

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2002

OR

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

For the transition period from Not Applicable to

Commission file number 0-25890

CENTURY BUSINESS SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

22-2769024

(State or Other Jurisdiction of
Incorporation or Organization)

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

6480 Rockside Woods Boulevard South, Suite 330, Cleveland, Ohio 44131

(Address of Principal Executive Offices) (Zip Code)

(Registrant's Telephone Number, Including Area Code) 216-447-9000

Former Name, Former Address and Former Fiscal Year, if Changed since Last Report

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

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date:

Class of Common Stock -----	Outstanding at July 31, 2002 -----
Par value \$.01 per share	95,743,251 -----

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

	JUNE 30, 2002	DECEMBER 31, 2001
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 4,904	\$ 4,340
Restricted cash and funds held for clients	55,406	50,847
Accounts receivable, less allowance for doubtful accounts of \$12,332 and \$12,982	117,968	116,734
Notes receivable -- current	2,027	2,260
Income taxes recoverable	--	2,798
Deferred income taxes	7,528	6,213
Other current assets	12,224	11,279
Assets of discontinued operations	629	2,176
	-----	-----
Total current assets	200,686	196,647
Goodwill, net of accumulated amortization	155,792	247,462
Property and equipment, net of accumulated depreciation of \$43,755 and \$39,237	50,122	53,699
Notes receivable -- non-current	8,170	5,000
Deferred income taxes -- non-current	17,765	7,427
Other assets	11,892	13,173
	-----	-----
TOTAL ASSETS	\$ 444,427	\$ 523,408
	=====	=====
LIABILITIES		
Accounts payable	\$ 24,028	\$ 21,959
Income taxes payable	3,220	--
Notes payable and capitalized leases -- current	559	1,201
Client fund obligations	45,217	36,108
Accrued expenses	34,351	36,387
Liabilities of discontinued operations	254	324
	-----	-----
Total current liabilities	107,629	95,979
Bank debt	33,000	55,000
Notes payable and capitalized leases -- non-current	988	951
Accrued expenses	766	831
	-----	-----
TOTAL LIABILITIES	142,383	152,761
	-----	-----
STOCKHOLDERS' EQUITY		
Capital stock	951	949
Additional paid-in capital	439,666	439,136
Accumulated deficit	(136,916)	(67,906)
Treasury stock	(1,308)	(1,308)
Accumulated other comprehensive loss	(349)	(224)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	302,044	370,647
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 444,427	\$ 523,408
	=====	=====

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Revenue	\$ 127,004	\$ 131,600	\$ 270,424	\$ 292,683
Operating expenses	113,561	112,538	230,358	233,721
Gross margin	13,443	19,062	40,066	58,962
Corporate general and administrative	5,159	4,379	10,029	9,200
Depreciation and amortization	5,144	10,361	10,350	20,438
Operating income	3,140	4,322	19,687	29,324
Other income (expense):				
Interest expense	(653)	(1,848)	(1,471)	(4,397)
Gain (loss) on sale of operations, net	86	945	1,110	(1,400)
Other income, net	1,157	1,275	1,701	2,420
Total other income (expense), net	590	372	1,340	(3,377)
Income from continuing operations before income tax expense	3,730	4,694	21,027	25,947
Income tax expense	1,582	2,617	9,047	14,640
Income from continuing operations	2,148	2,077	11,980	11,307
Income (loss) from operations of discontinued businesses, net of tax	(120)	(113)	(308)	4
Loss on disposal of discontinued businesses, net of tax	(892)	--	(1,236)	--
Income (loss) before cumulative effect of change in accounting principle	1,136	1,964	10,436	11,311
Cumulative effect of a change in accounting principle, net of tax	--	--	(79,446)	--
Net income (loss)	\$ 1,136	\$ 1,964	\$ (69,010)	\$ 11,311
Earnings (loss) per share:				
Basic:				
Continuing operations	\$ 0.02	\$ 0.02	\$ 0.13	\$ 0.12
Discontinued operations	(0.01)	--	(0.02)	--
Cumulative effect of change in accounting principle	--	--	(0.84)	--
Net income (loss)	\$ 0.01	\$ 0.02	\$ (0.73)	\$ 0.12
Diluted:				
Continuing operations	\$ 0.02	\$ 0.02	\$ 0.12	\$ 0.12
Discontinued operations	(0.01)	--	(0.01)	--
Cumulative effect of change in accounting principle	--	--	(0.82)	--
Net income (loss)	\$ 0.01	\$ 0.02	\$ (0.71)	\$ 0.12
Basic weighted average shares outstanding	95,005	94,903	94,945	94,903
Diluted weighted average shares outstanding	97,595	97,099	97,349	96,167

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	SIX MONTHS ENDED JUNE 30,	
	2002	2001
NET CASH PROVIDED BY CONTINUING OPERATING ACTIVITIES	\$ 24,673	30,280
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business acquisitions, net of cash acquired and contingent consideration on prior transactions	--	(1,466)
Additions to property and equipment, net	(6,341)	(5,987)
Proceeds from dispositions of businesses	3,622	11,772
Proceeds from notes receivable	683	182
Net cash (used in) provided by investing activities	(2,036)	4,501
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt	14,000	17,900
Proceeds from notes payable and capitalized leases	265	84
Payment of bank debt	(36,000)	(58,600)
Payment of notes payable and capitalized leases	(870)	(1,432)
Proceeds from stock issuances, net	--	29
Proceeds from exercise of stock options and warrants, net	532	115
Net cash used in financing activities	(22,073)	(41,904)
Net increase (decrease) in cash and cash equivalents	564	(7,123)
Cash and cash equivalents at beginning of period	4,340	15,970
Cash and cash equivalents at end of period	\$ 4,904	8,847

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the financial position of Century Business Services, Inc. and Subsidiaries (CBIZ or the Company) as of June 30, 2002 and December 31, 2001, the results of their operations for the three and six-month periods ended June 30, 2002 and 2001, and cash flows for the six-month periods ended June 30, 2002 and 2001. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with instructions to Form 10-Q, and accordingly do not include all disclosures required by generally accepted accounting principles. The December 31, 2001 condensed consolidated balance sheet was derived from CBIZ's audited consolidated balance sheet, giving effect to certain operations included in the Business Solutions segment which are being accounted for as discontinued operations. For further information, refer to the consolidated financial statements and footnotes thereto included in CBIZ's annual report on Form 10-K for the year ended December 31, 2001

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain reclassifications have been made to the 2001 financial statements to conform to the 2002 presentation. Also, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of critical accounting policies.

2. GOODWILL AND RELATED ADOPTION OF SFAS 142

Effective January 1, 2002, CBIZ adopted the non-amortization provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangibles: (SFAS 142), and accordingly ceased the amortization of our remaining goodwill balance. The following table sets forth reported net income and earnings per share, as adjusted to exclude goodwill amortization expense and goodwill impairment (in thousands, except per share data):

	THREE MONTHS ENDED June 30,		SIX MONTHS ENDED June 30,	
	2002	2001	2002	2001
Net income (loss), as reported	\$ 1,136	1,964	\$ (69,010)	11,311
Goodwill amortization, net of tax	--	5,115	--	10,328
Goodwill impairment, net of tax	--	--	79,446	--
Net income, as adjusted	\$ 1,136	7,079	\$ 10,436	21,639
<hr/>				
Basic earnings per share --				
Net income (loss), as reported	\$ 0.01	0.02	\$ (0.73)	0.12
Goodwill amortization, net of tax	\$ --	0.05	\$ --	0.11
Goodwill impairment, net of tax	--	--	0.84	--
Net income, as adjusted	\$ 0.01	0.07	\$ 0.11	0.23
<hr/>				
Diluted earnings per share --				
Net income (loss), as reported	\$ 0.01	0.02	\$ (0.71)	0.12
Goodwill amortization, net of tax	\$ --	0.05	\$ --	0.11
Goodwill impairment, net of tax	--	--	0.82	--
Net income, as adjusted	\$ 0.01	0.07	\$ 0.11	0.23

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) -- (continued)

Also in accordance with SFAS 142, CBIZ finalized the required transitional impairment tests of goodwill during the second quarter of 2002, and recorded an impairment charge of \$88.6 million on a pre-tax basis. This non-cash charge is non-operational in nature and is reflected as a cumulative effect of a change in accounting principle, net of tax benefit of \$9.1 million.

Under SFAS 142, goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. Fair value is determined at the reporting unit level based on several valuation techniques, including discounted cash flows, comparable market prices of similar entities, and earnings and revenue multiples. This methodology of measuring impairment differs from CBIZ's previous policy of using undiscounted cash flows on an individual acquisition basis, as permitted under the accounting standards applicable prior to the adoption of SFAS 142.

SFAS 142 requires an impairment test to be completed annually, subsequent to the transitional impairment test applied upon adoption of the standard. The annual impairment test for all reporting units will be completed in the fourth quarter of 2002, and every fourth quarter thereafter.

The changes in the carrying amount of goodwill for the six-months ended June 30, 2002 are as follows (in thousands):

	Business Solutions (a)	Benefits & Insurance (b)	National Practices (c)	Total
	-----	-----	-----	-----
Balance as of January 1, 2002	\$ 138,243	54,967	54,252	247,462
Less:				
Impairment Charge	(45,046)	(10,863)	(32,682)	(88,591)
Goodwill written off related to sale of an operation	(2,704)	(375)	--	(3,079)
	-----	-----	-----	-----
Balance as of June 30, 2002	\$ 90,493	43,729	21,570	155,792
	-----	-----	-----	-----

- (a) Includes one reporting unit.
- (b) Includes three reporting units.
- (c) Includes nine reporting units.

3. CONSOLIDATION AND INTEGRATION CHARGES

Consolidation and integration reserve balances as of December 31, 2001, activity during the six-month period ended June 30, 2002, and the remaining reserve balances as of June 30, 2002, were as follows (in thousands):

	1999 Plan ----- Lease Consolidation -----	Other Plans ----- Lease Consolidation -----
Reserve balance at December 31, 2001	1,097	2,295
Amounts adjusted to income	80	1,971
Payments	(411)	(334)
	-----	-----
Reserve balance at June 30, 2002	766	3,932
	=====	=====

1999 Plan

During the fourth quarter of fiscal 1999, CBIZ's Board of Directors approved a plan (the 1999 Plan) to consolidate several operations in multi-office markets and integrate certain back-office functions into a shared-services center. The plan included the consolidation of at least 60 office locations, the elimination of more than 200 positions (including Corporate), and the divestiture of four small, non-core businesses.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) -- (continued)

During the six months ended June 30, 2001, CBIZ reduced approximately \$0.4 million of accruals related to noncancellable lease obligations, due to the fact that the consolidations in the San Jose and St. Louis markets would not be completed within the original timeframe. CBIZ also reduced approximately \$0.1 million of accruals related to severance due to the accrual being higher than actual severance expense for those consolidations that had been completed. During the six months ended June 30, 2002, CBIZ increased the lease accrual related to the 1999 plan by \$0.1 million based on changes in sublease assumptions for the Atlanta market.

Other Plans

In addition to the consolidation activity described above that relates to the 1999 Plan, CBIZ has incurred expenses related to noncancellable lease obligations in Columbia, Philadelphia, Kansas City, and San Diego. For the six months ended June 30, 2002, CBIZ recorded a consolidation and integration charge of \$1.7 million related to the consolidation in Kansas City and \$0.1 million related to the consolidation in San Diego pursuant to exit plans.

In addition to the establishment of these lease accruals, certain consolidation expenses were incurred that are required to be expensed as incurred. Consolidation and integration charges incurred for the three and six-months ended June 30, 2002 and 2001 were as follows (in thousands):

	Three Months Ended June 30,		
	2002	2001	
	Operating expense	Operating expense	Corporate G&A expense
CONSOLIDATION AND INTEGRATION CHARGES NOT IN 1999 PLAN:			
Severance expense	(12)	37	--
Lease consolidation and abandonment	417	59	--
Other consolidation charges	277	182	--
	-----	-----	
Subtotal	\$682	278	--
CONSOLIDATION AND INTEGRATION CHARGES IN 1999 PLAN:			
Adjustment to lease accrual	91	106	--
Adjustment to severance accrual	--	--	(93)
	-----	-----	
Total consolidation and integration charges	\$773	384	(93)
	=====	=====	

	Six Months Ended June 30,		
	2002	2001	
	Operating expense	Operating expense	Corporate G&A expense
CONSOLIDATION AND INTEGRATION CHARGES NOT IN 1999 PLAN:			
Severance expense	29	37	93
Lease consolidation and abandonment	2,427	82	--
Other consolidation charges	333	247	--
	-----	-----	
Subtotal	\$2,789	366	93
CONSOLIDATION AND INTEGRATION CHARGES IN 1999 PLAN:			
Adjustment to lease accrual	80	(381)	--
Adjustment to severance accrual	--	(52)	(36)
	-----	-----	
Total consolidation and integration charges	\$2,869	(67)	57
	=====	=====	

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) -- (continued)

4. CONTINGENCIES

CBIZ is from time to time subject to claims and suits arising in the ordinary course of business. CBIZ is involved in certain legal proceedings as described in Part I, "Item 3 -- Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2001. There have been no significant developments in such claims or suits during the first six months of 2002, other than the dismissal of certain class-action lawsuits discussed below.

