidation;
- a merger or consolidation with, or acquisition by, another company;
- issuances and redemptions of shares of our common stock;

- the granting of stock options;
- the sale, distribution or other disposition of assets in a manner that would adversely affect the tax consequences of the distribution; or
- the discontinuation of material businesses.

We have agreed to indemnify TMP for any tax liability attributable to the distribution resulting from any action taken by us.

### Loan Agreement and Security Agreement

TMP will extend a secured revolving credit facility to HH Group on the distribution date if HH Group has not otherwise closed on a credit facility with a third party. The credit facility will provide for an interest rate equal to the prime rate and be limited to \$15 million outstanding at any one time. The maturity date of the credit facility will be the earlier of six months from the distribution date or the date on which HH Group closes on a credit facility with a third party. The credit facility will be secured by our accounts receivable pursuant to a security agreement.

### Other Discussions

The parties have commenced discussions concerning certain potential commercial arrangements involving the provision of Monster.com and advertising and communication services. Any arrangements will be negotiated on an arm's length basis and will be pursuant to customary terms and conditions, including pricing terms. The parties may from time to time also negotiate and purchase other services from the other, on an arm's length basis, pursuant to customary terms and conditions.

### SELECTED HISTORICAL FINANCIAL DATA

The following table shows selected historical financial data of HH Group and has been derived from, and should be read together with, the combined financial statements and corresponding notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this information statement. The selected financial information may not be indicative of the future performance of HH Group as an independent company. The historical combined financial data as of and for the three years ended December 31, 2002, 2001 and 2000 are derived from our audited financial statements. The historical combined financial data as of December 31, 1999 and 1998 and for the years then ended (which are not included in this information statement) are derived from our unaudited combined financial statements.

	Year Ended December 31,			Year Ended December 31,	
	2002	2001	2000	1999	1998
	(dollars in thousands)			(unaudited)	
<b>STATEMENT OF OPERATIONS:</b>					
Revenue	\$ 1,065,439	\$ 1,287,798	\$ 1,325,146	\$ 1,130,010	\$ 964,272
Direct costs of temporary contractors	631,501	698,598	652,916	590,296	486,271
Salaries & related, office & general and marketing & promotion	473,990	559,903	612,863	502,998	426,648
Merger and integration costs and restructuring costs	5,373	43,177	50,995	49,662	23,355
Business reorganization & other special charges	73,543	—	—	—	—
Amortization of intangibles	754	14,324	8,947	4,297	2,811
Total operating expenses	1,185,161	1,316,002	1,325,721	1,147,253	939,085
Income (loss) from operations	(119,722)	(28,204)	(575)	(17,243)	25,187
Income (loss) before accounting change	(119,251)	(34,195)	(16,867)	(39,751)	14,722
Net income (loss)	(412,251)	(34,195)	(16,867)	(39,751)	14,722
Pro forma basic income (loss) per share before accounting change(1)	(13.99)	(4.01)	(1.98)	(4.66)	1.73
Pro forma basic net income (loss) per share(1)	(48.37)	(4.01)	(1.98)	(4.66)	1.73
<b>OTHER FINANCIAL DATA:</b>					
Net cash provided by (used in) operating activities	\$ (110,834)	\$ 11,416	\$ 23,618	\$ (23,502)	\$ 8,262
Net cash used in investing activities	(16,589)	(118,785)	(109,491)	(39,806)	(43,747)
Net cash provided by financing activities	112,054	103,115	101,671	30,814	40,929
	December 31,			December 31,	
	2002	2001	2000	1999	1998
	(unaudited)				
<b>BALANCE SHEET DATA:</b>					
Current assets	\$ 215,916	\$ 246,248	\$ 305,581	\$ 242,628	\$ 229,519
Total assets	467,104	765,986	686,592	440,868	380,873
Current liabilities	147,754	237,780	256,913	189,604	138,966
Long-term debt, less current portion	1,184	2,917	21,441	41,298	40,097
Divisional equity	316,574	522,680	404,380	201,616	178,880

- (1) Pro forma basic income (loss) per share amounts for each period presented are based on shares of TMP common stock outstanding at March 14, 2003 multiplied by the distribution ratio of one share of HH Group common stock for every thirteen and one third shares of TMP common stock. Shares of TMP common stock outstanding at March 14, 2003 were 113,647,982, resulting in shares of HH Group common stock outstanding of 8,523,812. HH Group will not have stock options or other common stock equivalents outstanding as of the distribution date.

## UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements of our company as of, and for the year ended December 31, 2002, have been prepared to illustrate the effect of the distribution and should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and notes thereto included elsewhere in this information statement. The unaudited pro forma statement of operations have been prepared to give effect to the distribution and the related transactions as if they had occurred as of January 1, 2002. The unaudited pro forma balance sheet has been prepared giving the estimated effect to the distribution and the related transactions as if they occurred on December 31, 2002. There are no required pro forma adjustments on our unaudited pro forma combined statements of operations for the year ended December 31, 2002.

These unaudited pro forma combined financial statements do not reflect any significant changes that may occur after the distribution in our financing plans and cost structure. Amounts reported as Divisional Equity in the Pro Forma Combined Balance Sheet represent TMP's historical investment in HH Group. The terms of our distribution agreement with TMP do not require repayment or distribution of any portion of this amount and we do not intend to distribute any of such amounts back to TMP. Furthermore, although we have secured a commitment from TMP on a \$15 million revolving credit facility, we are prohibited from borrowing under the facility until the aggregate balance of our cash and cash equivalents is less than or equal to \$10 million. Because TMP intends to provide us cash, in the aggregate value of \$40 million on the distribution date, we do not anticipate a need to borrow under any credit facility immediately following the distribution.

We believe the assumptions used provide a reasonable basis for presenting the significant effects directly attributable to the distribution and the related transactions. The unaudited historical pro forma combined condensed balance sheet and statement of operations included in this information statement have been derived from the combined financial statements included elsewhere in this information statement and do not purport to represent what our financial position and results of operations would have been had the distribution and related transactions occurred on the dates indicated or to project our financial performance for any future period. TMP did not account for us as, and we were not operated as, a single stand-alone entity for the periods presented.

### HUDSON HIGHLAND GROUP, INC.

#### UNAUDITED PRO FORMA COMBINED BALANCE SHEET

AS OF DECEMBER 31, 2002

(in thousands, except per share amounts)

	Historical	Pro forma Adjustments	Pro forma
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 25,908	\$ 14,092 (a)	\$ 40,000
Accounts receivable, net	161,831		161,831
Work-in-process	9,260		9,260
Due from TMP	—	10,000 (b)	10,000
Prepaid and other	18,917		18,917
	<u>215,916</u>	<u>24,092</u>	<u>240,008</u>
Total current assets			
Property and equipment, net	34,106		34,106
Intangibles, net	201,937		201,937
Other assets	15,145		15,145
	<u>\$ 467,104</u>	<u>\$ 24,092</u>	<u>\$ 491,196</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>			
Current liabilities:			
Accounts payable	\$ 28,305		\$ 28,305
Accrued expenses and other liabilities	80,370		80,370
Accrued integration and restructuring costs	8,935		8,935
Accrued business reorganization costs	25,845		25,845
Unearned revenue	3,321		3,321
Current portion of long-term debt	978		978
	<u>147,754</u>		<u>147,754</u>
Total current liabilities			
Long-term debt, less current portion	1,184		1,184
Other long-term liabilities	1,592		1,592
	<u>1,184</u>		<u>1,184</u>

Total liabilities	150,530		150,530
<b>Commitments and Contingencies</b>			
<b>Divisional/Stockholders' equity:</b>			
Preferred stock, \$0.001 par value, 10,000 shares authorized; none issued or outstanding	—		—
Common stock, \$0.001 par value, 100,000 authorized, shares; 8,524 shares issued and outstanding	—	8 (c)	8
Additional paid-in capital	—	14,092 (a) 10,000 (b) (8)(c) 291,914 (d)	315,998
Net advances from parent	291,914	(291,914)(d)	—
Accumulated other comprehensive income—translation adjustments	24,660	—	24,660
Total Divisional/Stockholders' Equity	316,574	24,092	340,666
	<u>\$ 467,104</u>	<u>\$ 24,092</u>	<u>\$ 491,196</u>

- (a) Represents the additional cash contribution of \$14.1 million needed to reflect a total cash balance of \$40 million to be funded by TMP on the distribution date.
- (b) TMP has agreed to reimburse us for \$10 million of cash payments (\$2.5 million per quarter) due for our accrued integration, restructuring and business reorganization obligations during the first year following the spin-off. Legal obligations for these liabilities will remain with HH Group.
- (c) The distribution will consist of approximately 8.5 million shares of common stock of HH Group, \$.001 par value per share, consisting of one HH Group share for every thirteen and one third shares of TMP common stock, held of record, as of the record date for the distribution.
- (d) This amount reflects TMP's investment in HH Group, on a historical basis, which was recorded as Divisional Equity in our combined financial statements.

**HUDSON HIGHLAND GROUP, INC.**

**UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2002**  
(in thousands, except per share amounts)

	Historical	Pro forma Adjustments	Pro forma
Revenue	\$ 1,065,439	\$	\$ 1,065,439
Operating expenses:			
Direct costs of temporary contractors	631,501		631,501
Salaries & related	323,753		323,753
Office & general	139,383		139,383
Marketing & promotion	10,854		10,854
Merger & integration	5,373		5,373
Business reorganization and other special charges	73,543		73,543
Amortization of intangibles	754		754
Total operating expenses	1,185,161		1,185,161
Operating loss	(119,722)		(119,722)
Other expense:			
Interest expense, net	(322)		(322)
Other, net	(224)		(224)
Loss before benefit for income taxes	(120,268)		(120,268)
Benefit for income taxes	(1,017)		(1,017)
Loss before accounting change	\$ (119,251)		\$ (119,251)
<b>PRO-FORMA LOSS PER SHARE BEFORE ACCOUNTING CHANGE(e):</b>			
Basic (based on 8,524 shares outstanding)	\$ (13.99)		\$ (13.99)
Diluted (based on 8,524 shares outstanding)	\$ (13.99)		\$ (13.99)

- (e) The computation of pro forma basic and diluted loss per share before accounting change for the period presented is based on shares of TMP common stock outstanding at March 14, 2003, multiplied by the distribution ratio of one share of HH Group common stock for every thirteen and one third shares of TMP common stock outstanding at March 14, 2003. Shares of TMP common stock outstanding at March 14, 2003 were 113,647,982, resulting in shares of HH Group common stock outstanding of 8,523,812. HH Group will not have stock options or other common stock equivalents outstanding as of the date of the distribution.

## CAPITALIZATION

The following table sets forth our unaudited capitalization as of December 31, 2002, on a historical and pro forma basis, to give effect to the distribution and transactions related to the distribution. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited pro forma financial statements and notes thereto included elsewhere in this information statement. For an explanation of the pro forma adjustments made to our historical financial statements for the distribution and transactions related to the distribution to derive the pro forma capitalization described below see "Unaudited Pro Forma Combined Financial Data".

	Historical	Pro-forma
	(dollars in thousands)	
Cash	\$ 25,908	\$ 40,000
Debt:		
Current maturities of long-term debt	\$ 978	\$ 978
Long-term debt	\$ 1,184	\$ 1,184
Divisional/Stockholders' Equity:		
Common stock	—	8
Additional paid-in capital	—	315,998
Retained earnings	—	—
Net advances from parent	291,914	—
Accumulated other comprehensive income—translation adjustments	24,660	24,660
Total divisional/stockholders' equity	316,574	340,666
Total capitalization	\$ 317,758	\$ 341,850

On a historical basis, the amount of TMP's investment in HH Group was recorded as Divisional Equity in our combined financial statements. The terms of our distribution agreement with TMP do not require repayment or distribution of any portion of this amount and we do not intend to distribute any of such amounts back to TMP. The pro forma amount of common stock is based on each holder of TMP common stock receiving a dividend of one share of our common stock, par value \$.001 per share, for every thirteen and one third shares of TMP common stock, based on 113,647,982 shares of TMP common stock outstanding as of March 14, 2003.

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

*You should read the following discussion in conjunction with the combined financial statements and the notes thereto, and the unaudited pro forma condensed combined financial statements and the notes thereto, included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward looking statements. Please see "Forward Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.*

As one of the world's largest executive search and professional staffing agencies, we help our clients (employers and professional recruiters) find the right employee, from mid-level candidates to senior executives. We will be formed from the distribution of TMP's Executive Search and eResourcing divisions and currently operate in 31 countries and employ approximately 4,000 people globally. For the years ended December 31, 2002, 2001 and 2000, 67%, 62% and 58% of our revenues were earned outside of the United States, respectively. Our two principal business segments are as follows:

**eResourcing.** Our eResourcing division, which focuses on the mid-market permanent recruitment business, identifies professionals who typically earn between \$50,000 and \$150,000 annually, and possess the set of skills outlined by our clients. We use both traditional and interactive methods to identify potential candidates for our clients, employing a suite of products which assess talent and help predict whether a candidate will be successful in a given role. Temporary contracting is a significant component of our eResourcing business. Within our temporary contracting business, we place professionals and executives in assignments that can range from one day to more than 12 months.

*Executive Search.* We offer a comprehensive range of executive search services aimed at finding the appropriate executive or professional for a wide range of clients operating in sectors such as health care, technology, financial services, retail and consumer and industrial. We also have an active practice in assisting clients who desire to augment their boards of directors. Our executive search service identifies senior executives who typically earn in excess of \$150,000 annually.

Our executive offices are currently located at 622 Third Avenue, New York, New York 10017. Our telephone number is (212) 351-7200 and our Internet address is <http://www.hhgp.net>.

For all of the periods presented in this information statement, we operated as part of TMP. TMP's board of directors has approved a pro rata distribution to its stockholders of all of the outstanding shares of the common stock of HH Group, which is currently a wholly owned subsidiary of TMP. The businesses described in this information statement have been conducted by TMP through various divisions and subsidiaries. Immediately prior to the distribution, TMP will transfer the assets and liabilities of its eResourcing and Executive Search business segments to us at TMP's historical cost. Following the distribution, we will be an independent public company and TMP will have no continuing stock ownership interest in us. Prior to the distribution, we will enter into several agreements with TMP in connection with, among other things, employee matters, income taxes, leased real property and transitional services. The transition services agreement will relate to transitional services that TMP will provide to us or arrange to provide to us for services such as administrative, financial, management and other services that we may require for a limited time (generally, for one year following the distribution date, except as otherwise agreed with TMP). The transition services agreement provides for specified charges, generally intended to allow TMP to fully recover the allocated direct costs of providing the services, plus 5% of these costs. In addition, TMP will extend a secured revolving credit facility to us on the distribution date if we have not otherwise closed on a credit facility with a third party. The credit facility will provide for an interest rate equal to the prime rate with outstanding borrowings limited to \$15 million at one time. However, we are restricted from borrowing under the TMP credit

40

---

facility until such time as our cash and cash equivalent balance is equal to, or less than \$10 million. The maturity date of the credit facility will be the earlier of six months from the distribution date or the date on which we close a credit facility with a third party. The credit facility will be secured by our accounts receivable. See "Arrangements Between HH Group and TMP Relating to the Distribution" for a more detailed discussion of these arrangements.

Our combined financial statements, which are discussed below, reflect the historical financial position, results of operations and cash flows of the businesses to be transferred to us from TMP as part of the distribution. Additionally, net intercompany balances due to TMP have been contributed to us and are reflected as divisional equity in the accompanying combined financial statements. The financial information included herein, however, may not necessarily reflect our financial position, results of operations and cash flows in the future or what our financial position, results of operations and cash flows would have been had we been a stand-alone company during the periods presented.

Our costs and expenses in the accompanying combined financial statements include allocations from TMP for executive, legal, accounting, treasury, real estate, information technology, merger and integration costs and other TMP corporate services and infrastructure costs because specific identification of the expenses is not practicable. The total corporate services allocation to us from TMP was \$31.7 million for the year ended December 31, 2002, \$27.4 million in 2001 and \$44.3 million in 2000. The year ended December 31, 2000 also includes \$1.1 million of interest expense paid to TMP in 2002, in connection with certain cash funding arrangements in the period. The expense allocations have been determined on the basis that TMP and HH Group considered to be reasonable reflections of the utilization of services provided or the benefit received by us using ratios that are primarily based on our revenue, net of costs of temporary contractors compared to TMP as a whole. Except as discussed above, interest charges from TMP have been allocated to us only for that portion of third-party debt attributed to HH Group.

We recorded merger, integration and restructuring expense of \$5.4 million \$43.2 million and \$51.0 million for the years ended December 31, 2002, 2001 and 2000, respectively. The charges were recorded in connection with our pooling of interest transactions and consist of costs to integrate and/or exit certain aspects of the operations of our pooled entities, particularly in areas where we had duplicate functions and facilities.

In the second quarter of 2002, TMP announced a reorganization initiative to further streamline our operations, lower our cost structure, integrate businesses we previously acquired and improve our return on capital. This reorganization program included a workforce reduction, consolidation of excess facilities, restructuring of certain business functions and other special charges, primarily for exiting activities that are no longer part of our strategic plan. In the second quarter of 2002, we recorded a charge of approximately \$52.3 million in connection with this reorganization initiative.

In the fourth quarter of 2002, TMP announced further reorganization efforts related to our separation from TMP. The charge consists primarily of workforce reduction, office consolidation costs and related write-offs, professional fees and other special charges. In the fourth quarter of 2002, we recorded a charge of approximately \$21.2 million in connection with our planned separation from TMP. We will incur additional charges of approximately \$31 million through the effective date of the distribution, primarily relating to workforce reduction, office consolidation costs and related asset write-offs.

Prior to the distribution, we are not a separate taxable entity for federal, state or local income tax purposes and our operating results are included in TMP's tax return. Income taxes have been calculated as if we filed separate tax returns. However, TMP was managing its tax position for the benefit of its entire portfolio of businesses, and its tax strategies are not necessarily reflective of the tax strategies that we would have followed or will follow as a stand-alone company.

41

---

### **Critical Accounting Policies and Items Affecting Comparability**

Quality financial reporting relies on consistent application of company accounting policies that are based on generally accepted accounting principles. The accounting policies discussed below are considered by management to be critical in order to understand HH Group's financial statements and often require management judgment and estimates regarding matters that are inherently uncertain. Although our revenue recognition policy contains a relatively low level of uncertainty, it does require judgment on complex matters that is subject to multiple sources of authoritative guidance.

#### **Revenue Recognition**

*eResourcing.* For permanent placement services provided by our eResourcing division, a fee of 20% to 30% of a candidate's first year estimated annual cash compensation is billed in equal installments over three consecutive months (the average length of time needed to successfully complete an assignment) and is recognized upon successful completion of the placement, net of an allowance for estimated fee reversals. eResourcing's temporary contracting revenues are recognized over the contract period as services are performed. Revenues from other, less significant, services offered by our eResourcing division are recognized as the services are rendered.