Since September 1999, seven purported stockholder class-action lawsuits were filed against CBIZ and certain of its current and former directors and officers, including Michael G. DeGroot, Charles D. Hamm, Jr., Gregory J. Skoda, Keith W. Reeves, Fred M. Winkler, and Jerome P. Grisko, and have been consolidated as In Re Century Business Services Securities Litigation, Case No. 1:99CV2200, in the United States District Court for the Northern District of Ohio. The plaintiffs alleged that the named defendants violated certain provisions of the Securities Exchange Act of 1934 and certain rules promulgated thereunder in connection with certain statements made during various periods from February 1998 through January 2000 by, among other things, improperly amortizing goodwill and failing adequately to monitor changes in operating results. The consolidated complaint sought damages in an unspecified amount. The United States District Court has dismissed the consolidated actions and the matter is no longer pending against CBIZ. Counsel for plaintiffs have indicated that they will appeal the dismissal.

CBIZ and the named officer and director defendants deny all allegations of wrongdoing made against them in these actions and intend to vigorously defend each of these lawsuits or appeals. Although the ultimate outcome of such litigation is uncertain, based on the allegations contained in the complaints, management does not believe that these lawsuits or appeals will have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

5. EARNINGS (LOSS) PER SHARE

For the periods presented, CBIZ presents both basic and diluted earnings (loss) per share. The following data shows the amounts used in computing earnings (loss) per share and the effect on the weighted average number of dilutive potential common shares (in thousands). Included in potential dilutive common shares for 2001 are contingent shares, which represent shares issued and placed in escrow that will not be released until certain performance goals have been met. As of June 30, 2002, there were no contingent shares remaining, as all shares related to acquisition "earn-outs" have been released.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
BASIC				
Weighted average common shares	95,005	94,903	94,945	94,903
DILUTED				
Options	2,590	2,123	2,404	1,191
Contingent shares	--	73	--	73
Total	97,595	97,099	97,349	96,167

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) -- (continued)

6. ACQUISITIONS

During the second quarter of 2001, CBIZ purchased one business solutions firm, which was accounted for under the purchase method of accounting. Accordingly, the operating results of the acquired company have been included in the accompanying condensed consolidated financial statements since the date of acquisition. The aggregate purchase price of this acquisition was approximately \$0.3 million in cash. The excess of the purchase price over fair value of the net assets acquired (goodwill) was approximately \$0.1 million, and was being amortized over a 15-year period, prior to the adoption of SFAS 142. As a result of the nature of the assets and liabilities of the business acquired, there were no material identifiable intangible assets or liabilities.

7. DIVESTITURES

During the first quarter of 2002, CBIZ completed the sale of six non-core business operations for an aggregate price of \$5.7 million, which resulted in a pretax gain of \$1.1 million. Since these divestitures were initiated prior to January 1, 2002 (and the adoption of SFAS 144 "Accounting for the Impairment of or Disposal of Long-Lived Assets"), the net gain associated with these transactions is included in income from continuing operations in the accompanying condensed consolidated statements of operations. During the second quarter of 2002, CBIZ completed the sale of one non-core business operation for an aggregate price of \$1.2 million, which resulted in a pretax gain of \$0.1 million. Since this divestiture did not meet the criteria for a discontinued business, the net gain associated with this transaction is included in income from continuing operations in the accompanying condensed consolidated statements of operations.

During the first quarter of 2001, CBIZ completed the sale of three non-core business operations for an aggregate price of \$2.4 million, which resulted in a pretax loss of \$0.1 million. CBIZ also recorded an additional charge of \$2.2 million related to the divestiture of another business unit that was completed in the second quarter of 2001. During the second quarter of 2001, CBIZ completed the sale of three business units (including the operation discussed above) for an aggregate price of \$9.4 million, which resulted in a pretax gain of \$0.9 million. In addition, CBIZ closed one non-core business for a loss of less than \$0.1 million. The aforementioned gains and losses have been included in gain (loss) on sale of operations in the accompanying condensed consolidated statements of operations.

8. SEGMENT REPORTING

CBIZ business units are aggregated into three reportable segments: Business Solutions; Benefits and Insurance; and National Practices. Segment information for the three and six-month periods ended June 30, 2002 and 2001 are as follows (in thousands):

	----- For the Three Months Ended June 30, 2002 -----				
	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
	-----	-----	-----	-----	-----
Revenue	\$ 52,065	\$ 39,158	\$ 35,781	\$ --	\$ 127,004
Operating expenses	46,702	31,954	32,971	1,934	113,561
	-----	-----	-----	-----	-----
Gross margin	5,363	7,204	2,810	(1,934)	13,443
Corporate general and administrative	--	--	--	5,159	5,159
Depreciation and amortization	1,311	1,060	861	1,912	5,144
	-----	-----	-----	-----	-----
Operating income	4,052	6,144	1,949	(9,005)	3,140
Other income (expense):					
Interest expense	(13)	(20)	(10)	(610)	(653)
Gain on sale of operations, net	--	--	--	86	86
Other income, net	81	20	244	812	1,157
	-----	-----	-----	-----	-----
Income (loss) from continuing operations, before taxes	\$ 4,120	\$ 6,144	\$ 2,183	\$ (8,717)	\$ 3,730
	=====	=====	=====	=====	=====

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) -- (continued)

For the Three Months Ended June 30, 2001

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	\$ 56,968	\$ 39,676	\$ 34,956	\$ --	\$ 131,600
Operating expenses	49,256	30,076	31,959	1,247	112,538
Gross margin	7,712	9,600	2,997	(1,247)	19,062
Corporate general and administrative	--	--	--	4,379	4,379
Depreciation and amortization	1,111	1,174	827	7,249	10,361
Operating income	6,601	8,426	2,170	(12,875)	4,322
Other income (expense):					
Interest expense	(23)	(34)	(22)	(1,769)	(1,848)
Gain on sale of operations, net	--	--	--	945	945
Other income, net	224	126	484	441	1,275
Income (loss) from continuing operations, before taxes	\$ 6,802	\$ 8,518	\$ 2,632	\$(13,258)	\$ 4,694

For the Six Months Ended June 30, 2002

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	\$ 124,410	\$ 75,942	\$ 70,072	\$ --	\$ 270,424
Operating expenses	97,241	62,912	64,946	5,259	230,358
Gross margin	27,169	13,030	5,126	(5,259)	40,066
Corporate general and administrative	--	--	--	10,029	10,029
Depreciation and amortization	2,373	2,285	1,698	3,994	10,350
Operating income	24,796	10,745	3,428	(19,282)	19,687
Other income (expense):					
Interest expense	(27)	(42)	(34)	(1,368)	(1,471)
Gain on sale of operations, net	--	--	--	1,110	1,110
Other income (expense) net	158	114	537	892	1,701
Income (loss) from continuing operations, before taxes	\$ 24,927	\$ 10,817	\$ 3,931	\$(18,648)	\$ 21,027

For the Six Months Ended June 30, 2001

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	\$ 136,985	\$ 79,257	\$ 76,441	\$ --	\$ 292,683
Operating expenses	101,276	60,362	69,148	2,935	233,721
Gross margin	35,709	18,895	7,293	(2,935)	58,962
Corporate general and administrative	--	--	--	9,200	9,200
Depreciation and amortization	2,201	2,129	1,664	14,444	20,438
Operating income	33,508	16,766	5,629	(26,579)	29,324
Other income (expense):					
Interest expense	(45)	(94)	(41)	(4,217)	(4,397)
Loss on sale of operations, net	--	--	--	(1,400)	(1,400)
Other income (expense) net	458	811	1,077	74	2,420
Income (loss) from continuing operations, before taxes	\$ 33,921	\$ 17,483	\$ 6,665	\$(32,122)	\$ 25,947

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited) -- (continued)

9. DISCONTINUED OPERATIONS

CBIZ adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective January 1, 2002. SFAS 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of, as well as the accounting and reporting of discontinued operations.

During the six month period ended June 30, 2002, CBIZ adopted formal plans to close two small business units and divest of one non-core business unit in the Business Solutions segment, which were no longer part of CBIZ's strategic long-term growth objectives. The business units were reported as discontinued operations and the net assets and liabilities and results of operations were reported separately in the unaudited condensed consolidated financial statements. In addition, CBIZ recorded a loss on the disposal of discontinued operations of \$0.9 million and \$1.2 million, net of tax for the three and six-month periods ended June 30, 2002, respectively.

Revenues from the discontinued operations for the three-month period ended June 30, 2002 and 2001 were \$0.3 million and \$1.1 million, respectively. Revenues from the discontinued operations for the six-month period ended June 30, 2002 and 2001 were \$1.2 million and \$2.4 million, respectively.

At June 30, 2002 and December 31, 2001, the net assets and liabilities of the three business units classified of discontinued operations consisted of the following (in thousands):

	June 30, 2002	December 31, 2001
	-----	-----
Accounts receivable, net	\$ 371	\$1,458
Property and equipment, net	250	490
Other assets	8	228
	-----	-----
Assets of discontinued operation	629	2,176
	=====	=====
Accounts payable	118	155
Accrued expenses	136	169
	-----	-----
Liabilities of discontinued operation	\$ 254	\$ 324
	=====	=====

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

Century Business Services, Inc. ("CBIZ") is a diversified services company, which acting through its subsidiaries provides professional outsourced business services to small and medium-sized companies, as well as individuals, government entities, and not-for-profit enterprises predominantly throughout the United States. CBIZ provides integrated services in the following areas: accounting and tax; employee benefits; wealth management; property and casualty insurance; payroll; information systems consulting; government relations; commercial real estate; wholesale insurance; healthcare consulting; medical practice management; worksite marketing; and capital advisory services.

RESULTS OF OPERATIONS -- CONTINUING OPERATIONS

Revenues

Total revenue decreased to \$127.0 million for the three-month period ended June 30, 2002, from \$131.6 million for the comparable period in 2001, a decrease of \$4.6 million, or 3.5%. The decrease was primarily attributable to (i) divestitures completed during and subsequent to the first quarter of 2001, (ii) lower revenue at certain business units, and (iii) weak economic conditions, which are primarily affecting the consulting and special project work provided by our Business Solutions Group. The decrease in revenue attributable to divestitures was \$5.2 million for the three-month period ended June 30, 2002, which was offset by positive growth in same unit revenue for the quarter. For business units with a full period of operations for the three-month periods ended June 30, 2002 and 2001, revenue increased \$0.6 million, or 0.5%.

Total revenues decreased to \$270.4 million for the six-month period ended June 30, 2002, from \$292.7 million for the comparable period in 2001, a decrease of \$22.3 million, or 7.6%. The decrease in revenue attributable to divestitures was \$18.7 million for the six-month period ended June 30, 2002. For business units with a full period of operations for the six-month periods ended June 30, 2002 and 2001, revenue decreased \$3.6 million, or 1.3%.

Expenses

Operating expenses increased to \$113.6 million for the three-month period ended June 30, 2002, from \$112.5 million for the comparable period in 2001, an increase of \$1.1 million, or 1.0%. Operating expenses decreased to \$230.4 million for the six-month period ended June 30, 2002, from \$233.7 million for the comparable period in 2001, a decrease of \$3.3 million, or 1.0%. As a percentage of revenue, operating expenses for the three and six-month periods ended June 30, 2002 were 89.4% and 85.2%, compared to 85.5% and 79.9%, respectively for the comparable period. Operating expense as a percentage of revenue increased due to higher levels of compensation carried through the first quarter of 2002. During the second quarter of 2002, CBIZ initiated expense reductions and incurred related expenses such as severance charges to help bring the compensation expense back in line with revenue levels in future quarters. Resulting from the expense reductions and continuing consolidation activities, CBIZ incurred severance costs and restructuring costs of \$1.2 million and \$3.3 million for the three and six month periods ended June 30, 2002, compared to costs of \$0.5 million and \$0.1 million for the comparable periods in 2001. CBIZ expects to realize the full impact of these expense reductions in the third quarter.