*Executive Search.* Revenue for our Executive Search services is recognized when such services are earned and realizable. Revenue consists of retainers and indirect expenses billed to clients. For each assignment, we enter into a contract with our clients that outlines the general terms and conditions of the assignment. Typically, we are paid a retainer for our executive and management search services equal to approximately one-third of the estimated guaranteed first year compensation for the position to be filled. In addition, if the actual compensation of a placed candidate exceeds the estimated compensation, we often will be authorized to bill the client for one-third of the excess. Indirect expenses are calculated as a percentage of the retainer with certain dollar limits per search. We generally bill our clients for their retainer and indirect expenses in one-third increments over a three-month period commencing in the month of acceptance of the contract by the client and recognize the revenue over this period.

#### **Direct Costs of Temporary Contractors and Salaries and Related Expenses**

Direct costs of contractors include salaries, payroll taxes, employee benefits, travel expenses, and insurance costs for temporary contractors who are employees of HH Group as well as contractor fees and travel expenses for temporary contractors who are independent contractors. Salaries and related expenses consist primarily of salaries, payroll taxes, and employee benefits related to recruitment professionals, executive level employees, administrative staff and other employees of HH Group who are not temporary contractors.

#### **Accounts Receivable**

We are required to estimate the collectibility of our trade receivables and notes receivable. A considerable amount of judgment is required in assessing the ultimate realization of these receivables including the current credit-worthiness of each customer. Changes in required reserves may occur due to changing circumstances, including changes in the current market environment or in the particular circumstances of individual customers.

#### **Merger, Integration, Restructuring and Business Reorganization Plans**

We have recorded significant charges and accruals in connection with our merger, integration, restructuring and business reorganization plans. These reserves include estimates pertaining to employee separation costs and the settlement of contractual obligations resulting from our actions. Although we do not anticipate significant changes, the actual costs may differ from these estimates.

42

---

#### **Contingencies**

We are subject to proceedings, lawsuits and other claims related to labor, service and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies are made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters.

#### **Intangibles**

Intangibles represent acquisition costs in excess of the fair value of net tangible assets of businesses purchased and consist primarily of the value of client lists, non-compete agreements, trademarks and goodwill. With the exception of goodwill these costs are being amortized over periods ranging from two to thirty years. In conjunction with our adoption of Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"), we will evaluate our goodwill annually for impairment, or earlier if indicators of potential impairment exist. The determination of whether or not goodwill or other intangible assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of the business units. In assessing the recoverability of goodwill, we utilize a discounted cash flow approach that takes into consideration our estimate of future market share, revenue and costs for each business segment as well as appropriate discount rates. Changes in our strategy and market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets. In addition, SFAS 142 eliminates the amortization of indefinite lived intangible assets. As a result of the adoption of SFAS 142 on January 1, 2002, we recorded a non-cash impairment charge of \$293.0 million, during the first quarter of 2002, to reduce the carrying value of goodwill. Results of operations for the years ended December 31, 2001 and 2000 include \$13.5 million and \$7.4 million, respectively, of amortization expense that will not continue in future periods as a result of our adoption of SFAS 142.

We have adopted a policy to review each reporting unit for impairment using a discounted cash flow approach that uses forward-looking information regarding market share, revenues and costs for each reporting unit as well as appropriate discount rates. As a result, changes in these assumptions and current working capital could materially change the outcome of each reporting unit's fair value determinations in future periods, which could require a further permanent write-down of goodwill.

#### **Business Combinations**

For the period January 1, 2000 through December 31, 2002, we completed 32 acquisitions accounted for as purchases with estimated annual revenues of approximately \$858.9 million. The results of operations of these businesses are included in the accompanying combined financial statements from their respective dates of acquisition. Given the significant number of acquisitions affecting the periods presented, the results of operations from period to period may not necessarily be comparable.

The accompanying combined financial statements also include 12 acquisitions accounted for as poolings of interests. The combined financial statements as of December 31, 2002 and 2001 and for the three years ended December 31, 2002 have been retroactively restated as if the pooling of interests transactions had been combined from the earliest period presented.

43

## Results of Operations

The following table sets forth our revenue, operating expenses, operating loss, loss before accounting change, net loss, temporary contracting data, EBITDA and cash flow information (dollars in thousands).

	Year Ended December 31,		
	2002	2001	2000
<b>REVENUE:</b>			
eResourcing	\$ 998,467	\$ 1,178,338	\$ 1,146,717
Executive Search	66,972	109,460	178,429
Revenue	\$ 1,065,439	\$ 1,287,798	\$ 1,325,146
Total operating expenses(3)	\$ 1,185,161	\$ 1,316,002	\$ 1,325,721
Operating loss(3)	(119,722)	(28,204)	(575)
Loss before accounting change	(119,251)	(34,195)	(16,867)
Net loss	(412,251)	(34,195)	(16,867)
<b>TEMPORARY CONTRACTING DATA(1):</b>			
Temporary contracting revenue	\$ 771,253	\$ 898,372	\$ 847,705
Direct costs of temporary contractors	631,501	698,598	652,916
Temporary contracting gross margin	\$ 139,752	\$ 199,774	\$ 194,789
Gross margin as a percent of revenue	18.1%	22.2%	23.0%
<b>EBITDA(2):</b>			
Loss before benefit for income taxes(3)	\$ (120,268)	\$ (30,448)	\$ (7,315)
Interest expense, net	322	1,901	5,325
Depreciation and amortization	21,061	33,290	34,555
EBITDA	\$ (98,885)	\$ 4,743	\$ 32,565
<b>CASH FLOW INFORMATION:</b>			
Cash provided by (used in) operating activities	\$ (110,834)	\$ 11,416	\$ 23,618
Cash used in investing activities	(16,589)	(118,785)	(109,491)
Cash provided by financing activities	112,054	103,115	101,671

- Temporary contracting revenues are a component of eResourcing revenues. Temporary contracting gross margin and gross margin as a percent of revenue are shown to provide additional information on our ability to manage our cost structure and provide further comparability relative to HH Group's peers. Temporary contracting gross margin is derived by deducting the direct costs of temporary contractors from temporary contracting revenue. Our calculation of gross margin may differ from those of other companies.
- Earnings before interest, income taxes, depreciation and amortization. EBITDA is presented to provide additional information about our ability to meet our future debt service, capital expenditures and working capital requirements and is one of the measures which may determine our ability to borrow under any credit facility to which we are a party. EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of our profitability or liquidity. Furthermore, EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.
- Includes merger and integration expenses for the years ended December 31, 2002, 2001 and 2000 of \$5,373, \$43,177 and \$50,995, respectively. The year ended December 31, 2002 also includes business reorganization costs of \$73,543.

## The Year Ended December 31, 2002 Compared to the Year Ended December 31, 2001

Total revenues for the year ended December 31, 2002 were \$1,065.4 million, a decrease of \$222.4 million or 17.3%, as compared to total revenues of \$1,287.8 million in 2001. This decrease is primarily due to the effects of weak global economic and labor environments, which reduced demand for our services. Temporary contracting gross margins in our eResourcing division decreased \$60.0 million or 30.0% for the year ended December 31, 2002 compared to \$199.8 million in the year ended December 31, 2001 primarily due to lower demand for temporary labor sources and our inability to maintain overall gross margin percentages in transactions with our clients.

eResourcing revenues were \$998.5 million for the year ended December 31, 2002, down 15.3% from \$1,178.3 million for 2001, reflecting lower demand for both permanent employees and temporary contractors. As a result of the weak global economic and labor environment, we have had to lower temporary contracting fees to remain competitive within certain professional groups, such as engineering, offset by fee increases in other professional groups, such as accounting and finance. Overall, temporary contracting gross margin decreased from 22.2% in 2001 to 18.1% for the year ended December 31, 2002.

Executive Search revenues of \$67.0 million in the year ended December 31, 2002 were down 38.9% from \$109.5 million in 2001, again reflecting the continued impact that the challenging global economy is having on executive level search placements, particularly in the United States.

Total operating expenses for the year ended December 31, 2002 were \$1,185.2 million, compared with \$1,316.0 million for 2001. The decrease of \$130.8 million or 9.9% is due primarily to cost cutting measures that we began implementing near the end of 2001, a reduction in amortization of intangibles resulting from the adoption of new accounting principles regarding goodwill amortization in 2002 and a decrease in merger and integration costs of \$37.8 million as we finalized the integration of our acquisitions accounted for as pooling-of-interests. These decreases were offset by our business reorganization and other special charges of \$73.5 million in 2002.

Direct costs of temporary contractors for the year ended December 31, 2002 were \$631.5 million, compared to \$698.6 million for 2001. The decrease of \$67.1 million or 9.6% is primarily due to staff reductions in our eResourcing division that began in the latter part of 2001 as a result of our clients' reduced demand for temporary labor.

Salaries and related costs for the year ended December 31, 2002 were \$323.8 million compared with \$397.1 million for 2001. The decrease of \$73.3 million primarily relates to the implementation of cost cutting in reaction to the current economic and labor environment. During 2002, we terminated approximately 1,000 employees in connection with our business reorganization and other special charges. Such reductions are expected to further reduce our salaries and related costs in 2003.

Office and general expenses for the year ended December 31, 2002 were \$139.4 million compared with \$143.4 million for 2001. The \$4.0 million decrease is primarily due to cost cutting measures in connection with our business reorganization charges partially offset by increased rent and related expenses associated with the significant amount of acquisitions in 2001 and their effect on our results in the first half of 2002.

Marketing and promotion expenses decreased \$8.5 million to \$10.9 million for the year ended December 31, 2002 from \$19.4 million for the year ended December 31, 2001 a decrease of 44.0%. Marketing was incrementally higher in 2001 as a result of significant business acquisition activity in the prior year and costs incurred to re-brand acquired companies under a common name.

Merger and integration expenses reflect costs incurred as a result of pooling-of-interests transactions and the integration of such companies. For the year ended December 31, 2002, merger and integration costs were \$5.4 million, a decrease of \$37.8 million or 87.6%, compared with \$43.2 million for the same period in 2001. These expenses include lease obligations, office integration costs, the write-off of fixed assets that will not be used in the future, separation pay, professional fees and

---

employee stay bonuses to certain key personnel of the merged companies. The decrease in 2002 is a result of the finalization of our exit strategies related to our pooled businesses.

Business reorganization and other special charges were \$73.5 million for the year ended December 31, 2002. The charge is comprised of severance and related costs of \$30.7 million, accruals for future lease obligations on exited properties of \$24.6 million and the write-off of fixed assets, primarily leasehold improvements, computer equipment and software of \$9.7 million and professional fees of \$8.5 million. The continued weakness in our markets has required a renewed emphasis on streamlining our operations. To this end, we continue to work toward bringing our cost structure in line with our revenue.

Amortization of intangibles was \$0.8 million for the year ended December 31, 2002 compared to \$14.3 million for 2001. The decrease relates to our adoption of SFAS 142. As a result, goodwill arising from purchase acquisitions has not been amortized in the current period. Had goodwill not been amortized in the prior period, amortization expense would have been approximately \$0.7 million for the year ended December 31, 2001.

Operating loss for the year ended December 31, 2002 was \$119.7 million, compared to an operating loss of \$28.2 million for the comparable period in 2001. Excluding goodwill amortization, operating loss would have been \$14.7 million in the year ended December 31, 2001.

The benefit for income taxes for the year ended December 31, 2002 was \$1.0 million on a pretax loss of \$120.3 million, compared with a provision of \$3.7 million on a pretax loss of \$30.4 million for 2001. We have provided for income taxes in profitable jurisdictions, and recorded a full valuation allowance on the tax benefit of losses in certain jurisdictions where it cannot currently be demonstrated that it is more likely than not that the tax benefits will be realized. In each period, the effective tax rate differs from the U.S. Federal statutory rate of 35% due to valuation allowances on deferred tax assets, net operating losses retained /utilized by TMP, certain non-deductible expenses such as amortization, merger costs from pooling of interests transactions, and variations from the U.S. tax rate in foreign jurisdictions and other international tax strategies.

In conjunction with the adoption of SFAS 142, as of the beginning of fiscal year 2002, we completed a goodwill impairment review for both of our operating segments. The results of our impairment review indicated that the carrying value of goodwill may not be recoverable. Accordingly, we recorded a goodwill impairment charge of \$293.0 million at January 1, 2002 to reduce the carrying value of goodwill to its estimated fair value. This charge is reflected in our statement of operations for the year ended December 31, 2002 as a cumulative effect of accounting change. According to our policy and under the new rules, we will perform a similar review annually, or sooner if indicators of potential impairment exist. Our impairment review is based on a discounted cash flow approach that uses our estimates of market share, revenues and costs for each operating segment as well as appropriate discount rates. The estimates that we have used are consistent with the plans and estimates that we are using to manage the underlying business. If we fail to achieve our estimates of market share or if labor markets fail to improve, we may incur further charges for impairment of goodwill.

Net loss was \$412.3 million for the year ended December 31, 2002, compared with a net loss of \$34.2 million for the prior year.

#### **The Year Ended December 31, 2001 Compared to the Year Ended December 31, 2000**

Total revenues for the year ended December 31, 2001 were \$1,287.8 million, a decrease of \$37.3 million or 2.8% as compared to total revenues of \$1,325.1 million for 2000. The decrease is primarily a result of softening global labor markets in the latter portion of 2001, offset by approximately \$75.6 million of revenue from purchase acquisitions in our eResourcing business in 2001. Temporary contracting gross margins in our eResourcing division increased \$5.0 million or 2.6%, compared to \$194.8 million reported for the year ended December 31, 2000.

eResourcing revenues were \$1,178.3 million for the year ended December 31, 2001, a \$31.6 million increase or 2.8%, compared to revenues of \$1,146.7 million for 2000, primarily as a result of higher temporary contracting revenues, offset by lower permanent placement billings and the weakening economic environment in the U.S. and U.K. in the 2001 period. Temporary contracting revenues were \$898.4 million in 2001, an increase of \$50.7 million or 6.0% compared to \$847.7 in the 2000 period, reflecting a shift by our clients toward temporary labor sources, in response to difficult economic conditions.

Executive Search revenues of \$109.5 million in 2001 were down 38.7% from \$178.4 million in the same period in 2000, again reflecting the continued impact that the slowing U.S. economy is having on executive level search bookings, particularly in the U.S. financial services and information technology sectors.

Total operating expenses for the year ended December 31, 2001 were \$1,316.0 million compared with \$1,325.7 million for 2000. The decrease of \$9.7 million or 0.7% is due primarily to cost cutting to keep expenses in line with the declining revenue base related to our permanent placement services, as well as benefits derived from the integration of our acquired businesses. The increase in direct costs of temporary contractors of \$45.7 million compared to the 2000 period was primarily due to a reallocation of resources by our clients toward temporary labor in anticipation of a swift U.S. economic recovery. Salaries and related expenses decreased \$40.7 million, primarily reflecting lower staff compensation costs and a reduction in headcount as a result of the economic downturn in the United States and Europe. Office and general expenses decreased \$12.3 million reflecting lower occupancy costs and properties that were exited in connection with the integration of our acquisition strategy.

Merger and integration expenses reflect costs incurred as a result of pooling of interests transactions and the planned integration of such companies. For the year ended December 31, 2001, merger and integration costs were \$43.2 million, a decrease of \$7.8 million or 15.3%, compared with \$51.0 million for the same period in 2000. Merger and integration expense includes office integration costs, the write-off of fixed assets that will not be used in the future, separation pay, professional fees, and employee stay bonuses to certain key personnel of the merged companies. The \$7.8 million decrease reflects the finalization of our exit strategies related to our pooled businesses. There were four pooling of interest transactions for the year ended 2001, compared to eight pooling of interest transactions in 2000.

Amortization of intangibles was \$14.3 million for the year ended December 31, 2001 compared to \$8.9 million for the same period in 2000. The increase is due to our continued growth through acquisitions. As a percentage of total revenues, amortization of intangibles was 1.1% and 0.7% for the years December 31, 2001 and 2000, respectively. Furthermore, goodwill arising on acquisitions occurring after July 1, 2001 has not been amortized in accordance with SFAS 142.

As a result of the above, our loss from operations for the year ended December 31, 2001 was \$28.2 million, an increase of \$27.6 million from an operating loss of \$0.6 million for the comparable period in 2000.

Net interest expense was \$1.9 million for the year ended December 31, 2001 compared to \$5.3 million in 2000. The decrease of \$3.4 million reflects the pay-off of debt incurred in pooling of interest transactions and substantially lower U.S. interest rates in 2001, offset by interest on acquisition notes payable entered into throughout 2001.

The provision for income taxes for the year ended December 31, 2001 was \$3.7 million on a pretax loss of \$30.4 million, compared with a provision of \$9.6 million on pretax loss of \$7.3 million for 2000. We have provided tax in profitable jurisdictions, and recorded a full valuation allowance on the tax benefit of losses in certain jurisdictions where it cannot currently be demonstrated that it is more likely than not that the tax benefits of the net operating losses will be realized. In each period, the effective tax rate differs from the U.S. Federal statutory rate of 35% due to valuation allowances on deferred tax assets net operating losses retained/utilized by TMP, certain non-deductible expenses such as

amortization, and merger costs from pooling of interests transactions, profits from certain pooled entities which are not taxed at the corporate level prior to acquisition and variations from the U.S. tax rate in foreign jurisdictions and other international tax strategies.

As a result of the above we incurred a net loss of \$34.2 million for the year ended December 31, 2001, compared with net loss of \$16.9 million for the year ended December 31, 2000.

## Liquidity and Capital Resources

Historically, TMP has managed cash on a centralized basis. Cash receipts associated with our business have largely been retained by TMP and TMP has provided funds to cover our disbursements for operating activities, capital expenditures and acquisitions. The cash balances reported by us at December 31, 2002 and 2001 are based on the results of our operations and the net cash resulting from inter-company transfers between us and TMP. The investing and financing activities discussed below were funded as a result of activities entered into by TMP and relating to our operations. The long-term debt amounts reported by us primarily relate to capital lease obligations and long-term debt that TMP incurred to acquire businesses and other assets that will be transferred to us immediately prior to the distribution.

Our liquidity needs arise primarily from capital investment in information technology as well as funding working capital requirements. To ensure long-term liquidity, we have historically relied upon TMP's centralized cash management function and TMP's line of credit facility. In connection with the distribution, we intend to enter into one or more credit facilities, the terms of which are currently being negotiated. TMP intends to provide us cash, in the aggregate amount of \$40 million, upon completion of the spin-off and will also reimburse us for \$10 million of cash payments (\$2.5 million per quarter), due under our accrued integration restructuring and business reorganization plans in the first year following the spin-off. In addition, TMP will extend a secured revolving credit facility to us on the distribution date if we have not otherwise closed on a credit facility with a third party. The credit facility extended by TMP will provide for an interest rate equal to the prime rate and be limited to \$15 million outstanding at any one time. However, we are restricted from borrowing under the TMP credit facility until such time as our cash and cash equivalent balance is equal to, or less than \$10 million. The maturity date of the credit facility will be the earlier of six months from the distribution date or the date on which we close on a credit facility with a third party. The credit facility will be secured by our accounts receivable.

During the year ended December 31, 2002, we used \$110.8 million of cash in operating activities, primarily relating to a decline in our revenue base and our net loss before accounting change of \$119.3 million. Also contributing to our use of cash was an increase in working capital of \$59.7 million including the effect of our business reorganization and other special charges. Our accounts receivable days sales outstanding decreased from 67 days in December 2001, to 66 days in December 2002. Cash flow from operations in the year ended December 31, 2001 was \$11.4 million, reflecting decreases in accounts receivable and prepaid expenses, substantially offset by comparable decreases in accounts payable and accrued expenses. These decreases primarily relate to the weakening labor markets globally and the negative impact it had on the revenues of both our Executive Search and eResourcing businesses in the period.

During the year ended December 31, 2002 we used cash in investing activities of \$16.6 million, primarily related to capital expenditures in the normal course of operations and payments for intangible assets related to restructuring our purchase business combinations. Cash used in investing activities for the year ended December 31, 2001 was \$118.8 million reflecting \$103.5 million of cash used for acquisitions and restructuring payments related to our purchased businesses and \$15.3 million of capital expenditures.

48

During the year ended December 31, 2002 and the year ended December 31, 2001 we generated cash from financing activities of \$112.1 million and \$103.1 million, respectively, primarily as a result of funding from TMP. Cash funding from TMP was partially offset by payments on long-term debt of \$53.3 million in the year ended December 31, 2002 and \$22.5 million in the year ended December 31, 2001. Payments on long-term debt primarily relate to third-party debt that we incurred to acquire businesses in the 2001 period.

We have entered into various commitments that will affect our cash generation capabilities going forward. Particularly, we have entered into several non-cancelable operating and capital leases for our facilities worldwide. Future minimum lease payments under these commitments as of December 31, 2002 are as follows (amounts in thousands):

	Capital Leases	Operating Leases
2003	\$ 1,012	\$ 42,181
2004	448	38,451
2005	263	34,049
2006	—	28,109
2007	—	23,838
Thereafter	—	96,723
	\$ 1,723	\$ 263,351

Of the \$2.2 million of long term debt on our balance sheet at December 31, 2002 \$1.0 million is due within one year with approximately \$1.2 million due over the following two years.

We believe that the cash and cash equivalents to be contributed or made available by TMP supplemented by a line of credit, when negotiated, will provide us with sufficient liquidity to satisfy our working capital needs, capital expenditures, investment requirements and commitments through at least the next twelve months. Our cash generated from operating activities is subject to fluctuations in the global economy and unemployment rates.

#### Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, *Business Combinations* ("SFAS 141"), and SFAS 142. SFAS 141 eliminates the pooling of interests method of accounting for all business combinations initiated after June 30, 2001 and addresses the initial recognition and measurement of goodwill and other intangible assets acquired in a business combination. We adopted SFAS 141 as of July 1, 2001.

As of January 1, 2002, we adopted SFAS 142, which addresses the financial reporting standards for the acquisition of intangible assets outside of a business combination and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard requires that goodwill and indefinite-lived assets are no longer amortized but tested for the impairment on an annual basis, or more frequently if circumstances warrant. The provisions of the standard also require the completion of a transitional impairment test in the year of adoption, with any impairment identified upon initial implementation treated as a cumulative effect of a change in accounting principle.

In conjunction with the implementation of the new accounting standards for goodwill, we have completed the transitional goodwill impairment review. The impairment review is based on a discounted cash flow approach that uses our estimates of future market share, revenues and costs for each reporting unit as well as appropriate discount rates. As a result of the adoption of SFAS 142, we recorded a non-cash impairment charge of \$293.0 million to reduce the carrying amount of goodwill as of January 1, 2002.

In October 2001, the FASB issued SFAS 144, *Accounting for the Impairment of Disposal or Long-Lived Assets* ("SFAS 144"). SFAS 144 requires that long-lived assets be measured at the lower of

49

carrying amount of fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. SFAS 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, is to be applied prospectively. The adoption of SFAS 144 in fiscal 2002 did not have a material effect on our financial condition or results of operations.

In July 2002, the FASB issued SFAS No. 146, *Accounting for Restructuring Costs* ("SFAS 146"). SFAS 146 applies to costs associated with an exit (including restructuring) or disposal activity. Those activities can include eliminating or reducing product lines, terminating employees and contracts, and relocating plant facilities or personnel. Under SFAS 146, a company will record a liability for a cost associated with an exit or disposal activity when that liability is incurred and can be measured at fair value. SFAS 146 will require a company to disclose information about its exit and disposal activities, the related costs, and changes in those costs in the notes to the interim and annual financial statements that include the period in which an exit activity is initiated and in any subsequent

period until the activity is completed. SFAS 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. Under SFAS 146, a company may not restate its previously issued financial statements. We intend to adopt SFAS 146 for disposal activities initiated after December 31, 2002. Liabilities recognized as a result of disposal activities prior to the adoption of SFAS No. 146 will continue to be accounted for under Emerging Issues Task Force Issue No. 94-3. The adoption of SFAS 146 is not expected to have a material impact of our financial position or results of operations.

In December 2002, the FASB issued SFAS 148, *Accounting for Stock-Based Compensation—Transition and Disclosure*, an amendment of SFAS 123, *Accounting for Stock-Based Compensation*, which provides alternatives and required disclosures for companies electing to account for stock-based compensation using the fair value criteria established by SFAS 123. We intend to account for stock-based compensation under the provisions of APB 25.

In November 2002, the FASB issued FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of the Indebtedness of Others*, which addresses the accounting for and disclosure of guarantees. Interpretation No. 45 requires a guarantor to recognize a liability for the fair value of a guarantee at inception. The recognition of the liability is required even if it is not probable that payments will be required under the guarantee. The disclosure requirements are effective for interim and annual financial statements ending after December 15, 2002. The initial recognition and measurement provisions are effective on a prospective basis for guarantees issued or modified after December 31, 2002. The adoption of Interpretation No. 45 is not expected to have a material effect on our financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. Interpretation No. 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation became effective upon issuance. We do not expect this interpretation to have an effect on our consolidated financial statements.

50

---

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The majority of our borrowings are in fixed rate equipment leases and seller financed notes. The carrying amounts of long-term debt approximates fair value, generally due to the short-term nature of the underlying instruments. We do not trade derivative financial instruments for speculative purposes.

We also conduct operations in various foreign countries, including Australia, Belgium, Canada, France, Germany, Italy, the Netherlands, New Zealand and the United Kingdom. For the year ended December 31, 2002 approximately 67% of our revenues were earned outside the United States and collected in local currency and related operating expenses were also paid in such corresponding local currency. Accordingly, we will be subject to increased risk for exchange rate fluctuations between such local currencies and the dollar.

The financial statements of our non-U.S. subsidiaries are translated into U.S. dollars using current rates of exchange, with translation gains or losses included in the cumulative translation adjustment account, a component of stockholders' equity. During the year ended December 31, 2002, we had a translation gain of \$42.6 million, primarily attributable to the weakening of the U.S. dollar against the Australian dollar, the British pound, and the Euro.

51

---

## BUSINESS

### General

We are one of the world's largest specialized staffing and executive search firms. We provide professional staffing services on a permanent, contract and temporary basis, as well as executive search and career management services to clients operating in a wide range of sectors. We focus on mid-level executives in specialized professional areas and at the senior executive level. We currently employ approximately 4,000 employees in 31 countries. We are organized into two divisions, eResourcing and Executive Search.

*eResourcing.* Our eResourcing division primarily focuses on mid-market executive search and professional temporary and contract businesses. We focus on mid-level executives and professionals who typically earn between \$50,000 and \$150,000 annually, and possess the set of skills and/or profile outlined by our clients. In the case of the temporary and contracting business, we place professionals and executives in temporary assignments that can range from one day to more than 12 months. Our sales strategy focuses on clients operating in particular sectors, such as health care, financial services, and technology and communications. We supply candidates in a variety of specialist fields such as law, accounting, banking and finance, health care, engineering, technology and science, regardless of contract length. We use both traditional and interactive methods to select potential candidates for our clients, employing a suite of products which assess talent and help predict whether a candidate will be successful in a given role.

Within the eResourcing division, we also provide a variety of other services, including career management, executive assessment and coaching, and human resources consulting. These service offerings are growing rapidly and, we believe, will help balance the cyclical nature of our core offerings. These services allow us to offer clients a comprehensive set of human capital management services, ranging from temporary workers, to assessment or coaching of permanent staff to recruitment or search for permanent workers, to outplacement.

eResourcing operates on a global basis with our revenues divided approximately evenly among North America, Europe, primarily the UK, and the Asia/Pacific region, primarily Australia and New Zealand.

*Executive Search.* We offer a comprehensive range of executive search services aimed at finding the appropriate executive or professional for a wide range of clients operating in sectors such as health care, technology, financial services, retail and consumer and industrial. We also have an active practice in assisting clients who desire to augment their boards of directors. Our executive search service identifies senior executives who typically earn in excess of \$150,000 annually.

Executive Search operates on a global basis with its revenues primarily derived from North America and the remainder primarily from Europe.

**Mid-Market Professional Staffing and Temporary Contracting.** The mid-market professional staffing industry, which encompasses our eResourcing business, is generally comprised of professionals who typically earn between \$50,000 and \$150,000 annually. According to the Staffing Industry Report, the United States temporary staffing market grew from approximately \$77 billion in revenue in 1999 to approximately \$97 billion in revenue in 2001. The temporary staffing industry has experienced significant growth in response to the changing work environment. This growth is the result of a number of factors, but principally the challenge posed by increasing global competition and the market driven demand for increased efficiency. In recent years, many employers have responded to these challenges by turning to temporary and contract personnel to keep personnel costs variable, achieve greater flexibility, outsource highly specialized skills, and avoid the negative effect of layoffs. There has been significant growth, within the general temporary market, in the use of temporary or contract workers in

---

professional fields. In the area of technology specialists, demand is also driven by the need for new or additional skills, or project work related to the implementation of new technology. In other fields, demand is driven by peak or special needs, or a "try before buying" hiring philosophy. We believe fundamental changes in the employer-employee relationship will continue to occur, with employers developing increasingly stringent criteria for permanent employees, while moving toward project-oriented temporary and contract hiring.

**Executive Search.** The market for executive search firms is generally separated into two broad categories: retained executive search firms and contingency executive search firms. Retained executive search firms service their clients' senior management needs by acting in an ongoing client-consultant relationship to actively identify, evaluate, assess and recommend to the client suitable candidates for senior level positions. Retained executive search firms are generally engaged on an exclusive basis and paid a contractually agreed-to fee. Contingency executive search firms are generally paid a percentage of the hired candidate's salary only when a candidate is successfully placed with the client. We provide executive search services on a retained basis. Our Executive Search service identifies senior executive candidates who typically earn in excess of \$150,000 annually.

### Our Human Capital Solutions

**eResourcing.** Candidates for mid-level management positions were traditionally attracted by classified advertising or chosen through the use of computerized database files, a process we call "professional staffing." We have enhanced the professional staffing process through the use of interactive media and online resume databases. Prior to providing our clients with a short list of qualified candidates, we screen and interview applicants using traditional and online assessment tools. Upon acceptance of the short list of suitable candidates, the client then proceeds to interview the selected candidates. The next steps in the process include reference checking, negotiation of an offer, confirmation of acceptance and start date, and performance follow-ups at the end of one and three months.

For these assignments involving mid-level executives, we have also developed a process which is designed to evaluate a person's capacity to perform in a current or future role. It can be used for internal and external candidates and is based on the premise that if the requirements for an individual job are thoroughly understood, it is possible to develop testing protocols that assess and help predict a candidate's ability to succeed in a specific position. Tools and exercises include aptitude testing, job simulations, behavioral and situational interviews, leadership and team exercises, group discussions, role plays and work sample tests. The goals of the professional staffing process are to put the right people in the right job, boosting both individual job satisfaction and productivity.

We also provide temporary and contract employees, primarily in Australia, New Zealand, the United States and throughout the United Kingdom. The demand for contract employee services was created by organizations' need for flexible work forces with the types of skills required to meet their particular circumstances in an increasingly competitive market. Through our temporary contracting services, we place qualified executives and professionals in temporary positions, or for specific short-term projects. Contractors can be used for emergency support or to complement or supplement the skills of a client's core, permanent staff. Contracting can also be linked to our professional staffing services, with the client using a "try before you buy" strategy. Our largest speciality staffing products are accounting/finance, information technology and telecommunications, engineering, legal and health care.

**Executive Search.** We offer an advanced and comprehensive range of executive search services on a retained search basis, focusing on those executives earning in excess of \$150,000 annually. We currently have 30 executive search offices in 13 countries.

We employ a multilevel process to identify appropriate candidates for our clients. This process begins with our analysis of the vacant position and our thorough understanding of it and the client's

---

workplace. The vacancy is then matched against a pool of qualified candidates. We then assist the client with the interview process and help the client structure the compensation package for the best candidate.

Our Executive Search business has six specialty practice groups which are designed to enable us to better understand the market conditions and strategic management issues faced by clients within their specific industry. Our specialty practice groups are each comprised of consultants who have extensive backgrounds in placing executives in certain positions within an industry. Our specialty practices are: Energy/Natural Resources, Professional Services, Supply Chain Management, Legal, Human Resources and Boards of Directors.

### Strategy

Our strategy to grow our business is based on the following elements:

*Maintain and expand our focus on specialized practice areas*

- Management believes that we have established market leadership in several specialty practice areas including our Executive Search insurance practice in North America, our eResourcing legal practice in Europe and our eResourcing accounting and finance practice in Australia/New Zealand. We intend to pursue leading positions in other specialized practice areas, such as our health care and government services practices, on a global basis. In addition, in Executive Search, we plan to further diversify into additional areas such as health care and consumer.

- Consistent with global employment trends, we believe that temporary/contract staffing provides us with the greatest growth opportunity as well as the most stable revenue stream within our specialized practice groups. While over 70% of our revenue currently comes from temporary/contract staffing, we intend to focus further on growing this segment as a percentage of our total revenues. For example, in Continental Europe and in Asia, with the exception of Australia and New Zealand, our business is almost all permanent recruitment.

*Maximize the benefit of our global operating platform*

- We believe that our global presence provides us with a significant competitive advantage. With an active presence in the Americas, Europe and Asia Pacific we are able to provide our entire suite of services on a local, cross-border and inter-regional basis. We believe that there are significant opportunities to further leverage our global platform both with new and existing clients.

*Promote cross-selling initiatives between our eResourcing and Executive Search divisions*

- We believe that there are significant opportunities to sell additional products and services to our existing clients. For example, there are opportunities for our Executive Search consultants to promote or sell our eResourcing offerings. To date we have implemented compensation incentives to encourage cross-selling but intend to focus further on these opportunities.

## **Sales and Marketing**

We maintain separate sales and marketing staffs for our eResourcing and Executive Search businesses. Our sales, marketing and customer service staffs are divided along industry sectors, such as health care, financial services, technology, consumer and retail. In some countries, such as the United States and the United Kingdom, our sales force is also organized according to the specialized professional qualifications of candidates, such as accounting, banking and finance, legal, engineering, scientific and human resource professionals. In some instances, sales personnel are dedicated to sales,

54

---

but in many other cases we rely on staff within our branch organization to provide both sales and service. We also divide our sales force in eResourcing between temporary contracting and permanent placement. In addition to focusing on sales of the services of its own organization, each sales professional is accountable for, and incentivised to, cross-sell each others products within its existing client base. Our philosophy is to place primary reliance on our field sales force and our branch structure for sales and marketing since we believe that a business service transaction in the human capital industry is best sold on a face-to-face basis. We also use broad based media (Internet and business publications) and trade publications to promote the HH Group brand.

## **Clients**

Our clients include small to large-sized organizations, enterprises, government agencies and educational institutions. No one client accounts for more than 5% of our total annual revenue. At December 31, 2002, we had over 10,000 eResourcing clients and over 1,000 executive search clients.

## **Competition**

The markets for our services and products are highly competitive and are characterized by pressure to reduce prices, incorporate new capabilities and technologies, and accelerate job completion schedules.

We face competition from other executive search, professional staffing and temporary contracting agencies, many of which are far larger than us. Many of our competitors or potential competitors have long operating histories, and some have greater financial, management, technological, development, sales, marketing and other resources than do we. In addition, our ability to maintain our existing clients and generate new clients depends to a significant degree on the quality of our services, pricing and our reputation among our clients and potential clients.

## **Employees**

We employ approximately 4,000 people worldwide. Our employees are not represented by a labor union or a collective bargaining agreement. We regard the relationships with our employees as satisfactory.

## **Properties**

Substantially all of our offices are located in leased premises.

Our principal office is currently located at 622 Third Avenue, New York, New York, where we occupy approximately 40,000 square feet of space under a lease held by TMP Worldwide Inc. expiring in July 2015.

We also have leases covering local offices throughout the United States and in the foreign countries where we have operations.

All leased space is considered to be adequate for the operation of our business, and no difficulties are foreseen in meeting any future space requirements.

## **Legal Proceedings**

We are involved in various legal proceedings that are incidental to the conduct of our business. We are not involved in any pending or threatened legal proceedings which we believe could reasonably be expected to have a material adverse effect on our financial condition or results of operations.

55

## MANAGEMENT

### Executive Officers and Directors

The executive officers and directors of HH Group are as follows:

Name	Age	Position
Jon F. Chait	52	Chairman of the Board, President, Chief Executive Officer and Director
Richard W. Pehlke	49	Executive Vice President, Chief Financial Officer and Director
Margaretta Noonan	45	Executive Vice President, Human Resources
Richard A. Harris	44	Senior Vice President and Chief Information Officer
Brendan Flood	38	Senior Vice President, Finance
Latham Williams	50	Vice President, Legal Affairs and Administration, Corporate Secretary
John J. Haley	53	Director Nominee
David G. Offensend	49	Director Nominee
Nicholas G. Moore	61	Director Nominee
René Schuster	41	Director Nominee

### Key Employees

The key employees of HH Group are as follows:

Name	Age	Position
Robert Goodman	47	Chairman Asia Pacific
Thomas B. Moran	38	President eResourcing Americas
Michael T. Kelly	49	Global Chief Executive Officer, Executive Search
John Wallace	49	CEO—North America Executive Search
Christopher Herrmannsen	38	President eResourcing Europe
Andrew Simpson	43	President Executive Search Europe
Anne Hatton	38	President eResourcing Australia/New Zealand

Jon F. Chait joined TMP as the Chief Executive Officer of HH Group in October 2002. Prior to joining HH Group, Mr. Chait was the Chairman and Chief Executive of Spring Group plc from May 2000 through July 2002. From 1998 through 2000 Mr. Chait founded and acted as Chairman of Magenta Limited (a software development firm), which was subsequently sold to Spring Group plc. Mr. Chait served as the managing director, international operations of Manpower Inc. from 1995 to 1998, and prior to that time he served as an executive vice president at Manpower Inc. Mr. Chait is also a director of the Marshall and Illsley Corporation and Krueger Inc., a manufacturer of office furniture.

Richard W. Pehlke joined HH Group in February 2003. Prior to joining HH Group, Mr. Pehlke served as an independent consultant for various companies from 2001 to 2003. From 2000 to 2001, Mr. Pehlke served as the Chief Financial Officer of ONE, Inc. Mr. Pehlke served as Vice President, Treasurer for Ameritech Corporation from 1994 to 1999 and as Vice President, Investor Relations from 1986 to 1993. Mr. Pehlke holds a B.S. in Accounting from Valparaiso University and a M.B.A. from DePaul University.