Corporate general and administrative expenses increased to \$5.2 million for the three-month period ended June 30, 2002, from \$4.4 million for the comparable period in 2001. Corporate general and administrative expenses increased to \$10.0 million for the six-month period ended June 30, 2002, from \$9.2 million for the comparable period in 2001. Corporate general and administrative represented 4.1% and 3.7% of total revenue for the three and six-month periods ended June 30, 2002, compared to 3.3% and 3.1% for the comparable periods in 2001, respectively. The increase in corporate general and administrative cost was primarily driven by an increase in legal costs of \$1.0 million, due to the cost to pursue cases concerning non-competition violations by former employees, insurance coverage issues, and other cases in which CBIZ is involved.

Depreciation and amortization expense decreased to \$5.1 million for the three-month period ended June 30, 2002, from \$10.4 million for the comparable period in 2001, a decrease of \$5.3 million, or 50.4%. Depreciation and amortization expense decreased to \$10.4 million for the six-month period ended June 30, 2002, from \$20.4 million for the comparable period in 2001, a decrease of \$10.0 million, or 49.4%. The decrease is primarily attributable to the decrease in goodwill amortization of \$5.4 million and \$11.0 million for the three and six-months ended June 30, 2002, respectively, resulting from the adoption of SFAS No. 142, which accordingly ceased the amortization of goodwill effective January 1, 2002. The decrease is offset by an increase in depreciation and amortization expense related to capital expenditures of \$0.2 million and \$0.9 million for the three and six-months ended June 30, 2002, respectively. The increase in capital expenditures and depreciation is primarily driven by consolidation activities and the growth of the medical management practice. As a percentage of total revenues, depreciation and amortization

was 4.1% and 3.8% of total revenue for the three and six-month periods ended June 30, 2002, compared to 7.9% and 7.0% for the comparable periods in 2001, respectively.

Interest expense decreased to \$0.7 million for the three-month period ended June 30, 2002, from \$1.8 million for the comparable period in 2001, a decrease of \$1.1 million, or 64.7%. The decrease is the result of a both lower average outstanding balances on the debt and a lower average interest rate in 2002. The average debt balance was \$47.1 million in the second quarter of 2002, compared with an average debt balance of \$89.3 million in the second quarter of 2001, and the weighted average interest rate in the second quarter of 2002 was 5.2%, compared to 7.8% in the second quarter of 2001. Interest expense decreased to \$1.5 million for the six-month period ended June 30, 2002, from \$4.4 million for the comparable period in 2001, a decrease of \$2.9 million, or 66.5%. The decrease is the result of a both lower average outstanding debt balances and a lower average interest rate in 2002. The average debt balance was \$50.5 million for the first six months of 2002, compared with an average debt balance of \$101.5 million for the same period in 2001. The weighted average interest rate for the first six months of 2002 was 5.5%, compared to 8.2% for the same period in 2001.

Net gain on sale of operations was \$0.1 million and \$1.1 million for the three and six-month periods ended June 30, 2002, and was related to the sale of one non-core business unit in the second quarter of 2002, as well as the sale of six non-core business units in the first quarter of 2002. Net gain (loss) on sale of operations was \$0.9 million and (\$1.4) million for the three and six-month periods ended June 30, 2001, and was related to the sale of three non-core business units, and the closure of one additional non-core business unit in the second quarter of 2001, and sale of three non-core business units in the first quarter of 2001.

Other income, net decreased to \$1.2 million for the three-month period ended June 30, 2002, from \$1.3 million for the comparable period in 2001, a decrease of \$0.1 million, or 9.3%. Other income, net decreased to \$1.7 million for the six-month period ended June 30, 2002, from \$2.4 million for the comparable period in 2001, a decrease of \$0.7 million, or 29.7%. Other income, net is comprised primarily of interest income earned at CBIZ's payroll business, gains and losses on the sale of assets, charges for legal reserves and settlements, and miscellaneous income, such as contingent royalties from previous divestitures. The decrease in other income is primarily related to the decrease in interest income of \$0.4 million and \$1.0 million for the three and six months ended June 30, 2002, due to lower interest rates in 2002.

CBIZ recorded income taxes from continuing operations of \$1.6 million and \$9.0 million for the three and six-month periods ended June 30, 2002, compared to \$2.6 million and \$14.6 million for the comparables period in 2001. The effective tax rate was 42.4% and 43.0% for the three and six-month periods ended June 30, 2002, compared to 55.8% and 56.4% for the comparable periods in 2001. Income taxes are provided based on CBIZ's anticipated annual effective rate. The effective tax rate in 2001 is higher than the statutory federal and state tax rates of approximately 40%, primarily due to the significant amount of goodwill amortization expense, the majority of which is not deductible for tax purposes. For the three and six-months ended June 30, 2002, the effective tax rate is higher than the statutory federal and state tax rates of approximately 40% due to permanent differences, such as the write-down of non-deductible goodwill upon disposition of businesses.

RESULTS OF OPERATIONS -- DISCONTINUED OPERATIONS

During the first six months of 2002, CBIZ adopted formal plans to close two small business units and completed the sale of a third in our Business Solutions segment, which were no longer part of CBIZ's strategic long-term growth objectives. The business units were reported as discontinued operations and the net assets and liabilities and results of operations are reported separately in the unaudited condensed consolidated financial statements. Based on the estimated cost of closure, CBIZ recorded a loss on disposal from discontinued operations, net of tax, of \$0.9 million and \$1.2 million for the three and six-months ended June 30, 2002. Revenues from the discontinued operations for the three and six-month periods ended June 30, 2002 were \$0.3 million and \$1.1 million respectively, as compared to \$1.1 million and \$2.4 million for 2001.

FINANCIAL CONDITION

Total assets decreased to \$444.4 million at June 30, 2002, from \$523.4 million at December 31, 2001, primarily attributable to the decrease in goodwill. Goodwill decreased by \$91.7 million for the six-months ended June 30, 2002, primarily due the \$88.6 million impairment charge (pretax) recorded upon the adoption of SFAS No. 142. Total liabilities decreased approximately \$10.4 million, primarily due to the decrease in bank debt of \$22.0 million, offset by the increase in client obligations of \$9.1 million. Total stockholders' equity decreased approximately \$68.6 million,

primarily due to the goodwill impairment charge taken under the adoption of SFAS No. 142, offset by net income from continuing operations for the first six months of 2002 of \$12.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased \$0.6 million to \$4.9 million at June 30, 2002, from \$4.3 million at December 31, 2001. Net cash provided by continuing operating activities for the six months ended June, 2002 was \$24.7 million, as compared to \$30.3 million in 2001, a decrease of \$5.6 million. In line with management's objective of reducing debt, net cash provided by operating activities, combined with proceeds from divestitures, was used as the principal source of funds used to reduce CBIZ's bank debt.

Cash used in investing activities of \$2.0 million during the six months ended June 30, 2002, consisted primarily of proceeds from the disposition of six businesses for \$3.6 million, offset by cash used to fund capital expenditures of \$6.3 million. Capital expenditures consisted of leasehold improvements and equipment in connection with the consolidation of offices, growth in the medical billing practice, and equipment purchases in relation to normal replacement.

Cash provided by investing activities of \$4.5 million during the six months ended June 30, 2001, consisted primarily of proceeds from the disposition of nine businesses for \$11.8 million, offset by cash used for contingent consideration of business acquired ("earn outs") and capital expenditures. Capital expenditures of \$6.0 million consisted of leasehold improvements and equipment in connection with the consolidation of certain offices and equipment purchases in relation to normal replacement.

During the six months ended June 30, 2002, cash used in financing activities consisted of a net reduction in the credit facility of \$22.0 million and net payments of \$0.6 million used toward the reduction of notes payable and capitalized leases. During the last twelve months, CBIZ reduced bank debt by \$43.8 million, from \$76.8 million at June 30, 2001 to \$33.0 million at June 30, 2002.

During the six months ended June 30, 2001, cash used in financing activities consisted of a net reduction in the credit facility of \$40.7 million and net payments of \$1.3 million used toward the reduction of notes payable and capitalized leases.

SOURCES AND USES OF CASH

CBIZ's principal source of net operating cash is derived from the collection of fees from professional services rendered to its clients and commissions earned in the areas of accounting, tax, valuation and advisory services, benefits consulting and administration services, insurance, human resources and payroll solutions, capital advisory, retirement and wealth management services and technology solutions.

CBIZ's bank line of credit is a \$75.0 million revolving credit facility with several financial institutions, of which \$33.0 million was outstanding at June 30, 2002. CBIZ's credit facility is subject to commitment reductions, in connection with business assets that are divested, by an amount equal to the net proceeds from divestitures. Additionally, the credit facility has a planned commitment reduction on September 30, 2002, which will bring the facility to \$60.0 million.

At June 30, 2002, CBIZ had \$33.0 million outstanding under its credit facility. Management believes that the available funds from the credit facility, along with cash generated from operations, will be sufficient to meet its liquidity needs in the foreseeable future. Management also expects to continue to further reduce the outstanding balance on the credit facility with cash generated from operations.

INTEREST RATE RISK MANAGEMENT

CBIZ entered into an interest rate swap agreement in the third quarter of 2001 to reduce the impact of potential rate increases on variable rate debt through its credit facility. The interest rate swap has a notional amount of \$25 million, a fixed LIBOR rate of 3.58%, and a maturity date of August 2003. CBIZ accounts for the interest rate swap as a cash flow hedge, whereby the fair value of the interest rate swap is reflected as an asset or liability in the accompanying consolidated balance sheet. The interest rate swap (hedging instrument) matches the notional amount, interest rate index and re-pricing dates as those that exist under the variable rate debt through its credit facility (hedged item). When the interest rate index is below the fixed rate LIBOR, the change in fair value of the instrument represents a change in intrinsic value, which is an effective hedge. This portion of change in value will be recorded as other

comprehensive income (loss). For the six months ended June 30, 2002, the change in fair value resulted in a loss of approximately \$0.1 million, which is recorded as other comprehensive income (loss).

CRITICAL ACCOUNTING POLICIES

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REVENUE RECOGNITION

Revenue is recognized only when all of the following are present: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, our fee to the client is fixed or determinable, and collectability is reasonably assured. CBIZ offers a vast array of products and outsourced business services to its clients. Those services are delivered through three segments. A description of revenue recognition, as it relates to those segments, is provided below:

BUSINESS SOLUTIONS -- Revenue consists primarily of fees for accounting services, preparation of tax returns and consulting services. Revenues are recorded in the period in which they are earned. CBIZ bills clients based upon a predetermined agreed upon fixed fee or actual hours incurred on client projects at expected net realizable rates per hour, plus any out-of-pocket expenses. The cumulative impact on any subsequent revision in the estimated realizable value of unbilled fees for a particular client project is reflected in the period in which the change becomes known.

BENEFITS & INSURANCE -- Revenue consists primarily of brokerage and agency commissions, and fee income for administering health and retirement plans. Commissions relating to brokerage and agency activities whereby CBIZ has primary responsibility for the collection of premiums from insureds are generally recognized as of the latter of the effective date of the insurance policy or the date billed to the customer. Commissions to be received directly from insurance companies are generally recognized when the amounts are determined. Life insurance commissions are recorded on the accrual basis. Commission revenue is reported net of sub-broker commissions. Contingent commissions are generally recognized when received. Fee income is recognized as services are rendered.

NATIONAL PRACTICES -- The business units that comprise this division offer a variety of services. A description of revenue recognition associated with the primary services is provided below:

- - Mergers & Acquisitions and Capital Advisory -- Revenue associated with non-refundable retainers are recognized on a straight-line basis over the life of the engagement. Revenue associated with success fee transactions are recognized when the transaction is completed.
- - Technology Consulting -- Revenue associated with hardware and software sales are recognized upon delivery and acceptance. Revenue associated with installation and service agreements are recognized as services are performed. Consulting revenue is recognized on an hourly or per diem fee basis.
- - Valuation and Property Tax -- Revenue associated with retainer contracts are recognized on a straight-line basis over the life of the contract, which is generally twelve months. Revenue associated with contingency arrangements is recognized once written notification is received from an outside third party (e.g., assessor in the case of a property tax engagement) acknowledging that the revenue cycle has been completed.
- - Surety -- Revenue is recognized as bonds are written. With regard to a retrospective contingent arrangement with a certain carrier, revenue is recognized based on performance measured by comparing loss ratios for each respective underwriting year to target loss ratios set by the carrier.
- - Physician Practice Management -- Revenue is recognized when collections are received on our clients' patient accounts.