Margaretta Noonan joined HH Group in January 2003. Prior to joining HH Group, Ms. Noonan served as Senior Vice President, Global Human Resources and corporate officer of TMP. Prior to joining TMP in 1998, Ms. Noonan was Vice President, Human Resources—Stores, for Lord & Taylor from February 1997 to May 1998 and was Vice President, Human Resources, of Kohl's from November

1992 to February 1997. Ms. Noonan holds a B.A. in Philosophy and Religious Studies from Virginia Commonwealth University.

Richard A. Harris joined HH Group in January 2003. Prior to joining HH Group, Mr. Harris served as the Chief Information Officer of Spring Group, PLC from March 2001 to December 2002. Prior to joining Spring Group, PLC, Mr. Harris was the interim Chief Information Officer at TRS Staffing Services from 1999 to 2000. Mr. Harris also served as Chief Information Officer between 1994 and 1998 at TAC Worldwide. Mr. Harris received a B.S. from Boston College.

Brendan Flood joined HH Group in January 2003. Prior to joining HH Group, Mr. Flood served as the Senior Vice President, Finance of TMP. Mr. Flood joined TMP in November 1999 and from that date until November 2001 he was the CFO for the eResourcing and executive search divisions in Europe. In November 2001, Mr. Flood became CFO for all of TMP's operations in the Americas. Prior to joining TMP, Mr. Flood was Finance Director of Bridge Information Systems (formerly Dow Jones Telerate) for Europe, the Middle East and Africa and was based in London. Prior to 1996 when he joined Dow Jones Telerate, Mr. Flood was Finance Director of Spillers Petfoods, a division of Dalgety PLC, a UK public company. Mr. Flood is a Fellow of the Chartered Institute of Management Accountants in the United Kingdom and an International Affiliate Member of the American Institute of Certified Public Accountants. Mr. Flood graduated from Dublin City University (Ireland) with a B.A. in Accounting and Finance.

Latham Williams joined HH Group in January 2003 as its senior legal affairs officer. Prior to joining HH Group, Mr. Williams was a Partner, Leader Diversity Practice Group and Co-Leader Global Legal Practice in TMP's executive search division. Prior to joining TMP in 2001, Mr. Williams was an equity partner with the international law firm of Sidley Austin Brown and Wood from 1993 to 2000, specializing in health care mergers and acquisitions and other insurance arrangements. Before joining Sidley Austin Brown and Wood, Mr. Williams was an equity partner in the Chicago-based law firm of Gardner, Carton & Douglas from 1981 to 1993. Mr. Williams holds a J.D. from Northwestern University and a M.A. in Business/Health Services Administration from the University of Wisconsin (Madison), and his undergraduate degree in psychology from Macalester College.

John J. Haley will become a director of HH Group upon the consummation of the distribution. Mr. Haley is the President and Chief Executive Officer of Watson Wyatt & Company, an international human resources benefits consulting firm headquartered in Washington, DC. Mr. Haley joined Watson Wyatt Worldwide in 1977. Mr. Haley is a consulting actuary, primarily in the retirement field, where he specializes in consulting for large companies. Mr. Haley was elected a Director of the firm in 1992. Mr. Haley is a member of the Executive Committee, Chairman of the Management Committee, and formerly managed Watson Wyatt's largest consulting office in Washington, DC. Mr. Haley is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, a member of the American Academy of Actuaries, the International Actuarial Association, and the International Association of Consulting Actuaries. Mr. Haley is also Chairperson of the Society of Actuaries Committee on Guides to Professional Conduct. Mr. Haley is a member of the Board of Directors for Maximus, Inc. and Employee Benefit Research Institute. Mr. Haley holds an A.B. in mathematics from Rutgers College, and received a Fellowship for two years of study at the Graduate School of Mathematics at Yale University.

David G. Offensend will become a director of HH Group upon the consummation of the distribution. Mr. Offensend co-founded Evercore Partners Inc. in 1995 and co-heads its investment business. Evercore operates in the private equity business and provides merger and acquisition and restructuring advice to companies. Prior to founding Evercore, Mr. Offensend spent five years in the investment organization of Robert M. Bass, the Texas investor. Prior to joining the Bass organization in 1990, Mr. Offensend spent 13 years at Lehman Brothers. Mr. Offensend received a B.A., magna cum

57

---

laude, in public and international affairs from Princeton University in 1975 and an M.B.A., with highest honors, from Harvard Business School in 1977, where he was a Baker Scholar.

Nicholas G. Moore will become a director of HH Group upon the consummation of the distribution. Mr. Moore recently retired as global Chairman of PricewaterhouseCoopers, the professional services firm formed in July 1998 by the merger of Coopers & Lybrand International and Price Waterhouse. Mr. Moore most recently served as Chairman of Coopers & Lybrand International as well as Chairman and CEO of Coopers & Lybrand LLP. Following the merger, Mr. Moore served for over two years as CEO of the U.S. firm of PricewaterhouseCoopers, and for three years as global Chairman of PricewaterhouseCoopers. Mr. Moore presently serves on the Board of Directors of Network Appliance and several private venture capital backed technology companies. Mr. Moore is also Chairman of Co-operation Ireland and is on the Board of Trustees of the Committee for Economic Development. Mr. Moore serves as a member of the Board of Trustees of St. Mary's College of California and the Board of Directors of Catholic Charities. Mr. Moore received a B.S. in Accounting from St. Mary's College and a J.D. from Hastings College of Law, the University of California at Berkeley.

René Schuster will become a director of HH Group upon the consummation of the distribution. Mr. Schuster has served as Senior Vice President and General Manager of Worldwide Consulting and Integration for Hewlett Packard since 2002. Hewlett Packard is a leading provider of products, technologies, solutions and services to consumers and business. In May 2002, Hewlett Packard merged with Compaq Computer Corporation. Prior to the merger, Mr. Schuster served as Chief Executive Officer, UK and Ireland for Compaq. From 1996 to 2000, Mr. Schuster worked for KPMG Management Consulting, as Managing Partner and subsequently Chief Operating Officer and Senior Partner for Europe, Middle East and Africa. Mr. Schuster received a B.A. and M.A. from San Diego University and a M.B.A. from the University of La Verne.

Robert Goodman joined HH Group in January 2003. Prior to joining HH Group, Mr. Goodman served for over 26 years, from 1971 to 1998, in many management capacities with Manpower Inc., a leading temporary employment services company. After leaving Manpower in 1998, Mr. Goodman served as President and CEO of an Internet startup until its sale to an industry consolidator. Mr. Goodman is an active member of the Young President's Organization having served on their International Board of Directors and as the Senior Vice President, I.T. Mr. Goodman has also served on the Board of the Toronto International Film Festival.

Thomas B. Moran joined HH Group in January 2003. Prior to joining HH Group, Mr. Moran served as President of TMP Worldwide, eResourcing Americas. Mr. Moran also served as District President of Operations for Robert Half International, where he was employed for seven years prior to joining TMP Worldwide eResourcing. During his employment at Robert Half International he also served as Area Manager and Regional President. Mr. Moran holds a B.A. in Economics from Illinois State University.

Michael T. Kelly joined HH Group in January 2003. Prior to joining HH Group, Mr. Kelly served as the President of TMP Worldwide Executive Search, Americas, a subsidiary of TMP, and the Global Healthcare Sector Head from 2001 to 2003. Prior to joining TMP Worldwide Executive Search, Mr. Kelly was the President of Korn/Ferry International's Global Healthcare Practice from 1997 to 2001. Mr. Kelly graduated from the U.S. Naval Academy and received an M.A. from Pepperdine University.

John Wallace joined HH Group in January 2003. Prior to joining HH Group, Mr. Wallace served as CEO, North America Executive Search of TMP. Prior to assuming that position, Mr. Wallace served as Managing Partner of the Canadian executive search practice of TMP. Mr. Wallace joined TMP in March 2000 when TMP acquired the Toronto practice of Ilsley Bourbonnais. At the time of the

58

---

acquisition by TMP, Mr. Wallace had been the Managing Partner of the Toronto practice of Ilsley Bourbonnais for the previous five years.

Christopher Herrmannsen joined HH Group in January 2003. Prior to joining HH Group, Mr. Herrmannsen was the President of TMP, eResourcing, Europe. Mr. Herrmannsen joined TMP in February 2000 when H W Group PLC was acquired by TMP. Mr. Herrmannsen served as Group Managing Director, as well as Executive Director, of H W Group PLC, where he was employed from July 1990 to February 2000. Mr. Herrmannsen graduated from the University of Cape Town (South Africa) with a Bachelor of Commerce degree, majoring in Finance and Economics.

Andrew Simpson joined HH Group in January 2003. Prior to joining HH Group, Mr. Simpson served as the European President of TMP Worldwide Executive Search and Managing Partner of its London office. Prior to joining TMP in 1998, Mr. Simpson was the joint Global Head of the Insurance Practice at TASA Worldwide and a Managing Partner of TASA Worldwide's London office from 1990 to 1998. TASA Worldwide was acquired by TMP in 1998. Mr. Simpson graduated from Edinburgh University with an M.A. in History.

Anne Hatton joined HH Group in January 2003. Prior to joining HH Group, Ms. Hatton served as the President of TMP's eResourcing business in Australia and New Zealand since 1999. Prior to joining TMP, Ms. Hatton was employed by Morgan & Banks from 1993 to 1999 when Morgan & Banks was acquired by TMP. Ms. Hatton is a member of the Axiss Australia Advisory Board. Ms. Hatton holds a B.A. in Economics and Japanese from Sydney University.

## Committees of the Board of Directors

We will have four standing committees: Audit, Compensation, Executive and Nominating and Governance.

*Audit Committee.* The audit committee will be charged with reviewing and evaluating the scope of the audits to be performed, the adequacy of services performed by, and fees and compensation of the independent auditors and receive and review a report from the independent auditors prior to the publication of the audited financial statements of HH Group. It will also select the independent auditors to examine the financial statements of HH Group for the next year. The audit committee will review and evaluate the scope and appropriateness of HH Group's internal audit programs and plans and its system of internal control. The audit committee will review and evaluate the appropriateness of HH Group's accounting principles and practices and financial reporting. The audit committee will be comprised of independent directors, consisting of Messrs. Moore, Offensend, Haley and Schuster with Mr. Moore acting as the chairman.

*Compensation Committee.* The compensation committee will be charged with recommending to the board the compensation for our executives and administering our stock option and other employee benefit plans. The compensation committee will periodically review the compensation philosophy, policies and practices of HH Group and make recommendations to the board of directors concerning major changes as appropriate. We anticipate that Mr. Offensend will serve as chairman of our compensation committee. The remaining members of the compensation committee will be independent directors to be determined.

*Executive Committee.* The executive committee may exercise all the authority of the board of directors in the management of our business affairs except for changes in our bylaws, matters specifically delegated to other committees and certain other significant corporate matters. The members of the executive committee need not be independent directors and are to be determined. Mr. Chait will serve as the chairman of the executive committee.

59

*Nominating and Governance Committee.* The nominating and governance committee will be charged with identifying individuals qualified to become directors and approving the nomination of candidates for directorships to be filled by the board of directors or by stockholders. It will recommend to the board of directors members for each committee to be filled by the board of directors. We anticipate that Mr. Haley will serve as chairman of the nominating and governance committee. The remaining members of the nominating and governance committee will be independent directors to be determined.

## Compensation of Directors

We expect to pay each of our non-employee directors an annual cash fee of \$20,000 for services rendered as a director. Further, we plan to pay a per meeting fee for each meeting of the board of directors of \$1,000 (\$500 for telephonic meeting under two hours) and \$1,000 for each meeting of a committee of the board of directors attended in person or telephonically. The chairman of each committee will receive \$2,000. In addition, it is contemplated that each of our non-employee directors will receive an annual grant of an option to purchase 3,500 shares of our common stock.

## Compensation Committee Interlocks and Insider Participation

None of our executive officers will serve as a director or member of the compensation committee or other board committee performing equivalent functions.

## Compensation of Executive Officers

The following table sets forth information concerning annual and long-term compensation for services rendered to TMP or the applicable subsidiary for fiscal 2002, 2001 and 2000 by those persons who are expected to be the Chief Executive Officer and the other four most highly compensated executive officers of HH Group (determined by reference to fiscal 2002 compensation) immediately following the distribution (the "Named Executive Officers").

60

### EXECUTIVE COMPENSATION SUMMARY TABLE

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	Awards	
					Securities Underlying Options/SARs	All Other Compensation
Jon F. Chait Chairman, President and CEO	2002	\$ 64,808(1)	—	—	—	—
	2001	—	—	—	—	—
	2000	—	—	—	—	—
Richard W. Pehlke(2) Executive Vice President and Chief Financial Officer	2002	—	—	—	—	—
	2001	—	—	—	—	—
	2000	—	—	—	—	—
Brendan Flood Senior Vice President, Finance	2002	300,000	—	\$ 14,997(3)	20,000	—
	2001	209,250	\$ 114,700	33,713(3)	10,825	—
	2000	155,000	56,629	29,450(3)	—	—

Margaretta Noonan	2002	259,584	—	—	—	—
Executive Vice President, Human Resources	2001	185,000	46,250	—	16,500	—
	2000	186,928	39,875	—	—	—
Latham Williams	2002	165,000	1,250	2,900(4)	—	\$ 22,235(5)
Vice President, Legal Affairs and Administration, Corporate Secretary	2001	194,360	37,500	—	—	—
	2000	—	—	—	—	—

- Mr. Chait joined TMP in October 2002. Mr. Chait's current annual salary is \$300,000.
- Mr. Pehlke joined HH Group in February 2003. Mr. Pehlke's current annual salary is \$350,000.
- Consists of a \$6,975 and \$13,950 car allowance paid to Mr. Flood in 2000 and 2001, respectively, and TMP's contribution of \$22,475, \$19,763 and \$14,997 to Mr. Flood's pension scheme in 2000, 2001 and 2002, respectively.
- Consists of \$2,500 for club dues and \$400 for bar association dues paid to Mr. Williams in 2002.
- Consists of a grant of 500 shares of TMP common stock in 2002.

### Option Grants in Last Fiscal Year

The following table sets forth information with respect to the options to purchase TMP common stock granted to each of the Named Executive Officers in 2002. No stock appreciation rights were granted in 2002.

Name	Number of Securities Underlying Options Granted(#)(1)	% of Total Options Granted to Employees in Fiscal Year(2)	Exercise or Base Price (\$/sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
					5%(\$)	10%(\$)
Jon F. Chait	—	—	—	—	—	—
Richard W. Pehlke	—	—	—	—	—	—
Brendan Flood	20,000	.5%	27.18	2/22/12	341,800	918,200
Margaretta Noonan	—	—	—	—	—	—
Latham Williams	—	—	—	—	—	—

- Options generally vest in four equal annual installments commencing on the first anniversary date of the grant.

- Based on options to purchase 3,743,860 shares granted in 2002 under TMP's 1999 Long Term Incentive Plan.
- These amounts represent assumed rates of appreciation in the price of TMP's common stock during the terms of the options in accordance with rates specified in applicable federal securities regulations. Actual gains, if any, on stock option exercise will depend on the future price of the common stock and overall stock market conditions. The 5% rate of appreciation over the term of the \$27.18 stock price on the date of grant would result in a stock price of \$44.27. The 10% rate of appreciation over the term of the \$27.18 stock price on the date of grant would result in a stock price of \$73.09. There is no representation that the rates of appreciation reflected in this table will be achieved.

### Option Values for 2002

The following table sets forth information with respect to (i) TMP shares acquired upon the exercise of stock options in 2002, (ii) the number of securities underlying unexercised options and (iii) the value of unexercised options held by the Named Executive Officers.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Year End		Value of Unexercised In-the-Money Options at Year End(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jon F. Chait	—	—	—	—	—	—
Richard W. Pehlke	—	—	—	—	—	—
Brendan Flood	—	—	12,837	27,888	—	—
Margaretta Noonan	—	—	50,555	22,500	—	—
Latham Williams	—	—	—	—	—	—

- Computed based upon the difference between the stock option exercise price and \$11.31, the closing price of the TMP's common stock on December 31, 2002.

## Long Term Incentive Plan

Prior to the distribution, the HH Group long term incentive plan (the "LTIP") will be adopted by our board of directors and approved by our sole stockholder, TMP. Upon adoption, the LTIP will authorize the grant of stock options, stock appreciation rights ("SARs"), restricted stock, performance-based awards and other equity-based awards (including, without limitation, unrestricted shares of HH Group common stock, phantom stock, stock bonus awards and dividend equivalents) to any member of HH Group's board of directors (whether or not an employee of HH Group), any officer or other employee of HH Group or any consultant or other independent contractor who performs or will perform services for HH Group.

Subject to adjustment to reflect stock dividends and other capital changes, 1,000,000 shares of HH Group common stock may be issued under the LTIP, provided however, that no more than 333,333 shares may be issued pursuant to awards of restricted stock, performance based awards and other equity-based awards. Shares subject to awards under the LTIP that are canceled, expired, terminated, forfeited or settled in cash shall again be available for issuance under the LTIP.

Subject to adjustment to reflect stock dividends and other capital changes, the maximum number of shares of HH Group common stock with respect to which stock options, SARs or any other awards may be granted under the LTIP to any person for any calendar year shall, in each case, be 250,000 shares. With certain exceptions, not more than \$1,000,000 may be paid to any individual under the LTIP with respect to any single cash performance-based award (or multiple cash performance-based awards ending with or within the same fiscal year).

62

---

The LTIP will generally be administered by the compensation committee of our board of directors. Subject to the provisions of the LTIP, the compensation committee will have the authority to grant awards under the LTIP, to interpret the provisions of the LTIP, to fix and interpret the provisions of agreements governing awards made under the LTIP, to supervise the administration of the LTIP, and to take such other actions as may be necessary or desirable in order to carry out the provisions of the LTIP. The LTIP will be administered by our board of directors with respect to discretionary awards to non-employee directors.

Under the LTIP, our compensation committee may grant stock options that are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code ("ISOs") and stock options which do not qualify as ISOs. ISOs may only be granted to our employees. The exercise price for shares covered by an option may not be less than the fair market value of the HH Group common stock on the date of grant (or, in the case of ISOs granted to an employee who is more than a 10% stockholder of the HH Group, 110% of the fair market value). All options will, unless sooner terminated, expire ten years (or, in the case of an ISO granted to an employee who is more than a 10% stockholder, five years) from the date of grant.

Our compensation committee has the discretion to determine the vesting and other restrictions on the exercise of an option and/or upon the disposition of stock acquired upon the exercise of an option. Unless the compensation committee determines otherwise, each option will be subject to a four-year vesting schedule pursuant to which the option will generally become 25% vested on each of the first four anniversaries of the grant date. Special rules apply upon a change in control of us. Except as otherwise permitted by the compensation committee, no option that is otherwise exercisable may be exercised more than six months after the termination of the optionee's employment of service with us (or, if the optionee's service is terminated by reason of disability or death, one year). If any optionee's employment or service is terminated for cause, all options held by such optionee immediately terminate.