VALUATION OF ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

The preparation of condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amount 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. Specifically, management must make estimates of the collectability of our accounts receivable, including work-in-progress (unbilled accounts receivable), related to current period service revenue. Management analyzes historical bad debts, client credit-worthiness, and current economic trends and conditions when evaluating

the adequacy of the allowance for doubtful accounts and the collectibility of notes receivable. Significant management judgments and estimates must be made and used in connection with establishing the allowance for doubtful accounts in any accounting period. Material differences may result if management made different judgments or utilized different estimates. Our accounts receivable balance was \$118.0 million, net of allowance for doubtful accounts of \$12.3 million, and our notes receivable balance was \$10.2 million as of June 30, 2002.

VALUATION OF GOODWILL

Effective January 1, 2002, CBIZ adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," and accordingly, ceased amortization of our remaining goodwill balance. During the second quarter of 2002, CBIZ completed the process of evaluating our goodwill for impairment using the new fair value impairment guidelines of SFAS 142. This change to a new method of accounting for goodwill resulted in a non-cash impairment charge of \$88.6 million on a pretax basis, which was recorded as a cumulative effect of a change in accounting principle. At June 30, 2002, CBIZ had approximately \$155.8 million of goodwill associated with prior acquisitions.

VALUATION OF INVESTMENTS

CBIZ has certain investments in privately held companies that are currently in their start-up or development stages and are included in "other assets" in the accompanying condensed consolidated balance sheets. These investments are inherently risky as the market for the technologies or products they have under development are typically in the early stages. The value of these investments is influenced by many factors, including the operating effectiveness of these companies, the overall health of the companies' industries, the strength of the private equity markets and general market conditions. Although the market value of these investments is not readily determinable, management believes their current fair values approximate their carrying values. In light of the circumstances noted above, particularly with respect to the current economic environment, it is possible that the fair value of these investments could decline in future periods.

LOSS CONTINGENCIES

Loss contingencies, including litigation claims, are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis that often depends on judgment about potential actions by third parties.

OTHER SIGNIFICANT POLICIES

Other significant accounting policies not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of the consolidated financial statements. Those policies are described in Note 1 to the consolidated financial statements contained in our annual report on Form 10-K for the year ended December 31, 2001.

NEW ACCOUNTING PRONOUNCEMENTS

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In July 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The statement is to be applied prospectively to exit or disposal activities initiated after December 31, 2002, and is not expected to have a significant impact on our financial position and results of operations.

FORWARD-LOOKING STATEMENTS

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Statements included in the Form 10-Q, which are not historical in nature, are forward-looking statements made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by the use of such terms and phrases as "intends," "believes," "estimates," "expects," "projects," "anticipates," "foreseeable future," "seeks," and words or phrases of similar import. Such statements are subject to certain risks, uncertainties or assumptions. Should one or more of these risks or assumptions materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Such risks and uncertainties include, but are not limited to, CBIZ's ability to adequately manage its

growth; CBIZ's dependence on the services of its CEO and other key employees; competitive pricing pressures; general business and economic conditions; and changes in governmental regulation and tax laws affecting its operations. A more detailed description of risks and uncertainties may be found in CBIZ's Annual Report on Form 10-K. All forward-looking statements in this Form 10-Q are expressly qualified by the Cautionary Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

QUANTITATIVE INFORMATION ABOUT MARKET RISK.

CBIZ's floating rate debt under its credit facility exposes the Company to interest rate risk. A change in the Federal Funds Rate, or the Reference Rate set by the Bank of America (San Francisco), would affect the rate at which CBIZ could borrow funds under its credit facility. If market interest rates were to increase or decrease immediately and uniformly by 100 basis points from the levels at June 30, 2002, interest expense would increase or decrease by \$0.3 million annually. CBIZ has entered into an interest rate swap to minimize the potential impact of future increases in interest rates. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Interest Rate Risk Management," for a further discussion of this financial instrument.

CBIZ does not engage in trading market risk sensitive instruments. Except for the interest rate swap discussed above, CBIZ does not purchase instruments, hedges, or "other than trading" instruments that are likely to expose CBIZ to market risk, whether foreign currency exchange, commodity price or equity price risk. CBIZ has not issued debt instruments, entered into forward or futures contracts, or purchased options.

QUALITATIVE INFORMATION ABOUT MARKET RISK.

CBIZ's primary market risk exposure is that of interest rate risk. A change in the Federal Funds Rate, or the reference rate set by the Bank of America (San Francisco), would affect the rate at which CBIZ could borrow funds under its credit facility. See "Quantitative Information about Market Risk" for a further discussion on the potential impact of a change in interest rates.

PART II - OTHER INFORMATION

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

At CBIZ's Annual Meeting of Shareholders held on May 17, 2002, the following matters were submitted to a vote of stockholders:

- 1) The election of the following individuals to the Board of Directors to serve until the 2005 Annual Meeting of Shareholders.

	Authority Granted -----	Authority Withheld -----
Joseph S. DiMartino	75,044,111	3,081,494
Richard C. Rochon	74,884,523	3,241,082

- 2) The approval of the appointment of KPMG LLP as independent accountants for fiscal year 2002.

Shares For -----	Shares Against -----	Abstained -----
76,274,188	1,735,532	115,885

- 3) The approval for the adoption of Century Business Services, In. 2002 Stock Incentive Plan to supersede the Century Business Services, Inc. 1996 Amended and Restated Employee Stock Option Plan.

Shares For -----	Shares Against -----	Abstained -----
42,508,878	7,986,365	860,825

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Reports on Form 8-K

There were no Current Reports on Form 8-K filed during the three months ended June 30, 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Century Business Services, Inc.

(Registrant)

Date: August 14, 2002

By: /s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number:

99.1	Sixth Amendment to the Amended and Restated Credit Agreement	21
99.2	Century Business Services, Inc. 2002 Stock Incentive Plan	39
99.3	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	56
99.4	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	56

SIXTH AMENDMENT TO AMENDED
AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT, dated as of May 10, 2002 (this "AGREEMENT"), is by and among CENTURY BUSINESS SERVICES, INC., a Delaware corporation (the "COMPANY"), the Lenders party to the Credit Agreement referred to below (the "LENDERS"), BANK OF AMERICA, N.A. as agent (the "AGENT"), and FLEET NATIONAL BANK, BANK ONE, MICHIGAN, LASALLE BANK NATIONAL ASSOCIATION AND PNC BANK, NATIONAL ASSOCIATION, each as Co-Agent (the "CO-AGENTS").

RECITALS:

WHEREAS, the Company, Agent, Co-Agents and the Lenders are parties to that certain Amended and Restated Credit Agreement dated as of October 3, 1997, as amended and restated as of August 10, 1998, as amended and restated as of August 24, 1999 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "CREDIT AGREEMENT"); and

WHEREAS, the Company, Agent, Co-Agents and the Lenders wish to amend the Credit Agreement in certain respects as set forth herein, subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given them in the Credit Agreement.

SECTION 2. AMENDMENTS AND WAIVERS TO CREDIT AGREEMENT. The Credit Agreement is, as of the Effective Date (as defined below), hereby amended as follows:

(a) THE DEFINITIONS OF "APPLICABLE MARGIN," "EBIT," "EBITDA," "ELIGIBLE RECEIVABLES," "LEVEL," "LEVEL I," "LEVEL II," "LEVEL III," "LEVEL IV," "LEVEL V," "LEVEL VI" AND "NET INCOME" IN ARTICLE I OF THE CREDIT AGREEMENT ARE HEREBY AMENDED BY DELETING SAID DEFINITIONS IN THEIR ENTIRETY AND INSERTING THE FOLLOWING IN LIEU THEREOF IN APPROPRIATE ALPHABETICAL ORDER:

"APPLICABLE MARGIN" shall mean on any date the applicable percentage set forth below based upon the Level as shown in the Compliance Certificate then most recently delivered to the Lenders:

(a) for the period on and prior to September 29, 2002:

Level	Revolving Loans		Letters of Credit		Commitment Fee
	Base Rate	Offshore Rate	Non-financial	Financial	
I	1.375%	2.625%	1.3125%	2.625%	.50%
II	1.125%	2.375%	1.1875%	2.375%	.45%
III	.875%	2.125%	1.0625%	2.125%	.40%

and

(b) for the period on and after September 30, 2002:

Level	Revolving Loans		Letters of Credit		Commitment Fee
	Base Rate	Offshore Rate	Non-financial	Financial	
I	1.500%	2.750%	1.375%	2.750%	.50%
II	1.250%	2.500%	1.250%	2.500%	.50%

; PROVIDED HOWEVER that, (i) for the period from the date of the Sixth Amendment to and including the date of the delivery of the Compliance Certificate for the period ending June 30, 2002, the Applicable Margin shall be deemed to be Level II and (ii) if the Company shall have failed to deliver to the Lenders by the date required hereunder any Compliance Certificate pursuant to SECTION 7.02(b), then from the date such Compliance Certificate was required to be delivered until the date of such delivery the Applicable Margin shall be deemed to be Level I. Each change in the Applicable Margin shall take effect with respect to all outstanding Loans on the third Business Day immediately succeeding the day on which such Compliance Certificate is received by the Agent. Notwithstanding the foregoing, no reduction in the Applicable Margin shall be effected if a Default or an Event of Default shall have occurred and be continuing on the date when such change would otherwise occur, it being understood that on the third Business Day immediately succeeding the day on which such Default or Event of Default is either waived or cured (assuming no other Default or Event of Default shall be then pending), the Applicable Margin shall be reduced (on a prospective basis) in accordance with the then most recently delivered Compliance Certificate.

"EBIT" means, for any period, for the Company and its Subsidiaries (other than Excluded Insurance Subsidiaries) on a consolidated basis, determined in accordance with GAAP, the sum of (a) Net Income (or net loss) for such period (excluding any income (or net loss) as a result of a Specified Asset Sale or a 2001 Specified Asset Sale) PLUS (b) all amounts treated as expenses for interest to the extent included in the determination of such Net Income (or loss), PLUS (c) all accrued taxes on or measured by income to the extent included in the determination of such Net Income (or loss); PROVIDED, HOWEVER, that Net Income (or loss) shall be computed for these purposes without giving effect to

extraordinary losses or extraordinary gains (except as otherwise provided in the definition of "NET INCOME"); and PROVIDED FURTHER, that for purposes of determining compliance with SECTION 8.17, EBIT for any periods occurring after January 1, 2000 shall be determined as above, PLUS all amounts treated as expenses for the amortization of intangibles of any kind to the extent included in the determination of Net Income based on a fifteen (15) year amortization schedule.

"EBITDA" means, for any period, for the Company and its Subsidiaries (other than Excluded Insurance Subsidiaries) on a consolidated basis, determined in accordance with GAAP, the sum of (a) the Net Income (or net loss) for such period (excluding any income (or net loss) as a result of a Specified Asset Sale or a 2001 Specified Asset Sale) PLUS (b) all amounts treated as expenses for depreciation and interest and the amortization of intangibles of any kind to the extent included in the determination of such Net Income (or loss), PLUS (c) all accrued taxes on or measured by income to the extent included in the determination of such net income (or loss); PROVIDED, HOWEVER, that net income (or loss) shall be computed for these purposes without giving effect to extraordinary losses or extraordinary gains (except as otherwise provided in the definition of "NET INCOME"); and PROVIDED FURTHER, that for purposes of determining compliance with SECTION 8.17, EBITDA for any periods occurring after January 1, 2000 shall be determined as above, PLUS all amounts treated as expenses for the amortization of intangibles of any kind to the extent included in the determination of Net Income based on a fifteen (15) year amortization schedule.

"ELIGIBLE RECEIVABLES" means the total face of the trade receivables less than or equal to 90 days (related to the sale of goods and services other than to affiliates of the Company) of each Tested Person, calculated in accordance with GAAP, consistently applied.

"LEVEL" means, and includes, (a) at any time on and prior to September 29, 2002, Level I, Level II and Level III, and (b) at any time on and after September 30, 2002, Level I and Level II, in each case whichever is in effect at the relevant time.

"LEVEL I" shall exist at any time the Leverage Ratio is equal to or greater than (a) at any time on and prior to September 29, 2002, 1.50:1.0 and (b) at any time on and after September 30, 2002, 1.0:1.0.

"LEVEL II" shall exist at any time the Leverage Ratio is (a) at any time on and prior to September 29, 2002, greater than or equal to 1.0:1.0 but less than 1.50:1.0 and (b) at any time on and after September 30, 2002, less than 1.0:1.0.

"LEVEL III" shall exist at any time the Leverage Ratio (a) at any time on and prior to September 29, 2002, is less than 1.00:1.0.