The LTIP also prohibits the repricing of outstanding options without the approval of our stockholders.

The compensation committee may grant restricted shares of HH Group common stock in amounts, and subject to terms and conditions (such as time vesting and/or performance-based vesting criteria) as it may determine. Generally, prior to vesting, the recipient will have the rights of a stockholder with respect to the restricted stock, subject to any restrictions and conditions as the compensation committee may establish. Upon participant's termination of employment or service for any reason, the participant will, unless otherwise determined by the compensation committee, automatically forfeit all restricted stock which has not yet become fully vested.

The compensation committee may grant other types of equity-based awards related to our common stock under the LTIP, including unrestricted shares of HH Group common stock, phantom stock, stock bonus awards, restricted stock units and dividend equivalents, in amounts and subject to terms and conditions as the compensation committee may determine. These awards may involve the transfer of actual shares of HH Group common stock or the payment in cash or otherwise of amounts based on the value of shares of HH Group common stock.

Unless sooner terminated by our board of directors, the LTIP will terminate on the tenth anniversary of its adoption by our board of directors. The LTIP may be amended or terminated at any time by our board of directors, subject, however, to stockholder approval in the case of certain material amendments, such as an increase in the number of shares available under the LTIP or a change in the class of individuals eligible to receive awards under the LTIP.

63

---

We expect that the compensation committee will award options to our executive officers and key employees after the distribution. In addition, we intend to grant options to purchase 3,500 shares of our common stock to each of our non-employee directors following the distribution.

## Employee Stock Purchase Plan

Prior to the distribution, the HH Group employee stock purchase plan (the "ESPP") will be adopted by our board of directors and approved by our sole stockholder, TMP. It is contemplated, however, that the ESPP will not be in effect until after the consummation of the distribution. Our board of directors believes that the ESPP will encourage broader stock ownership by employees of HH Group who might not otherwise own shares of HH Group common stock and who, as owners of HH Group common stock, will have a greater incentive to contribute to the profitability and long term growth of HH Group.

Subject to appropriate adjustment for stock splits and other capital changes, 160,000 shares of HH Group common stock may be issued under the ESPP. The ESPP will be administered by the compensation committee of our board of directors or such other committee appointed by the board of directors from time to time. Subject to the provisions of the ESPP, the compensation committee will have full power and authority to construe, interpret and apply the terms of the ESPP.

Any employee of HH Group and any of its present or future participating affiliates who satisfies the applicable eligibility requirements established by the compensation committee of our board of directors from time to time in accordance with the ESPP will be eligible to participate in the ESPP. No employee who owns or holds options to purchase, or who as a result of his or her participation in the ESPP would own or hold options to purchase, five percent or more of HH Group's common stock may participate in the ESPP. In addition, participants may not purchase shares of HH Group common stock having a fair market value exceeding \$25,000 in any calendar year. For this purpose, the fair market value of HH Group common stock purchased in a given offering is determined as of the first day of that offering.

Participation in the ESPP is completely voluntary. Each offering of HH Group common stock under the ESPP will be for such offering period as designated by our compensation committee; provided, that each offering period shall, in no event, end later than: (i) five years from the date the option is granted if the purchase price is to be not less than eighty-five percent of the fair market value of HH Group common stock on the purchase date; or (ii) otherwise, twenty-seven months from the grant date. The purchase price per share of HH Group common stock for each offering period shall be the price designated by the compensation committee of our board of directors, at which each share may be purchased, but in no event shall such price be less than eighty-five percent of the lesser of (i) the fair market value of HH Group common stock on the first trading day of the offering period, or (ii) the fair market value of HH Group common stock on the last trading day of the offering period.

The compensation committee of our board of directors may designate the time and manner for payment for shares to be purchased during an offering period, including, payment in cash or by certified check or through payroll deductions. All payment amounts shall be credited to a participant's account under the ESPP. Any option held by a participant which remains outstanding as of a purchase date shall be automatically exercised for the number of shares which the funds accumulated in the participant's account as of the purchase date will purchase at the applicable purchase price.

Our board of directors may amend, alter, suspend, or terminate the ESPP at any time; provided, however, that the ESPP may not be amended in a way which will cause the ESPP to fail to meet the requirements of Section 423 of the Code; and no amendment which would amend or modify the ESPP in a manner requiring stockholder approval under applicable law or the requirements of any securities exchange on which HH Group common stock is traded shall be effective unless such stockholder approval is obtained.

64

---

## Employment Agreements

HH Group intends to enter into an executive employment agreement with each of the Named Executive Officers.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

TMP's Chairman and CEO, Andrew J. McKelvey, by virtue of his stock ownership of TMP, will own in excess of 5% of HH Group's common stock. It is contemplated that for a transition period, generally not expected to exceed one year, TMP will provide certain facilities, information technology, insurance, administrative, legal, human resources, tax, accounting and other mutually agreed services to HH Group. TMP will also extend a secured revolving credit facility to us on the distribution date if we have not otherwise closed on a credit facility with a third party. We will provide to TMP for a transition period, generally not expected to exceed one year, certain tax and information technology services in the Asia Pacific region and certain facilities, accounting, administrative, business license and accounting services in Europe, as well as other mutually agreed services. In addition, there will be certain other arrangements between TMP and HH Group in connection with the spin-off. See "Arrangements Between TMP and HH Group Related to the Distribution."

The parties have commenced discussions concerning certain potential commercial arrangements involving the provision of Monster.com and advertising and communication services. Any arrangements will be negotiated on an arm's length basis and will be pursuant to customary terms and conditions, including pricing terms. The parties may from time to time also negotiate and purchase other services from the other, on an arm's length basis, pursuant to customary terms and conditions.

65

---

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

HH Group is currently a wholly-owned subsidiary of TMP. To the extent directors and executive officers own or will own TMP common stock prior to the distribution, they will receive shares of HH Group common stock in the distribution on the same basis as other holders of TMP common stock.

The following table sets forth information regarding the beneficial ownership of HH Group common stock immediately after the distribution, as if the distribution took place on March 14, 2003 by (1) each person or entity known by TMP who would beneficially own more than 5% of the outstanding HH Group common stock; (2) each of the persons who are expected to serve as directors of HH Group; (3) each of the Named Executive Officers; and (4) all persons expected to be HH Group directors and executive officers after the distribution, as a group. The information below is based on the number of shares of TMP common stock beneficially owned by each entity or person at March 14, 2003 as evidenced by TMP's records and a review of statements filed with the Securities and Exchange Commission pursuant to Section 13(d) or 13(g) of the Exchange Act, as adjusted to give effect to the distribution. The percentage ownership of HH Group common stock held by any entity or person immediately following the distribution will be approximately the same as the percentage ownership of such entity or person immediately prior to the distribution. Percentage ownership is calculated based on 113,647,982 shares of TMP common stock outstanding on March 14, 2003, or 8,523,812 shares of HH Group common stock after giving effect to the distribution ratio of one share of HH Group common stock for every thirteen and one third shares of TMP common stock. Except as set forth in the table below, upon completion of the distribution, we do not expect any entity or person to own more than five percent of HH Group's outstanding common stock.

Share ownership of directors and Named Executive Officers is as of March 14, 2003 and includes (i) shares in which they may be deemed to have a beneficial interest; and (ii) shares to be credited to individual accounts in TMP's 401(k) Plan which will receive the HH Group dividend.

Name of Beneficial Owner

Amount of  
Beneficial

Percentage of  
Common Stock

**Ownership of  
Common Stock**

Jon F. Chait	—	—
Richard W. Pehlke	—	—
Brendan Flood	—	—
Margaretta Noonan	180	*
Latham Williams	75	*
John J. Haley	—	—
David G. Offensend	—	—
Nicholas G. Moore	—	—
René Schuster	—	—
Andrew J. McKelvey(1)	995,114	11.7%
Capital Group International, Inc.(2)	1,283,653	16.1
Capital Research and Management Company(3)	990,247	12.4
FMR Corp.(4)	508,791	6.2
All directors and executive officers as a group (10 persons)(5)	255	*

\* Less than 1%.

(1) Includes 308 shares of common stock owned by Mr. McKelvey's wife, 15 shares of common stock owned by Mr. McKelvey's daughter and 136 shares of common stock held by Mr. McKelvey's 401(k) plan.

66

(2) Capital Group International, Inc. may be deemed to beneficially own 1,283,653 shares of our common stock which are held of record by clients of Capital Group International, Inc. Capital Group International, Inc. has sole voting power with respect to 1,138,949 shares and sole dispositive power with respect to 1,283,653 of the shares and does not have shared voting power or dispositive power with respect to any shares. Information with respect to Capital Group International, Inc. including their percentage ownership, has been derived from their Schedule 13G/A dated February 14, 2003 as filed with the SEC.

(3) Capital Research and Management Company may be deemed to beneficially own 990,247 shares of our common stock which are held of record by clients of Capital Research and Management Company. Capital Research and Management Company does not have sole voting power with respect to any of the shares and has sole dispositive power with respect to 990,247 of the shares and does not have shared voting power or dispositive power with respect to any shares. Information with respect to Capital Research and Management Company including their percentage ownership, has been derived from their Schedule 13G/A dated February 13, 2003 as filed with the SEC.

(4) FMR Corp. may be deemed to beneficially own 508,791 shares of our common stock which are held of record by clients of FMR Corp. FMR Corp. has sole voting power with respect to 46,385 shares and sole dispositive power with respect to 508,791 of the shares and does not have shared voting power or dispositive power with respect to any shares. Information with respect to FMR Corp. including their percentage ownership, has been derived from their Schedule 13G dated February 14, 2003 as filed with the SEC.

(5) Includes 25 shares held by a 401(k) plan and 230 shares beneficially owned.

67

### DESCRIPTION OF CAPITAL STOCK OF HH GROUP

The following information reflects the HH Group certificate of incorporation and by-laws as these documents will be in effect at the time of the distribution.

Our certificate of incorporation provides us with the authority to issue 100,000,000 shares of common stock, \$.001 par value per share, and 10,000,000 shares of preferred stock, \$.001 par value per share. No shares of our preferred stock are outstanding. Based on the number of shares of TMP common stock outstanding as of March 14, 2003, and the expected distribution ratio, we expect that 8,523,812 shares of our common stock will be distributed to TMP stockholders in the distribution. All of the shares of our common stock to be distributed to TMP stockholders in the distribution will be fully paid and non-assessable and will constitute all the shares of our capital stock that will be outstanding immediately after the distribution.

#### HH Group common stock

**Dividends.** Each share of HH Group common stock is entitled to dividends if, as and when dividends are declared by HH Group's board of directors and paid. Under Delaware corporate law, HH Group may declare and pay dividends only out of its surplus, or in case there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding year. No dividends may be declared, however, if the capital of HH Group has been diminished by depreciation, losses or otherwise to an amount less than the aggregate amount of capital represented by any issued and outstanding stock having a preference on distribution. Any dividend so declared and payable in cash, capital stock of HH Group or other property will be paid equally, share for share, on HH Group common stock.

**Voting Rights.** Each share of HH Group common stock is entitled to one vote on all matters.

**Liquidation Rights.** In the event of the liquidation, dissolution or winding up of HH Group, holders of the shares of HH Group common stock are entitled to share equally, share for share, in the assets available for distribution.

**Other.** No stockholder of HH Group has preemptive or other rights to subscribe for additional shares of HH Group.

## HH Group preferred stock

HH Group preferred stock may be issued from time to time in one or more series as determined by the HH Group board. The HH Group board is authorized to issue the shares of HH Group preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders. The issuance of such HH Group preferred stock may have the effect of delaying, deferring or preventing a change in control of HH Group without further action by the stockholders and may adversely affect the voting and other rights of the holders of HH Group common stock, including the loss of voting control to others. HH Group currently has no plan to issue any shares of HH Group preferred stock.

68

---

## CERTAIN ANTI-TAKEOVER EFFECTS

### Delaware Anti-Takeover Law

Under Section 203 of the Delaware General Corporation Law (the "Delaware Anti-Takeover Law"), certain "business combinations" between a Delaware corporation whose stock generally is publicly traded or held of record by more than 2,000 stockholders and any person acquiring 15% or more of the voting stock of such Delaware corporation (an "interested stockholder") are prohibited for a three-year period following the time that such stockholder became an interested stockholder, unless (i) either the business combination or the transaction which resulted in the stockholder becoming an "interested stockholder" was approved by the board of directors of the corporation prior to the time the other party to the business combination became an interested stockholder, (ii) upon consummation of the transaction that made it an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the commencement of the transaction (excluding voting stock owned by directors who are also officers and stock held in employee stock plans in which the employees do not have a right to determine confidentially whether to tender or vote stock held by the plan), or (iii) the business combination was approved by the board of directors of the corporation and authorized by 66<sup>2</sup>/<sub>3</sub>% of the voting stock which the interested stockholder did not own. The corporation may opt out of the effect of this statement by (i) including a provision to such effect in the corporation's original certificate of incorporation, or (ii) amendment of the corporation's certificate of incorporation or by-laws approved by holders of a majority of the shares entitled to vote; provided that such amendment shall generally not take effect until 12 months after its adoption and shall not effect any business combination with interested stockholders which are effected during such 12 months. The three-year prohibition does not apply to certain business combinations proposed by an interested stockholder following the announcement or notification of certain extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors. The term "business combination" is defined generally to include mergers or consolidations between a Delaware corporation and an interested stockholder, transactions with an interested stockholder involving the assets or stock of the corporation or its majority-owned subsidiaries and transactions which increase an interested stockholder's percentage ownership of stock. The term "interested stockholder" is defined generally as a stockholder who becomes the beneficial owner of 15% or more of a Delaware corporation's voting stock. Section 203 could have the effect of delaying, deferring or preventing a change in control of HH Group.

### Classified Board of Directors

Upon the spin-off, our board of directors will be divided into three classes of directors serving staggered three-year terms. As a result, approximately one third of our board will be elected each year. These provisions, when coupled with the provision of our certificate of incorporation authorizing the board to fill vacant directorships or increase the size of the board, may deter a stockholder from removing incumbent directors and simultaneously gaining control of the board.

69

---

## LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Our certificate of incorporation provides that our directors shall not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of a director's duty of loyalty to us or our stockholders, (ii) for acts of omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derives an improper personal benefit. Moreover, the provisions do not apply to claims against a director for violations of certain laws, including federal securities laws. If the Delaware General Corporation Law is amended to authorize the further elimination or limitation of directors' liability, then the liability of our directors shall automatically be limited to the fullest extent provided by law. Our certificate of incorporation and by-laws also contain provisions to indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. In addition, we plan to enter into indemnification agreements with our directors. These provisions and agreements may have the practical effect in certain cases of eliminating the ability of stockholders to collect monetary damages from directors. We believe that these contractual agreements and the provisions in our certificate of incorporation and by-laws are necessary to attract and retain qualified persons as directors and officers.

## INDEPENDENT ACCOUNTANTS

The financial statements as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002, included in the information statement have been audited by BDO Seidman, LLP, as stated in their report appearing herein.

The board of directors of HH Group expects to appoint BDO Seidman, LLP as its independent accountants to audit its financial statements as of and for the year ended December 31, 2003.

## ADDITIONAL INFORMATION

HH Group has filed a Registration Statement with the Securities and Exchange Commission with respect to the HH Group common stock. This information statement, which forms a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the schedules and other exhibits thereto, and reference is made to the Registration Statement for further information regarding HH Group and the HH Group common stock. In particular, copies of certain agreements and other documents in this information statement are qualified by reference to such agreements and other documents as filed. When the Registration Statement becomes effective, HH Group will be subject to the reporting requirements of the Exchange Act and, in accordance therewith, will file reports, proxy statements and other information with the Commission. The Registration Statement, including the exhibits and schedules thereto, and the reports, proxy statements and other information filed by HH Group with the Commission can be inspected and copied at the Public Reference Room of the Commission located at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can also be obtained at prescribed rates from the Public Reference Room of the Commission at the address given above. The public may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330. The Commission also maintains a site on the World Wide Web at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission.

The listing of HH Group's common stock on The Nasdaq National Market has been approved, subject to official notice of issuance.

---

**INDEX TO COMBINED FINANCIAL STATEMENTS**

	Page No.
Report of Independent Certified Public Accountants	F-2
Combined Financial Statements:	
Balance Sheets as of December 31, 2002 and 2001	F-3
Statements of Operations for each of the three years ended December 31, 2002	F-4
Statements of Divisional Equity for each of the three years ended December 31, 2002	F-5
Statements of Cash Flows for each of the three years ended December 31, 2002	F-6
Notes to combined financial statements	F-7
Report of Independent Certified Public Accountants	S-1
Schedule II—Valuation and Qualifying Accounts	S-2

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

TMP Worldwide Inc.  
New York, New York

We have audited the accompanying combined balance sheets of Hudson Highland Group, Inc. (combined divisions of TMP Worldwide Inc. ("TMP")) and Subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related combined statements of operations, divisional equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Hudson Highland Group, Inc. and Subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

The Company represents combined divisions of TMP. The Company relies on TMP for administrative, cash management and other services, including financing. The financial position, results of operations and cash flows of the Company may differ from those that would have resulted had Hudson Highland Group, Inc. operated autonomously or as an entity independent of TMP. See Note 1 for further explanations regarding allocations of expenses from TMP to the Company and other related information.

As discussed in Note 3 to the financial statements, the Company changed its method of accounting for goodwill in 2002.

/s/ BDO SEIDMAN, LLP

---

BDO Seidman, LLP

New York, New York  
February 12, 2003

**HUDSON HIGHLAND GROUP, INC.**  
(combined divisions of TMP Worldwide Inc.)

**COMBINED BALANCE SHEETS**

(in thousands)

	December 31,	
	2002	2001
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 25,908	\$ 37,672
Accounts receivable, less allowance for doubtful accounts of \$10,281 and \$11,119, respectively	161,831	165,280
Work-in-process	9,260	4,565
Prepaid and other	18,917	38,731
	215,916	246,248
Property and equipment, net	34,106	48,369
Intangibles, net	201,937	460,879
Other assets	15,145	10,490
	\$ 467,104	\$ 765,986
<b>LIABILITIES AND DIVISIONAL EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 28,305	\$ 36,816
Accrued expenses and other current liabilities	80,370	122,416
Accrued integration and restructuring costs	8,935	24,199
Accrued business reorganization costs	25,845	—
Unearned revenue	3,321	1,793
Current portion of long-term debt	978	52,556
	147,754	237,780
Long-term debt, less current portion	1,184	2,917
Other long-term liabilities	1,592	2,609
	150,530	243,306
Commitments and Contingencies		
Divisional equity:		
Net advances from parent	291,914	540,580
Accumulated other comprehensive income (loss)—translation adjustments	24,660	(17,900)
	316,574	522,680
	\$ 467,104	\$ 765,986

See accompanying notes to combined financial statements.

F-3

**HUDSON HIGHLAND GROUP, INC.**  
(combined divisions of TMP Worldwide Inc.)

**COMBINED STATEMENTS OF OPERATIONS**

(in thousands)

	Year Ended December 31,		
	2002	2001	2000
Revenue	\$ 1,065,439	\$ 1,287,798	\$ 1,325,146
Operating expenses:			
Direct costs of temporary contractors	631,501	698,598	652,916
Salaries & related	323,753	397,102	437,782

Office & general	139,383	143,430	155,724
Marketing & promotion	10,854	19,371	19,357
Merger & integration	5,373	43,177	50,995
Business reorganization and other special charges	73,543	—	—
Amortization of intangibles	754	14,324	8,947
Total operating expenses	1,185,161	1,316,002	1,325,721
Operating loss	(119,722)	(28,204)	(575)
Other expense:			
Interest expense, net	(322)	(1,901)	(5,325)
Other, net	(224)	(343)	(1,415)
Loss before provision (benefit) for income taxes and accounting change	(120,268)	(30,448)	(7,315)
Provision (benefit) for income taxes	(1,017)	3,747	9,552
Loss before accounting change	(119,251)	(34,195)	(16,867)
Cumulative effect of accounting change	(293,000)	—	—
Net loss	\$ (412,251)	\$ (34,195)	\$ (16,867)

See accompanying notes to combined financial statements.

F-4

**HUDSON HIGHLAND GROUP, INC.**  
(combined divisions of TMP Worldwide Inc.)

**COMBINED STATEMENTS OF DIVISIONAL EQUITY**

(in thousands)

	Year Ended December 31,		
	2002	2001	2000
Divisional equity, beginning of the year	\$ 522,680	\$ 404,380	\$ 201,616
Net loss	(412,251)	(34,195)	(16,867)
Other comprehensive income (loss)—translation adjustments	42,560	(8,362)	(9,610)
Total comprehensive loss	(369,691)	(42,557)	(26,477)
Cash transfers from parent, net	165,365	125,570	139,485
Non-cash equity contribution (distribution) from (to) parent, net	(1,780)	35,287	89,756
Divisional equity, end of year	\$ 316,574	\$ 522,680	\$ 404,380

See accompanying notes to combined financial statements

F-5

**HUDSON HIGHLAND GROUP, INC.**  
(combined divisions of TMP Worldwide Inc.)

**COMBINED STATEMENTS OF CASH FLOWS**

(in thousands)

	Year Ended December 31,		
	2002	2001	2000
Cash flows from operating activities:			
Net loss	\$ (412,251)	\$ (34,195)	\$ (16,867)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			

Cumulative effect of accounting change	293,000	—	—
Depreciation and amortization	21,061	33,290	34,555
Provision (credit) for doubtful accounts	3,323	(1,568)	6,917
Net loss on disposal and write-off of fixed assets	9,192	513	70
Net loss on write-off of other assets	5,054	—	—
Benefit for deferred income taxes	(4,343)	(1,109)	(770)
Changes in assets and liabilities, net of effects from purchases of businesses:			
Decrease (increase) in accounts receivable, net	125	92,097	(18,263)
Decrease (increase) in work-in-process, prepaid and other	4,998	16,173	(31,815)
(Decrease) increase in unearned revenue	1,528	229	(1,360)
Increase in accrued business reorganization costs	25,845	—	—
(Decrease) increase in accounts payable, accrued expenses and other current liabilities	(58,366)	(94,014)	51,151
Total adjustments	301,417	45,611	40,485
Net cash provided by (used in) operating activities	(110,834)	11,416	23,618
Cash flows used in investing activities:			
Capital expenditures	(8,354)	(15,297)	(17,046)
Payments for acquisitions and intangible assets, net of cash acquired	(8,235)	(103,488)	(92,445)
Net cash used in investing activities	(16,589)	(118,785)	(109,491)
Cash flows from financing activities:			
Net payments on long-term debt	(53,311)	(22,455)	(37,814)
Net cash transfers received from TMP Worldwide Inc.	165,365	125,570	139,485
Net cash provided by financing activities	112,054	103,115	101,671
Effect of exchange rates on cash and cash equivalents	3,605	(1,449)	(1,580)
Net increase (decrease) in cash and cash equivalents	(11,764)	(5,703)	14,218
Cash and cash equivalents, beginning of year	37,672	43,375	29,157
Cash and cash equivalents, end of year	\$ 25,908	\$ 37,672	\$ 43,375

See accompanying notes to combined financial statements

F-6

## HUDSON HIGHLAND GROUP, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS

(in thousands, except per share amounts)

#### 1. REORGANIZATION, BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

##### Reorganization

The accompanying combined financial statements include the operations, assets and liabilities of TMP Worldwide Inc.'s ("TMP" or the "Parent") eResourcing and Executive Search business segments. In October 2002, TMP announced a plan to distribute to its shareholders the shares of Hudson Highland Group, Inc. (the "Company" or "HH Group"), a wholly owned subsidiary of TMP (the "Distribution"). Immediately prior to the Distribution, TMP will transfer the assets and liabilities of its eResourcing and Executive Search business segments (the "Contributed Businesses") to HH Group. Those assets and liabilities are reflected in HH Group's financial statements at TMP's historical cost.

The assets and liabilities of the Company consist primarily of businesses TMP acquired (the "Contributed Businesses") at various times from January 1, 2000 through December 31, 2002. The Contributed Businesses include 32 purchase acquisitions made by TMP, and also includes 12 mergers during the three-year period, which were accounted for as poolings of interests. The Combined Financial Statements are presented as if each of the pooled companies had been combined for all periods presented.

##### Basis of Presentation

The combined financial statements have been derived from the financial statements and accounting records of TMP using the historical results of operations and historical bases of the assets and liabilities of the Company's business. In connection with the Distribution the intercompany balances due to TMP are expected to be contributed to equity. Accordingly, they are reflected as divisional equity for all periods presented. Non-cash contributions from parent in 2001 and 2000 consist primarily of stock funding by TMP for HH Group purchase acquisitions. The non-cash distribution to parent in the year ended December 31, 2002 represents the net assets of a subsidiary that the Company transferred to TMP's Monster division (see note 3) in 2002. The terms of the distribution agreement

with TMP do not require repayment or distribution of any portion of the divisional equity back to TMP. The Company's costs and expenses in the accompanying combined financial statements include allocations from TMP for executive, legal, accounting, treasury, real estate, information technology, merger and integration costs, business reorganization costs, and other TMP corporate services and infrastructure costs because specific identification of the expenses is not practicable. The total corporate services allocation to the Company from TMP was \$31.7 million in 2002, \$27.4 million in 2001 and \$44.3 million in 2000. The year ended December 31, 2000 also includes \$1.1 million of interest expense paid to TMP in 2002 in connection with certain cash funding arrangements in the period. The expense allocations have been determined on the basis that TMP and the Company considered to be reasonable reflections of the utilization of services provided or the benefit received by the Company using ratios that are primarily based on the Company's revenue, net of direct costs of temporary contractors compared to TMP as a whole. The financial information included herein may not necessarily reflect the financial position and results of operations of HH Group in the future or what these amounts would have been had it been a separate, stand-alone entity during the periods presented. However, management believes that if the Company had been a stand-alone entity during the periods presented, the expenses would not have been materially different from the allocations presented.

F-7

---

## **Business**

HH Group's business consists of the following business segments:

*eResourcing.* HH Group's eResourcing division, which focuses on the mid-market professional staffing business, places professionals who typically earn between \$50,000 and \$150,000 annually, and possess the set of skills outlined by our clients. eResourcing uses traditional and interactive methods to select potential candidates for clients. Temporary contracting supplements the eResourcing selection services, primarily in Australia, New Zealand, the United States and throughout Europe. The division typically places employees, ranging from clerical workers to executives, in temporary situations for as little as one day to over 12 months. Contractors can be used for emergency support or to complement the skills of a client's own staff.

*Executive Search.* The Executive Search division offers a comprehensive range of executive search services aimed at finding the appropriate executive for our clients. Our executive search service identifies senior executives who typically earn in excess of \$150,000 annually.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Principles of Combination**

The combined financial statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions between and among the Contributed Businesses have been eliminated in combination. Transactions and balances between any of the Contributed Businesses and TMP are included in the accompanying combined financial statements.

### **Nature of Business and Credit Risk**

The Company operates in two business segments: eResourcing and Executive Search. The Company's revenues are earned from executive placement services, mid-level employee professional staffing and temporary contracting services. These services are provided to a large number of customers in many different industries. The Company operates principally throughout North America, the United Kingdom, Continental Europe and the Asia-Pacific region (primarily Australia).

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. The Company performs continuing credit evaluations of its customers and does not require collateral. The Company has not experienced significant losses related to receivables from individual customers or groups of customers in any particular industry or geographic area.

### **Fair Value of Financial Instruments**

The carrying amounts reported in the combined balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments.

F-8

---

The carrying amount reported for long-term debt approximates fair value generally due to the short-term nature of the underlying instruments. In instances where long-term debt carries fixed interest rates, the obligation is recorded at the present value of the future payments.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include, among others, allocations of costs to the Company by TMP, allowances for doubtful accounts and net realizable values for long-lived assets. Actual results could differ from these estimates.

### **Cash and Cash Equivalents**

The Company has historically participated in TMP's cash management program, and TMP has substantially funded the Company's cash requirements. Cash balances in excess of daily operating needs were transferred to and invested by TMP in short-term commercial paper rated P1 by Moody's or A1 by Standard & Pears or better.

Cash and cash equivalents, which consist primarily of commercial paper and time deposits, are stated at cost, which approximates fair value. For financial statement presentation purposes, the Company considers all highly liquid investments having an original maturity of three months or less as cash equivalents. At December 31, 2002 and 2001, outstanding checks in excess of cash account balances were included in accounts payable on the balance sheet.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the following estimated useful lives:

	Years
Furniture and equipment	4-7
Capitalized software costs	2-5
Computer equipment	3-7
Transportation equipment	3-6

Leasehold improvements are amortized over their estimated useful lives or the lives of the related leases, whichever is shorter.

### Capitalized Software Costs

Capitalized software costs consist of costs to purchase and develop software for internal use. The Company capitalizes certain incurred software development costs in accordance with, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position No. 98-1, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use* ("SOP 98-1"). Costs incurred during the application-development stage for software bought and further customized by outside vendors for the Company's use and software developed by a vendor for the Company's proprietary use

F-9

have been capitalized. Costs incurred for the Company's own personnel who are directly associated with software development are capitalized as appropriate.

### Intangibles

Intangibles represent acquisition costs in excess of the fair value of net tangible assets of businesses purchased and consist primarily of client lists, trademarks and goodwill. With the exception of goodwill, these costs are being amortized over periods ranging from two to thirty-six years on a straight-line basis. Prior to January 1, 2002, goodwill was amortized on a straight-line basis over periods ranging from 20 to 30 years. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142") and suspended the amortization of goodwill. In accordance with the transitional provisions of SFAS 142, goodwill arising subsequent to June 30, 2001 has not been amortized, but instead is evaluated for impairment. See Note 3 for the impact of the adoption of SFAS 142.

### Long-Lived Assets

Long-lived assets, such as intangibles, except for goodwill, and property and equipment, are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of these assets and its eventual disposition is less than its carrying amount. Impairment, if any, is assessed using discounted cash flows. As of December 31, 2002, no impairments have been recorded.

### Foreign Currency Translation

The financial position and results of operations of the Company's foreign subsidiaries are determined using local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at each year-end. Statement of Operations accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in the other comprehensive income (loss) account in divisional equity. Gains and losses resulting from other foreign currency transactions are included in other income (expense).

### Revenue Recognition

*eResourcing.* For permanent placement services provided by the Company's eResourcing division, a fee equal to between 20% and 30% of a candidate's first year estimated annual cash compensation is billed in equal installments over three consecutive months (the average length of time needed to successfully complete an assignment) and recognized upon successful completion of the placement, net of an allowance for estimated fee reversals. eResourcing's temporary contracting revenues and direct costs are recognized over the contract period as services are performed. Revenues, direct costs of

F-10

temporary contractors and gross margin related to the temporary contracting component of the Company's eResourcing division are as follows:

	Year Ended December 31,		
	2002	2001	2000
Temporary contracting revenue	\$ 771,253	\$ 898,372	\$ 847,705
Direct costs of temporary contractors	631,501	698,598	652,916
Temporary contracting gross margin	\$ 139,752	\$ 199,774	\$ 194,789

*Executive Search.* Revenue from Executive Search services is recognized when such services are earned and realizable. Revenue consists of retainers and indirect expenses billed to clients. For each assignment, the Company and its client enter into a contract that outlines the general terms and conditions of the assignment. Typically, the Company is paid a retainer for its executive and management search services equal to approximately one-third of the estimated guaranteed first year compensation for the position to be filled. In addition, if the actual compensation of a placed candidate exceeds the estimated compensation, the Company often will be authorized to bill the client for one-third of the excess. Indirect expenses are calculated as a percentage of the retainer with certain dollar limits per search. The Company generally bills its clients for its retainer and indirect expenses in one-third increments over a three-month period commencing in the month of acceptance of the contract by its client and recognize the revenue over this period.

## Direct Costs of Temporary Contractors and Salaries and Related Expenses

Direct costs of contractors include salaries, payroll taxes, employee benefits, travel expenses and insurance costs for temporary contractors who are employees of the Company as well as contractor fees and travel expenses for temporary contractors who are independent contractors. Salaries and related expenses consist primarily of salaries, payroll taxes, employee benefits related to recruitment professionals, executive level employees, administrative staff and other employees of the Company who are not temporary contractors.

## Stock-Based Compensation

The accompanying combined financial statements of the Company have been prepared in accordance with the Accounting Principles Board's Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB No. 25"). Under APB No. 25, generally, no compensation expense is recognized in connection with the awarding of stock option grants to employees provided that, as of the grant date, all terms associated with the award are fixed and the quoted market price of the stock is equal to or less than the amount an employee must pay to acquire the stock as defined. As TMP only issues fixed term stock option grants at or above the quoted market price on the date of the grant, there is no compensation expense recognized in the accompanying combined financial statements.

The Company adopted the disclosure only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, which requires certain financial statement disclosures, including pro forma operating results had the Company prepared its combined financial statements in accordance with the fair value based method of accounting for stock-based compensation (See Note 9).

F-11

---

## Advertising

The Company expenses the costs of advertising as incurred. Advertising costs amount to \$10,854, \$19,371, and \$19,357 for the years ended December 31, 2002, 2001 and 2000, respectively.

## Income Taxes

For the periods presented, the Company was not a separate taxable entity for federal, state or local income tax purposes and its operating results are included in TMP's tax returns. The Company calculates its income taxes under the separate return method and accounts for deferred tax assets and liabilities under the asset and liability method. This method measures deferred income taxes by applying the enacted statutory tax rates applicable to future years to the difference between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred taxes are reduced, if necessary, by a valuation allowance for any tax benefits that are not expected to be realized. Tax benefits absorbed by the Parent are charged as a reduction to divisional equity.

## Comprehensive Loss

Comprehensive loss is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. The Company's other comprehensive income (loss) is solely comprised of foreign currency translation adjustments, which relate to investments that are permanent in nature. To the extent that such amounts related to investments that are permanent in nature, no adjustments for income taxes are made.

## Foreign Currency Risk Management

Effective January 1, 2001 the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, collectively referred to as SFAS 133. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at fair value. The Company has historically participated in TMP's centralized treasury function and therefore, the adoption of this standard did not have a material impact on the Company's financial statements.

## Effect of Recently Issued Accounting Standards

In October 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144"). SFAS 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. The Company adopted SFAS 144 as of January 1, 2002. The adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

In July 2002, the FASB issued SFAS No. 146, *Accounting for Restructuring Costs* ("SFAS 146"). SFAS 146 applies to costs associated with an exit (including restructuring) or disposal activity. Those activities can include eliminating or reducing product lines, terminating employees and contracts, and relocating plant facilities or personnel. Under SFAS 146, a company will record a liability for a cost associated with an exit or disposal activity when that liability is incurred and can be measured at fair

F-12

---

value. SFAS 146 will require a company to disclose information about its exit and disposal activities, the related costs, and changes in those costs in the notes to the interim and annual financial statements that include the period in which an exit activity is initiated and in any subsequent period until the activity is completed. SFAS 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. Under SFAS 146, a company may not restate its previously issued financial statements. The Company intends to adopt SFAS 146 for disposal activities initiated after December 31, 2002. Liabilities recognized as a result of disposal activities prior to the adoption of SFAS 146 will continue to be accounted for under Emerging Issues Task Force ("EITF") Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)* ("EITF 94-3"). The adoption of SFAS 146 is not expected to have a material impact on the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS 148, *Accounting for Stock-Based Compensation—Transition and Disclosure*, an amendment of SFAS 123, *Accounting for Stock-Based Compensation*, which provides alternatives for companies electing to account for stock-based compensation using the fair value criteria established by SFAS 123. The Company intends to continue to account for stock-based compensation under the provisions of APB 25.

In November 2002, the FASB issued FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of the Indebtedness of Others*, which addresses the accounting for and disclosure of guarantees. Interpretation No. 45 requires a guarantor to recognize a liability for the fair value of a guarantee at inception. The recognition of the liability is required even if it is not probable that payments will be required under the guarantee. The disclosure requirements are effective for interim and annual financial statements ending after December 15, 2002. The initial recognition and measurement provisions are effective on a prospective basis for guarantees issued or modified after December 31, 2002. The adoption of Interpretation No. 45 is not expected to have a material effect on the Company's financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. Interpretation No. 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation became effective upon issuance. The Company does not expect this interpretation to have an effect on its consolidated financial statements.

### 3. ACCOUNTING CHANGES

In June 2001, the FASB issued SFAS 141 and SFAS 142. SFAS 141 eliminates the pooling of interests method of accounting for all business combinations initiated after June 30, 2001 and addresses the initial recognition and measurement of goodwill and other intangible assets acquired in a business combination. The Company adopted SFAS 141 as of July 1, 2001.

F-13

As of January 1, 2002, the Company adopted SFAS 142, which addresses the financial accounting and reporting standards for the acquisition of intangible assets outside of a business combination and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard requires that goodwill and indefinite-lived intangible assets are no longer amortized but tested for impairment on an annual basis, or more frequently if circumstances warrant.

The provisions of the standard also require the completion of a transitional impairment test in the year of adoption, with any impairment identified upon initial implementation treated as a cumulative effect of a change in accounting principle.

In conjunction with the implementation of the new accounting standards for goodwill, the Company has completed the transitional goodwill impairment review. The results of the impairment review indicated that the carrying value of goodwill may not be recoverable. The impairment review is based on a discounted cash flow approach that uses the Company's estimates of future market share, revenues and costs for each reporting unit as well as appropriate discount rates. As a result of the adoption of SFAS 142, the Company recorded a non-cash impairment charge of \$293,000 to reduce the carrying value of its goodwill. The impairment charge has been reflected as a cumulative effect of accounting change in the accompanying combined statement of operations.

A summary of changes in the Company's goodwill during the year ended December 31, 2002, by business segment is as follows:

	December 31, 2001(a)	Additions & Adjustments(b)	Impairments	Currency Translation Adjustment	December 31, 2002
eResourcing	\$ 432,871	\$ (3,928)	\$ (274,000)	\$ 38,566	\$ 193,509
Executive Search	24,093	—	(19,000)	461	5,554
<b>Total</b>	<b>\$ 456,964</b>	<b>\$ (3,928)</b>	<b>\$ (293,000)</b>	<b>\$ 39,027</b>	<b>\$ 199,063</b>

(a) Goodwill as of December 31, 2001 is shown net of accumulated amortization of \$28,389.