"NET INCOME" shall mean for any period, the net income (or loss) of the Company and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP; PROVIDED, that there shall be excluded (i) the income (or loss) of any entity accrued prior to the date it becomes a Subsidiary (or

such other date as provided in the relevant acquisition agreement) of the Company or is merged into or consolidated with the Company or any Subsidiary or on which its assets are acquired by the Company or any Subsidiary of the Company, (ii) research and development write-offs relating to an Acquisition permitted by SECTION 8.04(D) to the extent and in the amount approved by the Agent, (iii) the income of any Subsidiary of the Company (including, without limitation, any Insurance Subsidiary) to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of, or without any third-party consent required by, its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary and (iv) any non-cash charges relating to the implementation of FAS 142 by the Company with respect to the amortization of goodwill and other intangible assets attributable to Acquisitions consummated by the Company or any of its Subsidiaries prior to December 31, 2001.

"TANGIBLE NET WORTH" means shareholders' equity as determined in accordance with GAAP, excluding (a) the aggregate book loss from all Specified Asset Sales and all 2001 Specified Asset Sales and (b) all intangible assets (as determined in conformity with GAAP), including, without limitation, goodwill, patents, trademarks, copyrights, franchises, licenses and customer lists.

(b) ARTICLE I OF THE CREDIT AGREEMENT IS AMENDED BY INSERTING THE FOLLOWING DEFINITIONS IN ALPHABETICAL ORDER:

"SIXTH AMENDMENT" means the Sixth Amendment to the Amended and Restated Credit Agreement, dated as of May 10, 2002.

(c) ARTICLE II OF THE CREDIT AGREEMENT IS HEREBY AMENDED BY DELETING CLAUSE (C) OF SECTION 2.05 AND INSERTING THE FOLLOWING IN LIEU THEREOF:

"(c) On September 30, 2002, the Revolving Loan Commitment shall be reduced to \$60,000,000. The Company shall prepay the outstanding principal amount of the Revolving Loans or Swing Line Loans on any date on which the aggregate outstanding principal amount of such Loans together with the Effective Amount of the L/C Obligations (after giving effect to any other repayments or prepayments on such day) exceeds the Revolving Loan Commitment in the amount of such excess, such repayment to be made in a manner pursuant to SECTION 2.07(b)."

(d) ARTICLE VIII OF THE CREDIT AGREEMENT IS HEREBY AMENDED BY:

(i) DELETING SECTION 8.15 IN ITS ENTIRETY AND INSERTING THE FOLLOWING IN LIEU THEREOF:

"8.15 MINIMUM TANGIBLE NET WORTH. The Company shall not permit its consolidated Tangible Net Worth at any time for the period from and including the last day of the fiscal quarter ended on March 31, 2002 and thereafter, to be less than an

amount equal to the sum of (w) \$125,000,000 PLUS (x) 70% of the Company's positive Net Income, if any, for each such fiscal quarter thereafter PLUS (y) an amount equal to 100% of the net cash and non-cash proceeds of any equity securities issued by the Company after the date of the Sixth Amendment.";

(ii) DELETING SECTION 8.16 IN ITS ENTIRETY AND INSERTING THE FOLLOWING IN LIEU THEREOF:

"8.16 LEVERAGE RATIO. The Company shall not, as of the last day of each fiscal quarter, permit its Leverage Ratio at such time for the immediately preceding four final quarters (taken as one accounting period) then ending to be greater than 2.00:1.0.";

(iii) DELETING SECTION 8.17 IN ITS ENTIRETY AND INSERTING THE FOLLOWING IN LIEU THEREOF:

"8.17 INTEREST COVERAGE RATIO. The Company shall not, as of the last day of each fiscal quarter, permit its Interest Coverage Ratio at such time for the immediately preceding four fiscal quarters (taken as one accounting period) then ending to be less than the ratio set forth below:

Fiscal Quarter Ending -----	Ratio -----
March 31, 2002	3.50:1.0
June 30, 2002	2.50:1.0
September 30, 2002 and each fiscal quarter thereafter	3.50:1.0"; and

(IV) INSERTING THE FOLLOWING AS NEW SECTION 8.19:

(e) "8.19 EBITDA. The Company shall not permit its consolidated EBITDA for the immediately preceding four consecutive fiscal quarters (taken as one accounting period) then ending to be less than the amount set forth below opposite such date:

Fiscal Quarter Ending -----	Amount -----
March 31, 2002	\$30,000,000
June 30, 2002	\$27,000,000
September 30, 2002	\$28,000,000
Each fiscal quarter ending thereafter	\$30,000,000

(f) EXHIBIT C OF THE CREDIT AGREEMENT IS HEREBY AMENDED IN ITS ENTIRETY TO READ AS SET FORTH ON EXHIBIT A HERETO.

(g) THE UNDERSIGNED LENDERS HEREBY WAIVE ANY DEFAULT OR EVENT OF DEFAULT ARISING OUT OF THE COMPANY'S NON-COMPLIANCE WITH SECTIONS 8.15, 8.16, 8.17 AND 8.19 OF THE CREDIT AGREEMENT FOR THE PERIOD ENDING MARCH 31, 2002.

SECTION 3. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT. This Agreement shall become effective upon the date (the "EFFECTIVE DATE") each of the following conditions have been satisfied:

(a) EXECUTION AND DELIVERY. The Company and the Majority Lenders shall have executed and delivered this Agreement;

(b) NO DEFAULTS. No Default or Event of Default under the Credit Agreement (as amended hereby) shall have occurred and be continuing;

(c) REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained in this Agreement, the Credit Agreement (as amended hereby) and the other Loan Documents shall be true and correct in all material respects as of the Effective Date, with the same effect as though made on such date, except to the extent that any such representation or warranty expressly refers to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date;

(d) REDUCTION OF COMMITMENT. The Company shall have delivered a notice to the Agent pursuant to SECTION 2.05 of the Credit Agreement permanently reducing the Revolving Loan Commitment to \$75,000,000; and

(e) AMENDMENT FEE. The receipt by the Agent, for distribution to the relevant Lender, from the Company of an amendment fee payable to each Lender executing this Amendment in an amount equal to .10% of such Lender's Revolving Loan Commitment (after giving effect to the reduction referred to in Section 3(d)).

SECTION 4. REPRESENTATIONS AND WARRANTIES.

(a) The Company represents and warrants (i) that it has full power and authority to enter into this Agreement and perform its obligations hereunder in accordance with the provisions hereof, (ii) that this Agreement has been duly authorized, executed and delivered by such party and (iii) that this Agreement constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally and by general principles of equity.

(b) The Company represents and warrants that the following statements are true and correct:

(i) The representations and warranties contained in the Credit Agreement and each of the other Loan Documents are and will be true and correct

in all material respects on and as of the Effective Date; except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

(ii) No event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Agreement that would constitute an Event of Default.

(iii) The execution, delivery and performance of this Agreement by the Company do not and will not violate its respective certificate or articles of incorporation or by-laws, any law, rule, regulation, order, writ, judgment, decree or award applicable to it or any contractual provision to which it is a party or to which it or any of its property is subject.

(iv) No authorization or approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body is required in connection with its execution, delivery and performance of this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

SECTION 5. REFERENCES TO AND EFFECT ON THE CREDIT AGREEMENT.

(a) On and after the Effective Date each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Credit Agreement in the Loan Documents and all other documents (the "ANCILLARY DOCUMENTS") delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement, the Loan Documents and all other Ancillary Documents shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver (except as specifically waived above) of any right, power or remedy of the Lenders or the Agent under the Credit Agreement, the Loan Documents or the Ancillary Documents.

SECTION 6. EXECUTION IN COUNTERPARTS. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 7. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE INTERNAL CONFLICTS OF LAWS PROVISIONS THEREOF.

SECTION 8. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes.

[signature pages to follow]

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

CENTURY BUSINESS SERVICES, INC.

By _____
Name:
Title:

BANK OF AMERICA, N.A., as Agent

By _____
Name:
Title:

BANK OF AMERICA, N.A., Individually as a Lender
and as the Issuing Bank

By _____
Name:
Title:

FLEET NATIONAL BANK, as a Co-Agent and
individually as a Lender

By _____
Name:
Title:

BANK ONE, MICHIGAN, as a Co-Agent and
individually as a Lender

By _____
Name:
Title:

LASALLE BANK NATIONAL ASSOCIATION, as a Co-Agent
and individually as a Lender

By _____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION, as a Co-Agent
and individually as a Lender

By _____
Name:
Title:

COMERICA BANK

By _____
Name:
Title:

FIFTH THIRD BANK, NORTHEASTERN OHIO

By _____
Name:
Title:

HUNTINGTON NATIONAL BANK

By _____
Name:
Title:

FIRSTAR BANK, N.A.

By _____
Name:
Title:

FIRSTMERIT BANK, N.A.

By

Name:
Title:

FIRST UNION NATIONAL BANK

By

Name:
Title:

U.S. BANK, N.A.

By

Name:
Title:

EXHIBIT A TO SIXTH AMENDMENT

EXHIBIT C

TO CREDIT AGREEMENT

FORM OF COMPLIANCE CERTIFICATE

Bank of America, N.A.,
as Agent for the Lenders party to the Credit
Agreement referred to below
231 South LaSalle Street
Chicago, Illinois 60697

Attn:

Ladies and Gentlemen:

This certificate is furnished to you by Century Business Services, Inc. (the "Company"), pursuant to Section 7.02(b) of that certain Amended and Restated Credit Agreement, dated as of October 3, 1997, as amended and restated as of August 10, 1998 and as amended and restated as of August 24, 1999, among the Company, the financial institutions party thereto (the "Lenders"), and Bank of America, N.A., as agent for such Lenders (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), concurrently with the delivery of the financial statements required pursuant to SECTION 7.01 [(a)][(b)] of the Credit Agreement. Terms not otherwise defined herein are used herein as defined in the Credit Agreement.

The undersigned, on behalf of the Company, hereby certifies that:

(A) no Default or Event of Default has occurred and is continuing, except as described in ATTACHMENT 1 hereto;

(B) the financial data and computations set forth in Schedule 1 below, evidencing compliance with the covenants set forth in [SECTIONS 8.01(i), (j) and (m), 8.02, 8.05(d), 8.15, 8.16, 8.17, 8.18(1) and 8.19] of the Credit Agreement, are true and correct as of _____, ____ (2) (the "Computation Date");

(C) if the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, ATTACHMENT 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below; and

- - - - -

- (1) Insert Section numbers as appropriate. Section 8.18 is computed on a monthly basis.
- (2) The last day of the accounting period for which financial statements are being concurrently delivered.

(D) during the preceding 12 month period there has been a ___% turnover in Key Management.

The foregoing certifications, together with the computations set forth in SCHEDULE 1 hereto and the financial statements delivered with this Compliance Certificate in support hereof, are made and delivered as of this ____ day of _____, ____.

CENTURY BUSINESS SERVICES, INC.

By: _____

Name: _____

Its: _____ (3)

- - - - -

(3) To be executed by a Responsible Officer of the Company.

SCHEDULE 1
COMPUTATIONS

I. SECTION 8.01 LIENS

- A. Clauses (a), (i) and (j)
- 1. Aggregate amount of Indebtedness permitted to be secured: \$ _____ (4)
 - 2. Actual amount of Indebtedness secured as of the date of determination:
 - Attributable to 8.01(a): \$ _____
 - Attributable to 8.01(i): \$ _____
 - Attributable to 8.01(j): \$ _____
- B. CLAUSE (m)
- 1. Aggregate amount of obligations permitted to be secured: \$1,000,000
 - 2. Actual amount of obligations secured as of the date of determination: \$ _____

II. SECTION 8.02 DISPOSITION OF ASSETS

- A. Aggregate amount permitted during the immediately preceding twelve month period: \$ _____ (5)
- B. Actual amount during the immediately preceding twelve month period: \$ _____
- C. Aggregate amount permitted from August 24, 1999: \$ _____ (6)
- D. Actual amount from August 24, 1999: \$ _____

III. SECTION 8.05 INDEBTEDNESS

- A. CLAUSE (d)
- 1. Aggregate principal amount of Indebtedness permitted: \$ _____

- - - - -

- (4) Insert amount equal to 3% of total tangible assets as of the end of the most recent fiscal quarter.
- (5) Insert amount equal to 5% of net tangible assets as of the end of the most recent fiscal quarter.
- (6) Insert amount equal to 15% of net tangible assets as of the Closing Date.

2. Actual amount of Indebtedness as of the date of determination:
- Attributable to 8.01(a): \$ _____
 - Attributable to 8.01(i): \$ _____
 - Attributable to 8.01(j): \$ _____
 - Attributable to Section 8.05(d): \$ _____

IV. SECTION 8.15 MINIMUM TANGIBLE NET WORTH

1. Required Tangible Net Worth:
- (a) Base Amount: \$125,000,000
 - (b) 70% of the Company's Positive Net Income for each fiscal quarter ending after March 31, 2002: \$ _____
 - (c) 100% of the net cash and non-cash proceeds of any equity securities issued by the Company after March 31, 2002: \$ _____
 - (d) The sum of (a) PLUS (b) PLUS (c): \$ _____
 - (e) Actual Tangible Net Worth: \$ _____

V. SECTION 8.16 LEVERAGE RATIO

Period: Twelve months ended _____, ____.