(b) In the year ended December 31, 2002, the business of Sale Search Rekrytering & Urval i Stockholm AB, a July 2001 acquisition, was moved from the Company's eResourcing division to TMP's Monster division as a result of a regional consolidation. As a result, \$1,267 of goodwill was transferred from TMP's eResourcing division to TMP's Monster division in the period. Remaining additions and adjustments of \$(6,583) relate to the Company's integration and restructuring plans and purchase price adjustments of \$3,922 related to businesses acquired in 2001.

As of December 31, 2002 and December 31, 2001, the Company's intangible assets consisted of the following:

	December 31, 2002		December 31, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill	\$ 199,063	\$ —	\$ 485,353	\$ (28,389)
<b>Amortizable Intangible Assets:</b>				
Client lists and other amortizable intangibles	5,085	(2,211)	5,446	(1,531)
<b>Total intangible assets</b>	<b>\$ 204,148</b>	<b>\$ (2,211)</b>	<b>\$ 490,799</b>	<b>\$ (29,920)</b>

F-14

Amortization expense for the year ended December 31, 2002 was \$754. Amortization expense for each of the five succeeding years is estimated to be approximately \$1.0 million per year.

SFAS 142 also requires purchased intangible assets other than goodwill to be amortized over their useful lives unless these lives are determined to be indefinite. In accordance with SFAS 142, the Company ceased amortizing goodwill effective January 1, 2002.

The following table presents a reconciliation of net loss for the years ended December 31, 2001 and 2000, adjusted to exclude goodwill amortization as follows. Goodwill was not amortized in the year ended December 31, 2002.

	Year ended December 31,	
	2001	2000
<b>Net loss reconciliation</b>		
Reported net loss	\$ (34,195)	\$ (16,867)
Add back: Goodwill amortization	13,532	7,361
Adjusted net loss	\$ (20,663)	\$ (9,506)

#### 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	December 31,	
	2002	2001
Capitalized software costs	\$ 17,846	\$ 19,356
Furniture and equipment	28,147	32,691
Leasehold and building improvements	15,911	18,019
Transportation equipment	1,494	2,276
Computer equipment	31,788	34,742
	95,186	107,084
Less: Accumulated depreciation and amortization	61,080	58,715
Property and equipment, net	\$ 34,106	\$ 48,369

Property and equipment includes equipment under capital leases at December 31, 2002 and 2001 with a cost of \$859 and \$436, respectively, and accumulated amortization of \$521 and \$421, respectively.

#### 5. BUSINESS COMBINATIONS

##### Merger & Integration Costs Incurred with Pooling of Interests Transactions

In June 2001, the FASB issued SFAS 141, which eliminates the pooling of interests method of accounting for all business combinations initiated after June 30, 2001.

In connection with pooling of interests transactions completed prior to June 30, 2001, the Company expensed merger & integration costs of \$5,373 for the year ended December 31, 2002. Of this amount the Company reversed accrued merger costs of \$789 and recorded \$6,162 of integration costs.

The reversal of accrued merger costs of \$789 in the year ended December 31, 2002 relates to professional fees previously recorded in connection with a 2000 integration plan. The \$6,162 of integration costs is detailed in the "Expensed" column of the following schedule of Accrued Integration and Restructuring Costs below.

#### 5. BUSINESS COMBINATIONS (Continued)

In connection with pooling of interests transactions, the Company expensed merger & integration costs of \$43,177 for the year ended December 31, 2001. Of this amount, \$10,493 is for merger costs and \$32,684 is for integration costs.

The merger costs of \$10,493 for the year ended December 31, 2001 consist of (1) \$1,264 of employee stay bonuses and (2) \$9,229 of severance and transaction related costs, including legal, accounting, printing and advisory fees, costs incurred for the subsequent registration of shares issued in the acquisitions, and other transaction costs incurred for mergers which were not consummated. The \$32,684 of integration costs is detailed in the "Expensed" column of the following schedule of Accrued Integration and Restructuring Costs below.

The Company expensed merger and integration costs of \$50,995 for the year ended December 31, 2000. Of this amount, \$24,035 is for merger costs and \$26,960 is for integration costs. The \$24,035 of merger costs consists of (1) \$7,766 of employee stay bonuses and (2) \$16,269 of severance and transaction related costs, including legal, accounting, printing and advisory fees and the costs incurred for the subsequent registration of shares issued in the acquisitions. The \$26,960 of integration costs is detailed in the "Expensed" column of the following schedule of Accrued Integration and Restructuring Costs below.

##### Acquisitions Accounted for Using the Purchase Method

During the years ended December 31, 2001 and 2000, the Company acquired 32 businesses in its eResourcing division that were accounted for using the purchase method of accounting. No such acquisitions were made in the year ended December 31, 2002. Substantially all of the businesses acquired by the

Company were made to compliment TMP's strategy to service their clients hiring needs globally. Operations of these businesses have been included in the combined financial statements of HH Group from their acquisition dates.

During the year ended December 31, 2001, the Company acquired 20 businesses in its eResourcing division, primarily companies outside of the United States. In connection with these acquisitions, the Company paid cash of approximately \$85,734, issued TMP common stock valued at \$25,807 and issued notes payable to sellers of acquired companies totaling approximately \$38,199. Total goodwill and other intangibles recorded in connection with the Company's 2001 purchase acquisitions was \$172,760, including restructuring charges of \$26,244.

During the year ended December 31, 2000, the Company acquired 12 businesses in its eResourcing division. In connection with these acquisitions, the Company paid cash consideration of \$93,394, issued TMP common stock valued at \$80,754 and issued seller notes of \$14,251. The Company recorded \$199,895 of goodwill and other intangibles for acquisitions during the year ended December 31, 2000, including restructuring charges of \$10,745.

F-16

The summarized unaudited pro forma results of operations set forth below for the years ended December 31, 2001 and 2000 assume the acquisitions made by the Company in 2001 and 2000 occurred as of the beginning of the year of acquisition.

	Year Ended December 31,	
	2001	2000
Revenue	\$ 1,355,905	\$ 1,492,421
Net loss	\$ (35,146)	\$ (12,095)

The unaudited pro forma results of operations are not necessarily indicative of what actually would have occurred if the acquisitions had been completed at the beginning of the years presented, nor are the results of operations necessarily indicative of the results that will be attained in the future.

#### Accrued Integration and Restructuring Costs

Pursuant to the conclusions stated in EITF 94-3 and EITF Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, in connection with the acquisitions and mergers made in 2001 and 2000 the Company formulated plans to integrate the operations of such companies. Such plans involve the closure of certain offices of the acquired and merged companies and the termination of certain management and employees. The objectives of the plans are to eliminate redundant facilities and personnel, and to create a single brand in the related markets in which the Company operates.

In connection with plans relating to pooled entities, the Company expensed \$6,162, \$32,684 and \$26,960 in 2002, 2001 and 2000, respectively, relating to integration activities which are included as a component of merger and integration expenses. Amounts recorded relating to business combinations accounted for as purchases were charged to goodwill.

Accrued integration and restructuring costs and liabilities are comprised of:

Year ended December 31, 2002	Balance December 31, 2001	Additions			Balance December 31, 2002
		Charged to Goodwill	Expensed	Utilization	
Assumed lease obligations on closed facilities	\$ 6,721	\$ 531	\$ 6,966	\$ (6,926)	\$ 7,292
Consolidation of acquired facilities	10,426	(2,954)	(1,047)	(4,818)	1,607
Severance, relocation and other employee costs	7,052	(4,160)	243	(3,099)	36
Total	\$ 24,199	\$ (6,583)	\$ 6,162	\$ (14,843)	\$ 8,935

F-17

Year ended December 31, 2001	Balance December 31, 2000	Additions			Balance December 31, 2001
		Charged to Goodwill	Expensed	Utilization	
Assumed lease obligations on closed facilities	\$ 8,973	\$ 488	\$ 6,835	\$ (9,575)	\$ 6,721
Consolidation of acquired facilities	7,125	13,240	19,955	(29,894)	10,426
Severance, relocation and other employee costs	5,600	12,516	5,894	(16,958)	7,052
Total	\$ 21,698	\$ 26,244	\$ 32,684	\$ (56,427)	\$ 24,199

Year ended December 31, 2000	Balance December 31, 1999	Additions			Balance December 31, 2000
		Charged to Goodwill	Expensed	Utilization	
Assumed lease obligations on closed facilities	\$ 6,079	\$ 1,170	\$ 5,513	\$ (3,789)	\$ 8,973
Consolidation of acquired facilities	2,966	3,364	14,977	(14,182)	7,125

Severance, relocation and other employee costs	1,195	6,211	6,470	(8,276)	5,600
Total	\$ 10,240	\$ 10,745	\$ 26,960	\$ (26,247)	\$ 21,698

Accrued liabilities for surplus properties relate to leased office locations of the acquired companies that were either under-utilized prior to the acquisition date or closed by the Company in connection with acquisition-related restructuring plans. The amount is based on the present value of minimum future lease obligations, net of estimated sublease income.

Costs associated with the consolidation of existing offices of acquired companies relate to termination costs of contracts relating to billing systems, external reporting systems and other contractual arrangements with third parties.

Estimated severance payments, employee relocation expenses and other employee costs relate to severance of terminated employees at closed locations, costs associated with employees transferred to continuing offices and other related costs. For the three years ended December 31, 2002, severance expense related to approximately 110, 440 and 110 employees, respectively, that were terminated in connection with the Company's exit plans. As of December 31, 2002, the remaining accrual related to 3 employees, including senior management personnel at duplicate corporate headquarters and administrative personnel.

The Company continues to evaluate and assess the impact of duplicate responsibilities and office locations. In connection with the finalization of preliminary plans relating to purchased entities, additions to restructuring reserves within one year of the date of acquisition are treated as additional purchase price; costs incurred resulting from plan revisions made after the first year are charged to

F-18

operations in the period in which they occur. Reductions to restructuring reserves established in connection with purchase business combinations are recorded as a reduction in goodwill.

The following table presents the summary activity relating the Company's integration and restructuring plans. Amounts in the "Additions" column of the following table represent amounts charged to goodwill in connection with purchase acquisitions and amounts charged to integration expense for acquisitions accounted for as poolings of interests. Additions to plans are recorded from the date of the business combination to the date the plan is finalized, within one year from the date of acquisition. As a result, additions in a year may relate to the finalization of plans initiated in the prior year. Amounts reflected in the "Change in estimate" column represent modifications to plans, subsequent to finalization. Cash payments and associated write-offs relating to the plans are reflected in the "Utilization" caption of the following table. Details of the exit plan activity comprising the Company's integration and restructuring accruals as of December 31, 2002 and 2001 are as follows:

For the year ended December 31, 2002

	Balance 12/31/2001	2002 Plan Additions	Change in Estimate	Utilization	Balance 12/31/2002
1999 Plans	\$ 646	\$ —	\$ (173)	\$ (473)	\$ —
2000 Plans	2,928	—	(485)	(55)	2,388
2001 Plans	20,625	—	(11,705)	(5,629)	3,291
2002 Plans	—	11,942	—	(8,686)	3,256
Totals	\$ 24,199	\$ 11,942	\$ (12,363)	\$ (14,843)	\$ 8,935

For the year ended December 31, 2001

	Balance 12/31/2000	2001 Plan Additions	Change in Estimate	Utilization	Balance 12/31/2001
1999 Plans	\$ 2,105	\$ —	\$ 574	\$ (2,033)	\$ 646
2000 Plans	19,593	—	1,392	(18,057)	2,928
2001 Plans	—	56,962	—	(36,337)	20,625
Totals	\$ 21,698	\$ 56,962	\$ 1,966	\$ (56,427)	\$ 24,199

Additions in 2002 of \$11,942 included integration expenses of \$8,996 and additions to goodwill of \$2,946. Additions in 2001 of \$56,962 included integration expenses of \$31,370 and additions to goodwill of \$25,592.

During the year ended December 31, 2002, the Company reversed integration and restructuring accruals of \$12,363, primarily related to severance and office integration costs. This reversal was recorded as a reduction to integration expenses of \$2,835 and a reduction of goodwill of \$9,528. The reversals were primarily a result of the Company's second quarter 2002 business reorganization initiative, where certain of the Company's previous, acquisition related, integration plans were abandoned in favor of a company-wide reorganization (See Note 6).

F-19

The change in estimate recorded in 2001 included integration expenses of \$1,313 and additions to goodwill of \$653.

In the year ended December 31, 2001, the Company increased its 2000 and 1999 plans, to accommodate overestimates of sublease income with respect to its acquired facilities.

## 6. BUSINESS REORGANIZATION AND OTHER SPECIAL CHARGES

In the second quarter of 2002, the Company announced a reorganization initiative to further streamline its operations, lower its cost structure, integrate businesses previously acquired and improve its return on capital. This reorganization program includes a workforce reduction, consolidation of excess facilities, restructuring of certain business functions and other special charges, primarily for exiting activities that are no longer part of the Company's strategic plan.

In the fourth quarter of 2002, the Company announced further reorganization efforts related to its separation from TMP. The charge consists primarily of workforce reduction, office consolidation costs and related write-offs, professional fees and other special charges. The Company will incur additional charges through the effective date of the distribution, primarily relating to workforce reduction, office consolidation costs and related asset write-offs.

As a result of the reorganization initiatives, the Company recorded business reorganization and other special charges of \$73,543 classified as a component of operating expenses, for the twelve months ended December 31, 2002.

Information relating to the business reorganization and other special charges is as follows:

### Workforce Reduction

During the year ended December 31, 2002, the Company incurred business reorganization costs to reduce its global workforce by approximately 1,000 employees. As a result, the Company recorded a workforce reduction charge of \$30,664 for the year ended December 31, 2002, primarily relating to severance and fringe benefits. As of December 31, 2002, the remaining accrual related to approximately 351 employees.

### Consolidation of Excess Facilities and Other Special Charges

During the year ended December 31, 2002, the Company recorded charges of \$42,879 relating to consolidation of excess facilities, and professional fees and other charges. Consolidation of excess facilities includes: (a) \$24,930 relating to future lease obligations, non-cancelable lease costs and other contractual arrangements with third parties net of estimated sublease income, and (b) \$9,381 for fixed asset write-offs related to property and equipment that was disposed of or removed from operations including leasehold improvements, computer equipment, software and furniture and fixtures. Professional fees and other charges, primarily relating to workforce reduction and the items above, were \$8,568.

F-20

A summary of the business reorganization costs and other special charges is outlined as follows:

Business Reorganization Costs	Total Charge	Non-cash Charges	Cash Payments	Liability at December 31, 2002
Workforce reduction	\$ 30,664	\$ (2,073)	\$ (20,216)	\$ 8,375
Consolidation of excess facilities	34,311	(9,381)	(9,882)	15,048
Professional fees and other	8,568	(2,091)	(4,055)	2,422
Total	\$ 73,543	\$ (13,545)	\$ (34,153)	\$ 25,845

The following table presents a summary of plan activity related our business reorganization costs in the year ended December 31, 2002. Amounts in the "Additions" column of the following table represent amounts charged to business reorganization and other special charges in the Company's statement of operations. Costs under these plans are charged to expense as estimates are finalized and events become accruable. Amounts reflected in the "Change in estimate" column represent modifications to previously accrued amounts that were initially established under each plan. Cash payments and associated write-offs relating to the plans are reflected in the "Utilization" caption of the following table.

For the year ended December 31, 2002	Balance 12/31/2001	2002 Plan Additions	Change in Estimate	Utilization	Balance 12/31/2002
Second Quarter 2002 Plan	\$ —	\$ 52,943	\$ (634)	\$ (37,401)	\$ 14,908
Fourth Quarter 2002 Plan	—	21,234	—	(10,297)	10,937
Totals	\$ —	\$ 74,177	\$ (634)	\$ (47,698)	\$ 25,845

The Company's fourth quarter 2002 plan modified its intentions to abandon certain office locations under the second quarter 2002 plan. As a result, the Company reversed \$634 of accrued business reorganization costs in the fourth quarter of 2002.

## 7. SUPPLEMENTAL CASH FLOW INFORMATION

All required cash payments for interest and income taxes were made by TMP on behalf of the Company and do not necessarily reflect what the Company would have paid had it been a stand alone company and thus, the amounts have not been provided.

F-21

In conjunction with its 2001 and 2000 purchase acquisitions, the Company used cash as detailed in the following table. No purchase acquisitions were made in 2002:

	Year Ended December 31,	
	2001	2000
Fair value of assets acquired, excluding cash	\$ 137,934	\$ 115,697
Less: Liabilities assumed and created upon acquisition	(34,446)	(23,252)
Net cash paid	\$ 103,488	\$ 92,445

## 8. LONG-TERM DEBT

Long-term debt consists of the following:

	December 31,	
	2002	2001
Borrowings under TMP financing agreements, interest payable at 5.4%	\$ —	\$ 2,284
Acquisition note payable, non-interest bearing, interest imputed at 5.1%, due in 2004	522	50,826
Capitalized lease obligations, payable with interest from 6.5% to 7.5%, in varying installments through 2005	1,585	1,417
Notes payable, in varying monthly installments maturing through 2003, with interest at 10%	55	946
	2,162	55,473
Less: Current portion	978	52,556
	\$ 1,184	\$ 2,917

Debt matures as follows:

	December 31, 2002
2003	\$ 978
2004	930
2005	254
	\$ 2,162

F-22

## 9. STOCK COMPENSATION PLANS

TMP has stock option plans under which the HH Group employees have been granted options to purchase TMP common stock. Options are granted at not less than fair market value at the grant date (110% of stock value for 10% stockholders). The options have a ten-year term and become exercisable in accordance with a vesting schedule determined by the Board of Directors.

Upon completion of the distribution the number of shares and exercise price of each stock option will be adjusted so that each option, will have the same aggregate intrinsic value and the same ratio of the exercise price per share to the market value per share, as the TMP stock options prior to the distribution. Vesting provisions, option terms and other terms and conditions of the TMP options will remain unchanged. No new measurement date is expected to occur upon conversion of the stock options.

SFAS No. 123, *Accounting for Stock-Based Compensation*, defines a "fair value method" of accounting for employee stock options. It also allows accounting for such options under the "intrinsic value method" in accordance with APB No. 25, *Accounting for Stock Issued to Employees* ("APB No. 25"), and related interpretations. If a company elects to use the intrinsic value method, then pro forma disclosures of earnings are required as if the fair value method of accounting was applied.

Management has elected to account for its stock options under the intrinsic value method as outlined in APB No. 25. The fair value method requires use of option valuation models, such as the Black-Scholes option valuation model, to value employee stock options, upon which a compensation expense is based. The Black-Scholes option valuation model was not developed for use in valuing employee stock options. Instead, this model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, it is management's opinion that the existing models do not necessarily provide a reliable measure of the fair value of its employee stock options. Under the intrinsic value method, compensation expense is only recognized if the exercise price of the employee stock option is less than the market price of the underlying stock on the date of grant.

The fair value for employee stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for the years ended December 31, 2002, 2001 and 2000.

	Year Ended December 31,		
	2002	2001	2000
Risk-free interest rate	4.2%	4.5%	6.3%
Volatility factor	73.5%	75.0%	80.0%
Weighted average expected life (in years)	7.5	7.5	8
Weighted average fair value of TMP options granted during the year	\$ 13.02	\$ 28.31	\$ 44.57

F-23

For the purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The pro forma information is based on TMP options granted to employees of the eResourcing and Executive Search divisions during the periods of grant. No stock-based employee compensation cost is reflected in net loss, as all options granted under the TMP plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net loss and if the Company had applied the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation. The pro forma information is not necessarily indicative of what the pro forma net loss would have been had the Company been a separate, stand-alone entity during the periods presented, or what the activity may look like in the future.

	Year Ended December 31,		
	2002	2001	2000
Net loss, as reported	\$ (412,251)	\$ (34,195)	\$ (16,867)
Add: Total stock-based employee compensation expense determined under fair value based method for all awards	(48,675)	(55,056)	(49,954)
Pro forma net loss	\$ (460,926)	\$ (89,251)	\$ (66,821)

## 10. PROVISION (BENEFIT) FOR INCOME TAXES

The components of loss before the provision for income taxes and minority interests are as follows:

	Year Ended December 31,		
	2002	2001	2000
Domestic	\$ (59,645)	\$ (34,001)	\$ (19,685)
Foreign	(60,623)	3,553	12,370
Total loss before provision (benefit) for income taxes and minority interests	\$ (120,268)	\$ (30,448)	\$ (7,315)

F-24

The provision (benefit) for income taxes is as follows:

	Year Ended December 31,		
	2002	2001	2000
<b>Current tax provision:</b>			
U.S. Federal	\$ —	\$ —	\$ 1,000
State and local	300	400	500
Foreign	3,026	4,456	8,822
Total current	3,326	4,856	10,322
<b>Deferred tax benefit:</b>			
U.S. Federal	—	—	—
State and local	—	—	—
Foreign	(4,343)	(1,109)	(770)
Total deferred	(4,343)	(1,109)	(770)
Total provision (benefit)	\$ (1,017)	\$ 3,747	\$ 9,552

The tax effects of temporary differences that give rise to the Company's deferred tax asset (liability) are below:

December 31,

	2002	2001
Current deferred tax assets (liabilities):		
Allowance for doubtful accounts	\$ 3,194	\$ 1,889
Accrued expenses and other liabilities	9,678	3,785
Deferred compensation	131	1,679
Total current deferred tax asset	13,003	7,353
Noncurrent deferred tax assets (liabilities):		
Property and equipment	(4,673)	(3,389)
Intangibles	23,426	12,547
Deferred compensation	365	—
Tax loss carryforwards	34,036	20,077
Total noncurrent deferred tax asset	53,154	29,235
Valuation allowance	(54,024)	(29,987)
Net deferred tax asset	\$ 12,133	\$ 6,601

Net deferred tax assets are included in prepaid expenses and other current assets and other long-term assets. Through December 31, 2002, the Company was included in the United States Federal and certain state consolidated tax filings with TMP. The tax provisions and deferred tax assets and liabilities of the Company were calculated as if HH Group was a separate entity.

F-25

Substantially all tax losses of the Company incurred in the United States have been absorbed by TMP on its consolidated U.S. Federal tax returns. Tax benefits of losses absorbed by TMP in the years ended December 31, 2002, 2001 and 2000 were approximately \$28.5 million, \$14.4 million and \$20.6 million, respectively.

At December 31, 2002, HH Group has net operating loss carryforwards for U.S. Federal tax purposes of approximately \$8.7 million which expire through 2019. These losses comprise pre-acquisition losses of certain acquired companies and are subject to an annual limitation on the amount that can be utilized. In addition, HH Group had net operating loss carryforwards in the United Kingdom and Australia of approximately \$31 million and \$32 million, respectively. The Company has concluded that, based on expected future results and the future reversals of existing taxable temporary differences, there is no reasonable assurance that the entire tax benefits can be utilized. Accordingly, a valuation allowance has been established. The deferred tax benefits from taxable poolings and those derived from the exercise of nonqualified stock options were recorded net of the allowance as additional paid-in capital. As such amounts are used, the valuation allowance will be reduced and the benefit will be recorded as additional paid-in capital.

In connection with the cumulative effect of the accounting change for goodwill discussed in Note 7, the Company recorded a deferred tax asset of \$14 million against which a full valuation allowance has been provided.

The provision for income taxes differs from the amount computed using the Federal statutory income tax rate as follows:

	Year Ended December 31,		
	2002	2001	2000
Provision at Federal statutory rate	\$ (42,093)	\$ (10,656)	\$ (2,560)
State income taxes, net of Federal income tax effect	300	400	500
Nondeductible expenses (1)	4,772	7,042	6,722
Effect of foreign operations	(2,550)	(2,873)	(6,259)
Losses (profits) of pooled entities taxed directly to owners	—	171	(5,578)
Net operating losses retained/utilized by TMP	28,517	14,436	20,639
Change in valuation allowance	10,037	(4,773)	(3,912)
Income tax provision (benefit)	\$ (1,017)	\$ 3,747	\$ 9,552

(1) Primarily due to nondeductible (i) merger costs, (ii) amortization of intangible assets, (iii) meals & entertainment expenses and (iv) restructuring and business reorganization expenses in 2002.

Provision has not been made for U.S. or additional foreign taxes on undistributed earnings of foreign subsidiaries. Such earnings have been and will continue to be reinvested but could become subject to additional tax if they were remitted as dividends, or were loaned to the Company or a U.S. affiliate, or if the Company should sell its stock in the foreign subsidiaries. It is not practicable to

F-26

determine the amount of additional tax, if any, that might be payable on the undistributed foreign earnings.

## 11. COMMITMENTS AND CONTINGENCIES

### (A) Leases

The Company leases its facilities and a portion of its capital equipment under operating leases and certain equipment under capital leases that expire at various dates through 2015. Some of the operating leases provide for increasing rents over the terms of the leases; total rent expense under these leases is recognized ratably over the lease terms. Future minimum lease commitments under non-cancelable operating leases and capital leases at December 31, 2002 are as follows:

	Capital Leases	Operating Leases
2003	\$ 1,012	\$ 42,181
2004	448	38,451
2005	263	34,049
2006		28,109
2007	—	23,838
Thereafter	—	96,723
	<u>1,723</u>	<u>\$ 263,351</u>
Less: Amount representing interest	138	
Present value of minimum lease payments	<u>1,585</u>	
Less: Current portion	934	
	<u>\$ 651</u>	

Rent and related expenses under operating leases was \$34,883, \$39,379 and \$33,837 for the years ended December 31, 2002, 2001 and 2000, respectively. Operating lease obligations after 2006 relate primarily to building leases.

### (B) Consulting, Employment and Non-compete Agreements

The Company has entered into various consulting, employment and non-compete agreements with certain key management personnel, executive search consultants and former owners of acquired businesses. Agreements with key members of management are generally one year in length, on an at will basis, and provide for compensation and severance payments under certain circumstances and are automatically renewed annually unless either party gives sufficient notice of termination. Agreements with certain consultants and former owners of acquired businesses are generally two to five years in length.

F-27

### (C) Employee Benefit Plans

TMP has a 401(k) profit sharing plan that currently covers all eligible HH Group employees. Matching contributions are primarily a maximum of 2% of eligible payroll of participating employees and paid by a contribution of TMP shares and cash. For the years ended December 31, 2002, 2001 and 2000 costs related to these plans were \$99, \$184 and \$410, respectively. Outside of the United States, TMP has defined contribution employee benefit plans in the countries in which it operates. For the years ended December 31, 2002, 2001 and 2000 costs related to these plans were \$2,409, \$1,594 and \$856, respectively. TMP has made all required payments for matching contributions to the employee benefit plans on behalf of the Company. The Company expects to establish similar plans following the distribution.

### (D) Litigation

The Company is subject to various claims from taxing authorities, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when the claim becomes probable and the amount due is estimatable. Although the outcome of these legal matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

### (E) Risks and Uncertainties

The Company has a history of operating losses and has never operated as an independent company. Its operations have been historically financed by TMP. It may be unable to make the changes necessary to operate as a profitable stand-alone business, or secure additional debt or equity financing on terms that are acceptable to the Company. Prior to the distribution, the Company's businesses were operated by TMP as separate segments of its broader corporate organization rather than as a separate stand-alone company. TMP assisted the Company by providing financing, particularly for acquisitions, as well as providing corporate functions such as identifying and negotiating acquisitions, legal and tax functions. Following the distribution, TMP will have no obligation to provide assistance to the Company other than the interim and transitional services, which will be provided by TMP. Because the Company's businesses have never been operated as an independent company, it cannot provide assurance that it will be able to successfully implement the changes necessary to operate independently or that the Company will not incur additional costs operating independently.

## 12. RELATED PARTY TRANSACTIONS

### **Employee Benefits Agreement and Plans**

The Company will maintain independent employee benefit plans and programs (other than equity compensation) that are substantially similar to TMP's existing employee benefit plans and programs. Generally, following the Distribution, TMP will cease to have any liability to the Company's current and former employees and their beneficiaries including, liability under any of TMP's benefit plans or programs.

### **Real Estate Agreements**

TMP and the Company are expected to also enter into various leases and sublease arrangements for the sharing of certain facilities for a transitional period on commercial terms. In the case of subleases or sub-subleases of property, the lease term will generally coincide with the remaining term of the primary lease or sublease, respectively.

### **Transition Services Agreement**

The Company intends to enter into a transition services agreement with TMP effective as of the date of the distribution. Under the agreement, TMP will provide to the Company, and the Company will provide to TMP, the insurance, tax, legal, facilities, human resources, information technology and other services that are required for a limited time (generally, for one year following the distribution date, except as otherwise agreed).

Under the transition services agreement, the Company and TMP will provide or arrange to provide services to each other in exchange for fees which the Company believes are similar in material respects to what a third-party provider would charge. Fees for transition services will be based on two billing methods, "agreed billing" and "pass-through billing." Under the agreed billing method, TMP will provide or arrange to provide the Company or the Company will provide or arrange to provide to TMP, with services at the specified cost of providing the services, plus, in the cases of some services, 5% of these costs, in any case subject to increase by the party providing the relevant service, in the exercise of its reasonable judgment, after the distribution. Under the pass-through billing method, the Company and TMP will reimburse each other for all third party expenses, out-of-pocket costs and other expenses incurred in providing or arranging to provide the relevant service.

The Company and TMP generally will invoice each other monthly for the cost of services provided under the transition services agreement. If either party fails to pay an invoice by its due date, it will be obligated to pay interest to the invoicing party at the prime rate as reported in The Wall Street Journal.

### **Tax Separation Agreement**

After the distribution, the Company will no longer be included in TMP's consolidated group for United States federal income tax purposes. The Company and TMP will enter into a tax separation agreement to reflect its separation from TMP with respect to tax matters. The primary purpose of the

agreement is to reflect each party's rights and obligations relating to payments and refunds of taxes that are attributable to periods beginning before and including the date of the distribution and any taxes resulting from transactions effected in connection with the distribution.

The tax separation agreement will provide for payments between the two companies to reflect tax liabilities which may arise before and after the distribution. It will also cover the handling of audits, settlements, elections, accounting methods and return filing in cases where both companies have an interest in the results of these activities.

The Company has agreed to indemnify TMP for any tax liability attributable to the distribution resulting from any action taken by us.

### **Loan Agreement and Security Agreement**

TMP will extend a secured revolving credit facility to the Company on the distribution date if the Company has not otherwise closed on a credit facility with a third party. The credit facility will provide for an interest rate equal to the prime rate and be limited to \$15 million outstanding at any one time. However, the Company is restricted from borrowing under the credit facility until such time as the Company's aggregate cash and cash equivalents balance is equal to or less than \$10 million. The maturity date of the credit facility will be the earlier of six months from the distribution date or the date on which the Company closes on a credit facility with a third party. The credit facility will be secured by the Company's accounts receivable.

### **TMP Funding of HH Group Obligations**

TMP has agreed to reimburse the Company for \$10 million of cash payments (\$2.5 million per quarter) related to the Company's accrued integration, restructuring and business reorganization obligations during the first year following the spin-off. Payment from TMP will be received at the end of each quarter. Legal obligation for such liabilities will remain with the Company.

### **Other Commercial Arrangements**

The Company and TMP have commenced discussions concerning certain potential commercial arrangements involving the provision of Monster.com and advertising and communication services. Any arrangements will be negotiated on an arm's length basis and will be pursuant to customary terms and conditions, including pricing terms. The Company and TMP may from time to time also negotiate and purchase other services from the other, on an arm's length basis, pursuant to customary terms and conditions.

### 13. SEGMENT AND GEOGRAPHIC DATA

The Company operates in two business segments: eResourcing and Executive Search. Operations are conducted in the following geographic regions: North America, the Asia/Pacific Region (primarily Australia), the United Kingdom and Continental Europe.

Segment information is presented in accordance with SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information* ("SFAS 131"). This standard is based on a management approach which requires segmentation based upon the Company's internal organization and disclosure of revenue and operating income based upon internal accounting methods. The Company's financial reporting systems present various data for management to run the business, including internal profit and loss statements prepared on a basis not consistent with generally accepted accounting principles. Corporate level operating expenses are allocated to the segments and are included in the operating results below. Assets are not allocated to segments for internal reporting purposes.

Information by business segment	eResourcing	Executive Search	Total
<b>Year ended December 31, 2002:</b>			
Revenue	\$ 998,467	\$ 66,972	\$ 1,065,439
Operating loss	\$ (97,324)	\$ (22,398)	\$ (119,722)
<b>Year ended December 31, 2001:</b>			
Revenue	\$ 1,178,338	\$ 109,460	\$ 1,287,798
Operating loss	\$ (27,838)	\$ (366)	\$ (28,204)
<b>Year ended December 31, 2000:</b>			
Revenue	\$ 1,146,717	\$ 178,429	\$ 1,325,146
Operating income (loss)	\$ (3,355)	\$ 2,780	\$ (575)

Information by geographic region	United States	Australia	United Kingdom	Continental Europe	Other(a)	Total
<b>Year ended December 31, 2002:</b>						
Revenue(b)	\$ 346,673	\$ 286,508	\$ 253,928	\$ 96,810	\$ 81,520	\$ 1,065,439
Long-lived assets(c)	\$ 84,621	\$ 9,038	\$ 63,707	\$ 66,190	\$ 12,487	\$ 236,043
<b>Year ended December 31, 2001:</b>						
Revenue(b)	\$ 487,949	\$ 292,735	\$ 316,117	\$ 100,823	\$ 90,174	\$ 1,287,798
Long-lived assets(c)	\$ 194,644	\$ 15,831	\$ 145,789	\$ 123,155	\$ 29,829	\$ 509,248
<b>Year ended December 31, 2000:</b>						
Revenue(b)	\$ 552,679	\$ 390,496	\$ 269,987	\$ 89,282	\$ 22,702	\$ 1,325,146
Long-lived assets(c)	\$ 254,210	\$ 24,297	\$ 23,318	\$ 46,952	\$ 3,099	\$ 351,876

- (a) Includes the Americas other than the United States and Asia-Pacific other than Australia.  
(b) Revenues are generally recorded on a geographic basis according to the location of the operating subsidiary.  
(c) Comprised of property and equipment and intangibles.

F-31

#### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TMP Worldwide Inc.  
New York, New York

The audits referred to in our report dated February 12, 2003, relating to the combined financial statements of Hudson Highland Group, Inc., which is contained in Item 15 of this Form 10, included the audits of the combined financial statement schedule listed in the accompanying index. This combined financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the combined financial statement schedule based upon our audits.

In our opinion, the combined financial statement schedule presents fairly, in all material respects, the information set forth therein.

/s/ BDO SEIDMAN, LLP

BDO Seidman, LLP

New York, New York  
February 12, 2003

**SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS  
(IN THOUSANDS)**

Column A	Column B	Column C Additions		Column D	Column E
Descriptions	Balance at Beginning of Period	Charged to Costs/Expenses	Charged to Other Accounts(1)	Deductions	Balance at End Of Period
<b>Allowance for Doubtful Accounts</b>					
Year Ended December 31, 2000	\$ 8,254	\$ 6,917	\$ 115	\$ 2,344	\$ 12,942
Year Ended December 31, 2001	12,942	(1,568)	1,692	1,947	11,119
Year Ended December 31, 2002	11,119	3,323	—	4,161	10,281

(1) Represents acquired reserves of purchased companies.

S-2

QuickLinks

[TMP WORLDWIDE INC. 622 Third Avenue New York, New York 10017](#)

[HUDSON HIGHLAND GROUP, INC. 622 Third Avenue New York, New York 10017](#)

[TABLE OF CONTENTS](#)

[SUMMARY](#)

[Summary of Historical and Pro Forma Financial Data](#)

[Summary of the Distribution](#)

[RISK FACTORS](#)

[SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS](#)

[DIVIDEND POLICY](#)

[THE DISTRIBUTION](#)

[ARRANGEMENTS BETWEEN TMP AND HH GROUP RELATING TO THE DISTRIBUTION](#)

[SELECTED HISTORICAL FINANCIAL DATA](#)

[UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS](#)

[HUDSON HIGHLAND GROUP, INC. UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS OF DECEMBER 31, 2002 \(in thousands, except per share amounts\)](#)

[HUDSON HIGHLAND GROUP, INC. UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2002 \(in thousands, except per share amounts\)](#)

[CAPITALIZATION](#)

[MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS](#)

[BUSINESS](#)

[MANAGEMENT](#)

[EXECUTIVE COMPENSATION SUMMARY TABLE](#)

[CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS](#)

[SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT](#)

[DESCRIPTION OF CAPITAL STOCK OF HH GROUP](#)

[CERTAIN ANTI-TAKEOVER EFFECTS](#)

[LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS](#)

[INDEPENDENT ACCOUNTANTS](#)

[ADDITIONAL INFORMATION](#)

[INDEX TO COMBINED FINANCIAL STATEMENTS](#)

[REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS](#)

[HUDSON HIGHLAND GROUP, INC. \(combined divisions of TMP Worldwide Inc.\) COMBINED BALANCE SHEETS \(in thousands\)](#)

[HUDSON HIGHLAND GROUP, INC. \(combined divisions of TMP Worldwide Inc.\) COMBINED STATEMENTS OF OPERATIONS \(in thousands\)](#)

[HUDSON HIGHLAND GROUP, INC. \(combined divisions of TMP Worldwide Inc.\) COMBINED STATEMENTS OF DIVISIONAL EQUITY \(in thousands\)](#)

[HUDSON HIGHLAND GROUP, INC. \(combined divisions of TMP Worldwide Inc.\) COMBINED STATEMENTS OF CASH FLOWS \(in thousands\)](#)

[HUDSON HIGHLAND GROUP, INC. NOTES TO COMBINED FINANCIAL STATEMENTS \(in thousands, except per share amounts\)](#)

[REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS](#)