1. Required: _____:1.0
2. Actual:
- (a) Consolidated Indebtedness as of the end of the period referred to above: \$ _____
 - Attributable to the fiscal quarter ended:
 - _____: \$ _____
 - _____: \$ _____
 - _____: \$ _____
 - _____: \$ _____
 - (b) EBITDA for the period referred to above: \$ _____
 - Attributable to the fiscal quarter ended:
 - _____: \$ _____
 - _____: \$ _____
 - _____: \$ _____
 - _____: \$ _____
 - (c) Ratio of (a) TO (b): _____:1.0

VI. SECTION 8.17 INTEREST COVERAGE RATIO

Period: Twelve months ended _____, ____.

1. Required: _____:1.0

2. Actual:

(a)	EBITA for the period referred to above:	\$ _____
	- Attributable to Insurance Subsidiaries	\$ _____
(b)	Consolidated Interest Expense for the period referred to above:	\$ _____

VII. SECTION 8.18 ELIGIBLE RECEIVABLES RATIO

Period: Month ended _____, ____.

1.	Required:	_____ : 1.0
2.	Actual:	
(a)	Trade Receivables (less than or equal to 90 days, as provided in the definition "ELIGIBLE RECEIVABLES"):	\$ _____
(b)	Outstanding Principal of Loans:	\$ _____
(c)	Ratio of (a) to (b):	_____ : 1.0

VIII. SECTION 8.19 MINIMUM EBITDA

Period: Fiscal Quarter ended _____, ____.

1.	Required Per Credit Agreement:	\$ _____
2.	Adjustment attributable to Specified Asset Sales and 2001 Specified Asset Sales:	\$ _____
3.	Adjusted Required:	\$ _____
4.	Actual:	\$ _____

ATTACHMENT 1

DESCRIPTION OF ANY DEFAULTS OR EVENTS OF DEFAULT

ATTACHMENT 2

DERIVATIONS REQUIRED TO CONFORM RELEVANT DATA IF FINANCIAL
STATEMENTS WERE NOT PREPARED IN ACCORDANCE WITH GAAP

Appendix A

CENTURY BUSINESS SERVICES, INC.

2002 STOCK INCENTIVE PLAN

Introduction

The purpose of the Plan is to give the Company a competitive advantage in attracting, retaining and motivating officers, employees, and/or directors and to provide the Company and its Subsidiaries and Affiliates with a stock plan providing incentives directly linked to the profitability of the Company's businesses and increases in Company shareholder value. This plan is an amendment and restatement, effective as of the Effective Date, of the Century Business Services, Inc. Amended and Restated 1996 Employee Stock Option Plan (the Prior Plan"). All grants or awards that were made under the Prior Plan prior to the Effective Date shall continue to be governed by the terms of the Prior Plan, except to the extent specific provisions of this Plan shall be expressly made applicable.

SECTION 1. Definitions

For purposes of the Plan, the following terms are defined as set forth below:

"Affiliate" means a corporation or other entity controlled by, controlling or under common control with the Company.

"Award" means a Stock Option, Stock Appreciation Right, Performance Award, or other stock-based award under the Plan.

"Award Cycle" means a period of one or more consecutive fiscal or other years or portions thereof designated by the Committee over which Performance Awards are to be earned.

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

"Cause" means, unless otherwise provided by the Committee, (1) "Cause" as defined in any Individual Agreement to which the awardee is a party, or (2) if there is no such Individual Agreement or if it does not define Cause: (A) conviction of the awardee for committing a felony under federal law or the law of the state in which such action occurred, (B) dishonesty in the course of fulfilling the awardee's employment duties, (C) willful and deliberate failure on the part of the awardee to perform his or her employment duties in any material respect, or (D) prior to a Change in Control, such other events as shall be determined by the Committee. The Committee shall, unless otherwise provided in an Individual Agreement with the awardee, have the sole discretion to determine whether "Cause" exists, and its determination shall be final.

"Change in Control" and "Change in Control Price" have the meanings set forth in Sections 10(b) and (c), respectively.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

"Commission" means the Securities and Exchange Commission or any successor agency.

"Committee" means the Committee referred to in Section 2.

"Common Stock" means common stock, par value \$0.01 per share, of the Company.

"Company" means Century Business Services, Inc., a Delaware corporation.

"Covered Employee" means an awardee designated prior to the grant of a Performance Award by the Committee who is or may be a "covered employee" within the meaning of Section 162(m)(3) of the Code in the year in which the Performance Award is expected to be taxable to such awardee.

"Disability" means, unless otherwise provided by the Committee, "permanent and total disability" for purposes of Code Section 22(e)(3).

"Early Retirement" means retirement from active employment with the Company, a Subsidiary or Affiliate pursuant to the early retirement provisions of the applicable pension plan of such employer.

"EBITDA" means earnings before interest expense, income taxes, depreciation and amortization and gain or loss on sale of operations.

"Effective Date" shall mean the Effective Date specified in Section 14 hereof.

"Eligible Awardees" means officers, employees, directors (whether or not officers or employees), independent contractors and consultants of the Company or any of its Subsidiaries or Affiliates, and prospective employees (subject to applicable rules relating to grants of Incentive Stock Options) who have accepted offers of employment from the Company or its Subsidiaries or Affiliates, who are or will be responsible for or contribute to the management, growth or profitability of the business of the Company, or its Subsidiaries or Affiliates. Eligible independent contractors or consultants described above may be individuals or entities, including without limitation partnerships or corporations.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

"Fair Market Value" means, except as otherwise provided by the Committee, as of any given date, the average of the highest and lowest per-share sales prices for the shares during normal business hours on any national exchange listing the Company's Common Stock or on Nasdaq for the immediately preceding date, or if the shares were not traded on such national exchange on such date, then on the next preceding date on which such shares of Common Stock were traded, all as reported by such source as the Committee may select.

"Incentive Stock Option" means any Stock Option designated as, and qualified as, an "incentive stock option" within the meaning of Section 422 of the Code.

"Individual Agreement" means an employment or similar agreement between an awardee and the Company or one of its Subsidiaries or Affiliates.

"Nonqualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Normal Retirement" means retirement from active employment with the Company, a Subsidiary or Affiliate at or after age 65.

"Qualified Performance-Based Award" means a Performance Award designated as such by the Committee at the time of award, based upon a determination that (i) the awardee is or may be a Covered Employee in the year in which the Company would expect to be able to claim a federal

income tax deduction with respect to such Performance Award and (ii) the Committee intends that such Award qualify for the Section 162(m) Exemption.

"Performance Goals" means the performance goals established by the Committee in connection with the grant of a Performance Award under Section 7 or other stock-based Awards under Section 9. In the case of Qualified Performance-Based Awards, (i) such goals shall be based on the attainment of specified levels of one or more of the following measures: earnings per share, sales, net profit after tax, gross profit, operating profit, cash generation, unit volume, return on equity, change in working capital, return on capital, shareholder return, economic value added, debt reduction or EBITDA, and (ii) such Performance Goals shall be set by the Committee within the time period prescribed by Section 162(m) of the Code and related regulations.

"Performance Award" means an Award granted under Section 7.

"Plan" means the Century Business Services, Inc. 2002 Stock Incentive Plan, as set forth herein and as hereinafter amended from time to time.

"Prior Plan" means the Century Business Services, Inc. Amended and Restated 1996 Employee Stock Option Plan, as in effect immediately prior to the Effective Date.

"Retirement" means Normal or Early Retirement.

"Rule 16b-3" means Rule 16b-3, as promulgated by the Commission under Section 16(b) of the Exchange Act, as amended from time to time.

"Section 162(m) Exemption" means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code and the regulations promulgated thereunder.

"Stock Appreciation Right" means an Award granted under Section 6.

"Stock Option" means an Award that is granted under Section 5 and that consists of the right to purchase shares of Common Stock.

"Subsidiary" means any corporation, partnership, joint venture or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company or any successor to the Company.

"Termination of Employment" means the termination of the awardee's employment with, or performance of services for, the Company and any of its Subsidiaries or Affiliates. An awardee employed by, or performing services for, a Subsidiary or an Affiliate shall also be deemed to incur a Termination of Employment if the Subsidiary or Affiliate ceases to be such a Subsidiary or an Affiliate, as the case may be, and the awardee does not immediately thereafter become an employee of, or service-provider for, the Company or another Subsidiary or Affiliate. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates shall not be considered Terminations of Employment.

In addition, certain other terms used herein have definitions given to them in the first place in which they are used.

SECTION 2. ADMINISTRATION

The Plan shall be administered by the Compensation Committee or such other committee of the Board as the Board may from time to time designate (the "Committee"), which shall be composed of not less than three directors, and shall be appointed by and serve at the pleasure of the Board. All members of the Committee shall qualify as "outside directors" for purposes of the Section 162(m) Exemption and as "Non-Employee Directors," for purposes of Rule 16b-3.

The Committee shall have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Awardees.

Among other things, the Committee shall have the authority, subject to the terms of the Plan:

(a) To select the Eligible Awardees to whom Awards may from time to time be granted;

(b) To determine whether and to what extent Incentive Stock Options, Nonqualified Stock Options, SARs, and Performance Awards or any combination thereof are to be granted hereunder;

(c) To determine the number of shares of Common Stock to be covered by an Award granted hereunder;

(d) To determine the terms and conditions of any Award granted hereunder (including, but not limited to, the option price (subject to Section 5(a))), any vesting condition, restriction or limitation (which may be related to the performance of the awardee, the Company or any Subsidiary or Affiliate) and any vesting acceleration regarding any Award and the shares of Common Stock relating thereto, based on such factors as the Committee shall determine;

(e) To modify, amend or adjust the terms and conditions of any Award, at any time or from time to time, including but not limited to Performance Goals; provided, however, that the Committee may not adjust upwards the amount payable with respect to a Qualified Performance-Based Award or waive or alter the Performance Goals associated therewith or otherwise exercise discretion that is inconsistent with the requirements of the Section 162(m) Exemption in the case of Awards that are intended to rely on such exemption;

(f) To determine to what extent and under what circumstances the issuance of Common Stock and the payment of other amounts payable with respect to an Award shall be deferred; and

(g) To determine under what circumstances an Award may be settled in cash or Common Stock under Sections 5(j) and 6(b)(ii).

The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan.

The Committee may act only by a majority of its members then in office. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may delegate administrative responsibilities with respect to the Plan. Any determination made by the Committee with respect to any

Award shall be made in the sole discretion of the Committee at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Plan awardees.

Any authority granted to the Committee may also be exercised by the full Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Exchange Act or cause an Award designated as a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

SECTION 3. COMMON STOCK SUBJECT TO PLAN

(a) Maximum Number of Shares. The maximum number of shares of Common Stock that may be issued to awardees and their beneficiaries under the Plan shall be 15,000,000, which number shall include those shares that are available for grants under the Prior Plan. No Eligible Awardee may be granted in any fiscal year of the Company Stock Options, Stock Appreciation Rights or any stock-based Awards under Section 9 hereof (excluding dividend equivalents), or any combination of such Awards, covering in excess of 1,000,000 shares of Common Stock. Shares subject to an Award under the Plan may be authorized and unissued shares or may be treasury shares.

(b) Certain Counting Rules. If any Award is forfeited, or if it terminates, expires, lapses without being exercised or is cashed out pursuant to Section 5(j) hereof or otherwise, or an Award is exercised for, or is settled with, cash, any shares of Common Stock subject to such Awards shall again be available for issuance in connection with Awards under the Plan. If the option price of any Stock Option granted under the Plan is satisfied by delivering shares of Common Stock to the Company (by either actual delivery or by attestation), only the number of shares of Common Stock issued net of the shares of Common Stock delivered or attested to shall be deemed delivered for purposes of determining the maximum numbers of shares of Common Stock available for delivery under the Plan. To the extent any shares of Common Stock subject to an Award are not delivered to an awardee because such shares are used to satisfy an applicable tax-withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan.

(c) Changes in Capitalization. In the event of any change in corporate capitalization (including, but not limited to, a change in the number of shares of Common Stock outstanding), such as a stock split or a corporate transaction, 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 Section 368 of the Code) or any partial or complete liquidation of the Company, the Committee or Board may make such substitution or adjustments in the aggregate number and kind of shares reserved for issuance under the Plan, and the maximum limitation upon Stock Options and Stock Appreciation Rights to be granted to any awardee, in the number, kind and option price of shares subject to outstanding Stock Options and Stock Appreciation Rights, in the number and kind of shares subject to other outstanding Awards granted under the Plan and/or such other equitable substitution or adjustments as it may determine to be appropriate in its sole discretion; provided, however, that the number of shares subject to any Award shall always be a whole number. Such adjusted option price shall also be used to determine

the amount payable by the Company upon the exercise of any Stock Appreciation Right associated with any Stock Option.

SECTION 4. ELIGIBILITY

Subject to any other restrictions set forth herein, Awards may be granted or awarded under the Plan only to Eligible Awardees.

SECTION 5. STOCK OPTIONS

Stock Options may be granted alone or in addition to other Awards granted under the Plan and may be of two types: Incentive Stock Options and Nonqualified Stock Options. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

The Committee shall have the authority to grant any optionee Incentive Stock Options, Nonqualified Stock Options or both types of Stock Options (in each case with or without Stock Appreciation Rights); provided, however, that grants hereunder are subject to the aggregate limit on grants to Eligible Awardees set forth in Section 3. Incentive Stock Options may be granted only to officers or other employees of the Company and its subsidiary or parent corporations (within the meaning of Section 424(e) and (f) of the Code). To the extent that any Stock Option is not designated as an Incentive Stock Option or even if so designated does not qualify as an Incentive Stock Option on or subsequent to its grant date, it shall constitute a Nonqualified Stock Option.

Stock Options shall be evidenced by written option agreements, the terms and provisions of which may differ. An option agreement shall indicate on its face whether it is intended to be an agreement for an Incentive Stock Option or a Nonqualified Stock Option. The grant of a Stock Option shall occur on the date the Committee by resolution selects an Eligible Awardee to receive a grant of a Stock Option, determines the number of shares of Common Stock to be subject to such Stock Option to be granted to such Eligible Awardee and specifies the terms and provisions of the Stock Option. The Company shall notify an Eligible Awardee of any grant of a Stock Option, and a written option agreement or agreements shall be duly executed and delivered by the Company to such optionee. Such agreement or agreements shall become effective as of the date of grant upon execution by the Company and the optionee.

Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions as the Committee shall deem desirable:

(a) Option Price. The option price per share of Common Stock shall not be less than the greater of the par value or the Fair Market Value of a share of the Common Stock on the date of grant; provided, however, that in the event the optionee of an Incentive Stock Option owns, at the time such Stock Option is awarded or granted, more than ten percent (10%) of the voting power of all classes of stock of the corporation employing the awardee or of any parent or subsidiary corporation (within the meaning of Section 424(e) and (f) of the Code), the option price shall not be less than 110% of such Fair Market Value.

(b) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Incentive Stock Option shall be exercisable more than ten (10) years after the date the Stock Option is granted, and no more than five (5) years after such date in the event the optionee is a more than ten percent (10%) shareholder as described in Section 5(a) above on the date of award or grant.

(c) Exercisability. Except as otherwise provided herein, Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides that any Stock Option vests or becomes exercisable only in installments, the Committee may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine. In addition, the Committee may at any time accelerate the exercisability of any Stock Option.

(d) Method of Exercise. Subject to the provisions of this Section 5, Stock Options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company specifying the number of shares of Common Stock subject to the Stock Option to be purchased.

Such notice shall be accompanied by payment in full of the purchase price by certified or bank check or such other instrument as the Company may accept. If approved by the Committee, payment, in full or in part, may also be made in the form of unrestricted Common Stock (by delivery of such shares or by attestation) already owned by the optionee of the same class as the Common Stock subject to the Stock Option (based on the Fair Market Value of the Common Stock on the date the Stock Option is exercised); provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned shares of Common Stock of the same class as the Common Stock subject to the Stock Option may be authorized only at the time the Stock Option is granted and provided, further, that such already owned shares shall have been held by the optionee for at least six (6) months at the time of exercise or shall have been purchased on the open market.

If approved by the Committee, payment in full or in part may also be made by delivering a properly executed exercise notice to the Company, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price, and, if requested, by the amount of any federal, state, local or foreign withholding taxes. To facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms.

In addition, if approved by the Committee, payment in full or in part may also be made by instructing the Committee to withhold a number of such shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price of such Stock Option. The Committee may also provide for Company loans to be made for purposes of the exercise of Stock Options, subject to all applicable margin requirements. Any such loan shall bear sufficient interest so as to preclude the imputing of interest for federal income tax purposes.

No shares of Common Stock shall be issued until full payment therefor has been made. Except as otherwise provided in Section 5(1) below, an optionee shall have all of the rights of a stockholder of the Company holding the class and/or series of Common Stock that is subject to such Stock Option (including, if applicable, the right to vote the shares and the right to receive dividends), at such time as the optionee has given written notice of exercise, has paid in full for such shares and, if requested, has given the representation described in Section 13(a).

If determined by the Committee or, with respect to a Nonqualified Stock Option, subsequent to the date of grant of a Stock Option, in the event an optionee who has not incurred a Termination of Employment pays the option price of such Stock Option (in whole or in part) by delivering (or attesting to ownership of) shares of Common Stock previously owned by the optionee, such optionee shall automatically be granted a

reload Stock Option (a "Reload Option") for the number of shares of Common Stock used to pay the option price and any applicable withholding amounts. Unless otherwise determined by the Committee, the Reload Option shall be subject to the same terms and conditions as the Option, except that each Reload Option shall be a Nonqualified Stock Option, have an option price equal to the Fair Market Value of the Common Stock on the date the Reload Option is granted, expire the same date as the expiration date of the Stock Option so exercised, and shall vest and become exercisable six (6) months following the date of grant of such Reload Option. Except to the extent otherwise required in order to meet the requirements of the Section 162(m) Exemption, Reload Options shall not be treated as grants for purposes of the limitations set forth in the second sentence of Section 3 of the Plan.

(e) Nontransferability of Stock Options. No Stock Option shall be transferable by the optionee other than (i) by will or by the laws of descent and distribution; or (ii) in the case of a Nonqualified Stock Option, as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to a family member or members of the optionee, whether directly or indirectly or by means of a trust or partnership or otherwise. For purposes of this Plan, unless otherwise determined by the Committee, "family member" shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933 as amended, and any successor thereto. All Stock Options shall be exercisable, subject to the terms of this Plan, only by the optionee, the guardian or legal representative of the optionee, or any person to whom such option is transferred pursuant to this paragraph, it being understood that the term "holder" and "optionee" include such guardian, legal representative and other transferee.

(f) Termination by Death. Unless otherwise determined by the Committee, if an optionee incurs a Termination of Employment by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent then exercisable, or on such accelerated basis as the Committee may determine, for a period of one (1) year (or such other period as the Committee may specify in the option agreement) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(g) Termination by Reason of Disability. Unless otherwise determined by the Committee, if an optionee incurs a Termination of Employment by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such Termination of Employment, or on such accelerated basis as the Committee may determine, for a period of one (1) year (or such other period as the Committee may specify in the option agreement) from the date of such Termination of Employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such period, any unexercised Stock Option held by such optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one (1) year from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of Termination of Employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Nonqualified Stock Option.

(h) Termination by Reason of Retirement. Unless otherwise determined by the Committee, if an optionee incurs a Termination of Employment by reason of Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such Retirement, or on such accelerated basis as the Committee may determine, for a period of two years (or such other period as the Committee may specify in the option agreement) from the date of such Termination of Employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided,

however, that if the optionee dies within such period any unexercised Stock Option held by such optionee shall, notwithstanding the expiration of such period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of Termination of Employment by reason of Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Nonqualified Stock Option.

(i) Other Terminations. Unless otherwise determined by the Committee: (A) if an optionee incurs a Termination of Employment for Cause, all Stock Options held by such optionee shall thereupon terminate upon such termination; and (B) if an optionee incurs a Termination of Employment for any reason other than death, Disability, Retirement or for Cause, any Stock Option held by such optionee, to the extent it was then exercisable at the time of termination, or on such accelerated basis as the Committee may determine, may be exercised for the period of the earlier of three (3) months from the date of such Termination of Employment or the expiration of the stated term of such Stock Option; provided, however, that if the optionee dies within such three-month period, any unexercised Stock Option held by such optionee shall, notwithstanding the expiration of such three-month period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one (1) year from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. Notwithstanding any other provision of this Plan to the contrary, in the event an optionee incurs a Termination of Employment other than for Cause during the 24-month period following a Change in Control, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Committee may determine, for the shorter of (x) the longer of (i) one (1) year from such date of termination or (ii) such other period as may be provided in the Plan for such Termination of Employment or as the Committee may provide in the option agreement, or (y) expiration of the stated term of such Stock Option. If an Incentive Stock Option is exercised after the expiration of the post-termination exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Nonqualified Stock Option.

(j) Cashing Out of Stock Option. On receipt of written notice of exercise, the Committee (but not the optionee) may elect to cash out all or part of the portion of the shares of Common Stock for which a Stock Option is being exercised by paying the optionee an amount, in cash or Common Stock, equal to the excess of the Fair Market Value of the Common Stock over the option price times the number of shares of Common Stock for which the Stock Option is being exercised on the effective date of such cash-out.

(k) Change in Control Cash-Out. Notwithstanding any other provision of the Plan, during the 60-day period from and after a Change in Control (the "Exercise Period"), if the Committee shall determine at the time of grant or thereafter, an optionee shall have the right, whether or not the Stock Option is fully exercisable and in lieu of the payment of the option price for the shares of Common Stock being purchased under the Stock Option and by giving notice to the Company, to elect (within the Exercise Period) to surrender all or part of the Stock Option to the Company and to receive cash, within thirty (30) days of such election, in an amount equal to the amount by which the Change in Control Price per share of Common Stock on the date of such election shall exceed the exercise price per share of Common Stock under the Stock Option (the "Spread") multiplied by the number of shares of Common Stock granted under the Stock Option as to which the right granted under this Section 5(k) shall have been exercised.

(l) Deferral of Option Shares. The Committee may from time to time establish procedures pursuant to which an optionee may elect to defer, until a time or times later than the exercise of an Option, receipt of all

or a portion of the shares of Common Stock subject to such Option and/or to receive cash at such later time or times in lieu of such deferred shares, all on such terms and conditions as the Committee shall determine. If any such deferrals are permitted, then notwithstanding Section 5(d) above, an optionee who elects such deferral shall not have any rights as a stockholder with respect to such deferred shares unless and until shares are actually delivered to the optionee with respect thereto, except to the extent otherwise determined by the Committee.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) Grant and Exercise. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Nonqualified Stock Option, such rights may be granted either at or after the time of grant of such Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of grant of such Stock Option. A Stock Appreciation Right shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option.

A Stock Appreciation Right may be exercised by an optionee in accordance with Section 6(b) by surrendering the applicable portion of the related Stock Option in accordance with procedures established by the Committee. Upon such exercise and surrender, the optionee shall be entitled to receive an amount determined in the manner prescribed in Section 6(b). Stock Options which have been so surrendered shall no longer be exercisable to the extent the related Stock Appreciation Rights have been exercised.

(b) Terms and Conditions. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Committee, including the following:

(i) Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate are exercisable in accordance with the provisions of Section 5 and this Section 6.

(ii) Upon the exercise of a Stock Appreciation Right, an optionee shall be entitled to receive an amount in cash, shares of Common Stock or both, in value equal to the excess of the Fair Market Value of one share of Common Stock over the option price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(iii) Stock Appreciation Rights shall be transferable only to permitted transferees of the underlying Stock Option in accordance with Section 5(e).

(iv) Upon the exercise of a Stock Appreciation Right, the Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 on the number of shares of Common Stock to be issued under the Plan, but only to the extent of the number of shares covered by the Stock Appreciation Right at the time of exercise at such time.

SECTION 7. PERFORMANCE AWARDS

(a) Administration. Performance Awards may be awarded either alone or in addition to other Awards granted under the Plan. A Performance Award shall consist of the conditional right to receive shares of Common Stock, cash (including cash bonuses determined with or without reference to shares of Common

Stock) or a combination of such shares and cash based upon the attainment of specified goals over the term of an Award Cycle. The Committee shall determine the Eligible Awardees to whom and the time or times at which Performance Awards shall be awarded, the amount of cash or the number of shares of Common Stock that may be paid or issued pursuant to Performance Awards awarded to any Eligible Awardee or any group of Eligible Awardees, the duration of the applicable Award Cycle and any other terms and conditions of the Award, in addition to those contained in Section 7(b). In the event Performance Awards consist of a conditional right to receive cash bonuses, such bonuses may be expressed as percentages of a bonus pool that is established in accordance with the requirements of the Section 162(m) Exemption.

(b) Terms and Conditions. Performance Awards shall be subject to the following terms and conditions:

(i) The Committee may, prior to or at the time of the grant, designate a Performance Award as a Qualified Performance-Based Award, in which event it shall condition the settlement thereof upon the attainment of one or more Performance Goals and shall otherwise structure the Award so as to qualify for the Section 162(m) Exemption. If the Committee does not designate a Performance Award as a Qualified Performance-Based Award, it may nevertheless condition the settlement thereof upon the attainment of one or more Performance Goals. Regardless of whether Performance Awards are Qualified Performance-Based Awards, the Committee may also condition the settlement thereof upon the continued service of the awardee. The provisions of such Awards (including without limitation any applicable Performance Goals) need not be the same with respect to each awardee. Subject to the provisions of the Plan and the Performance Award Agreement referred to in Section 7(b)(v), Performance Awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Award Cycle. Over any period of five fiscal years of the Company the sum of any cash paid, and the Fair Market Value, as of the date of payment or issuance, of any shares of Common Stock paid or issued, to an awardee pursuant to Qualified Performance-Based Awards may not exceed ten percent (10%) of the reported EBITDA of the Company and its Affiliates for such five year period.

(ii) Except to the extent otherwise provided in the applicable Performance Award Agreement (or other governing document) or Section 7(b)(iii) or 10(a)(iii), upon an awardee's Termination of Employment for any reason during the Award Cycle or before any applicable Performance Goals are satisfied, all rights to receive cash or stock in settlement of any Performance Awards shall be forfeited by the awardee; provided, however, that the Committee shall have the discretion to waive, in whole or in part, any or all remaining payment limitations (other than, in the case of Performance Awards that are Qualified Performance-Based Awards, satisfaction of the applicable Performance Goals unless the awardee's employment is terminated by reason of death or Disability) with respect to any or all of such awardee's Performance Awards.

(iii) An awardee may elect to further defer receipt of cash or shares in settlement of a Performance Award for a specified period or until a specified event, subject in each case to the Committee's approval and to such terms as are determined by the Committee (the "Elective Deferral Period"). Subject to any exceptions adopted by the Committee, such election must generally be made prior to commencement of the applicable Award Cycle for the Performance Awards in question and, in the case of Qualified Performance-Based Awards, may not cause the Award to fail to qualify for the Section 162(m) Exemption.

(iv) At the expiration of the applicable Award Cycle, the Committee shall evaluate the Company's performance in light of any Performance Goals and other conditions for a Performance Award, and shall determine the number of shares of Common Stock or the amount of cash or both, that has been earned by the awardee. The Company shall then cause to be delivered to the awardee the earned cash amount or the

number of shares, as appropriate; provided, however, that any Performance Award that may be settled by the issuance of shares of Common Stock may, in the discretion of the Committee, be settled by the payment of cash equal to the Fair Market Value of such number of shares of Common Stock (subject to any deferral pursuant to Section 7(b)(iii)).

(v) Each Award shall, unless otherwise documented by the Committee, be confirmed by, and be subject to, the terms of a written agreement (a "Performance Award Agreement").

SECTION 8. TAX OFFSET BONUSES

At the time an Award is made hereunder or at any time thereafter, the Committee may grant to the Eligible Awardee receiving such Award the right to receive a cash payment in an amount specified by the Committee, to be paid at such time or times (if ever) as the Award results in compensation income to the awardee, for the purpose of assisting the awardee to pay the resulting taxes, all as determined by the Committee and on such other terms and conditions as the Committee shall determine; provided, however, that no such payment pursuant to this Section shall be made to a Covered Employee to the extent such payment would preclude the compliance of an Award with the requirements of the Section 162(m) Exemption in the case of Awards that are Nonqualified Stock Options, Stock Appreciation Rights or Qualified Performance-Based Awards or are otherwise intended to rely on such exemption.

SECTION 9. OTHER STOCK-BASED AWARDS

Awards not described in Sections 5, 6, 7 or 8 above that constitute grants or awards of Common Stock or other grants or awards that are valued in whole or in part by reference to, or are otherwise based upon, Common Stock, including, without limitation, restricted shares of Common Stock, dividend equivalents and convertible debentures, may be granted either alone or in conjunction with other Awards granted under the Plan. The Committee may, in its sole discretion, prescribe such conditions or restrictions (including the attainment of Performance Goals and/or other restrictions designed to satisfy the Section 162(m) Exemption) for the vesting or settlement of any such other Awards described in this Section as it may deem advisable.

SECTION 10. CHANGE IN CONTROL PROVISIONS

(a) Impact of Event. Notwithstanding any other provision of the Plan to the contrary, the Committee may provide in the terms of any grant that in the event of a Change in Control:

(i) Any Stock Options and Stock Appreciation Rights outstanding as of the date such Change in Control is determined to have occurred, and which are not then exercisable and vested, shall become fully exercisable and vested to the full extent of the original grant.

(ii) All Performance Awards shall be considered to be earned and payable in full, and any deferral or other restriction shall lapse and such Performance Awards shall be settled in cash as promptly as is practicable.

(iii) The Committee may also make additional adjustments and/or settlements of outstanding Awards as it deems appropriate and consistent with the Plan's purposes.

(b) Definition of Change in Control. For purposes of the Plan, a "Change in Control" shall mean the occurrence of any of the following events:

(i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (4) any acquisition pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (iii) of this Section 10(b); or

(ii) A change in the composition of the Board such that the individuals who, as of the effective date of the Plan, constitute the Board (such Board being hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 10(b), that any individual who becomes a member of the Board subsequent to the effective date of the Plan, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company ("Corporate Transaction"); excluding, however, such a Corporate Transaction pursuant to which (1) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (2) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Corporate Transaction) will beneficially own, directly or indirectly, 40% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Corporate Transaction, and (3) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(c) Change in Control Price. For purposes of the Plan, "Change in Control Price" means the higher of (i) the highest reported sales price, regular way, of a share of Common Stock in any transaction reported on the New York Stock Exchange Composite Tape or other national exchange on which such shares are listed or on Nasdaq during the 60-day period prior to and including the date of a Change in Control or (ii) if the Change in Control is the result of a tender or exchange offer or a Corporate Transaction, the highest price per share of Common Stock paid in such tender or exchange offer or Corporate Transaction; provided, however, that in the case of Incentive Stock Options and Stock Appreciation Rights relating to Incentive Stock Options, the Change in Control Price shall be in all cases the Fair Market Value of the Common Stock on the date such Incentive Stock Option or Stock Appreciation Right is exercised. To the extent that the consideration paid in any such transaction described above consists all or in part of securities or other noncash consideration, the value of such securities or other noncash consideration shall be determined at the sole discretion of the Board.

SECTION 11. TERM, AMENDMENT AND TERMINATION

The Plan will terminate on the day before the tenth anniversary of the effective date of the Plan. Under the Plan, Awards outstanding as of such date shall not be affected or impaired by the termination of the Plan.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would impair the rights of an optionee under a Stock Option or a recipient of a Stock Appreciation Right, Performance Award or other stock-based Award theretofore granted without the optionee's or recipient's consent, except such an amendment made to comply with applicable law, stock exchange rules or accounting rules. In addition, no such amendment shall be made without the requisite approval of the Company's stockholders if such amendment has the effect of changing the number of shares of Common Stock available for issuance under the Plan (other than changes or adjustments provided for in Section 3) or changing the identity of persons eligible to receive Awards or to the extent such approval is required by applicable law or stock exchange rules, including, without limitation, any law governing the Section 162(m) Exemption or the qualification of Incentive Stock Options under Section 422 of the Code.

The Committee may amend the terms of any Stock Option or other Award theretofore granted, prospectively or retroactively, but no such amendment shall cause a Qualified Performance-Based Award or any other Award intended to comply with the Section 162(m) Exemption to cease to qualify for such exemption or impair the rights of any holder without the holder's consent except such an amendment made to cause the Plan or Award to comply with applicable law, stock exchange rules or accounting rules.

Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in law and tax and accounting rules as well as other developments, and to grant Awards which qualify for beneficial treatment under such rules without stockholder approval.

SECTION 12. UNFUNDED STATUS OF PLAN

It is presently intended that the Plan constitute an "unfunded" plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or make payments; provided, however, that unless the Committee

otherwise determines, the existence of such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan.

SECTION 13. GENERAL PROVISIONS

(a) The Committee may require each person purchasing or receiving shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for shares of Common Stock under the Plan prior to fulfillment of all of the following conditions:

(1) Listing or approval for listing upon notice of issuance, of such shares on the New York Stock Exchange, Inc., or such other securities exchange as may at the time be the principal market for the Common Stock;

(2) Any registration or other qualification of such shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and

(3) Obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(b) Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.

(c) The Plan shall not constitute a contract of employment, and adoption of the Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the employment of any employee at any time.

(d) No later than the date as of which an amount first becomes includible in the gross income of the recipient of an Award for federal income tax purposes with respect to any Award under the Plan, the awardee shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes (or other amounts) of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Company, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement; provided, that not more than the legally required minimum withholding may be settled with Common Stock. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the awardee. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.

(e) The Committee shall establish such procedures as it deems appropriate for an awardee to designate a beneficiary to whom any amounts payable in the event of the awardee's death are to be paid or by whom any rights of the awardee, after the awardee's death, may be exercised.

(f) In the case of a grant of an Award to any employee of a Subsidiary of the Company, the Company may, if the Committee so directs, issue or transfer the shares of Common Stock, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary will transfer the shares of Common Stock to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All shares of Common Stock underlying Awards that are forfeited or canceled shall revert to the Company.

(g) The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

(h) Except as otherwise provided in Section 5(e) or 6(b)(iii) or by the Committee, Awards under the Plan are not transferable except by will or by laws of descent and distribution.

(i) In the event an Award is granted to an Eligible Awardee who is employed or providing services outside the United States and who is not compensated from a payroll maintained in the United States, the Committee may, in its sole discretion, modify the provisions of the Plan as they pertain to such individual to comply with applicable foreign law.

SECTION 14. EFFECTIVE DATE OF PLAN

The Plan shall be effective as of the date it is approved by the shareholders of the Company. The foregoing notwithstanding, no issuance of shares or settlement of any Award or other payment of compensation under the Plan may occur until shareholder approval of the Plan.

SECTION 15. DIRECTOR STOCK OPTIONS

(a) Each director of the Company who is not otherwise an employee of the Company or any of its Subsidiaries or Affiliates, shall (i) on the first day after his or her first election as a director of the Company automatically be granted 50,000 Nonqualified Stock Options to purchase Common Stock having an exercise price of 100% of Fair Market Value of the Common Stock on the date of grant of such Nonqualified Stock Option and (ii) thereafter, on the day after each Annual Meeting of Stockholders of the Company during such director's term (beginning with the Annual Meeting in 2003), be granted 5,000 Nonqualified Stock Options to purchase Common Stock having an exercise price of 100% of Fair Market Value of the Common Stock on the date of grant of such Nonqualified Stock Option.

(b) An automatic director Stock Option shall be granted hereunder only if as of each date of grant the director (i) is not otherwise an employee of the Company or any of its Subsidiaries or Affiliates, (ii) has not been an employee of the Company or any of its Subsidiaries or Affiliates for any part of the preceding fiscal year, and (iii) has served on the Board continuously since the commencement of his or her term.

(c) Each holder of a Stock Option granted pursuant to this Section 15 shall also have the rights specified in Section 5(k).

(d) In the event that the number of shares of Common Stock available for future grant under the Plan is insufficient to make all automatic grants required to be made on such date, then all non-employee directors entitled to a grant on such date shall share ratably in the number of options on shares available for grant under the Plan.

(e) Except as expressly provided in this Section 15, any Stock Option granted hereunder shall be subject to the terms and conditions of the Plan as if the grant were made pursuant to Section 5 hereof.

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CENTURY BUSINESS SERVICES, INC.

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended June 30, 2002 of Century Business Services, Inc. (the "Issuer").

I, Steven L. Gerard, the Chief Executive Officer of Issuer certify that to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: August 14, 2002.

/s/ Steven L. Gerard

Steven L. Gerard, CEO

Subscribed and sworn to before me
this 14th day of August, 2002.

/s/ Michael W. Gleespen

Name: Michael W. Gleespen
Title: Notary Public & Attorney-At-Law
Registered in Franklin County, Ohio
No Expiration Date

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CENTURY BUSINESS SERVICES, INC.

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended June 30, 2002 of Century Business Services, Inc. (the "Issuer").

I, Ware H. Grove, the Chief Financial Officer of Issuer certify that to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: August 14, 2002.

/s/ Ware H. Grove

Ware H. Grove, CFO

Subscribed and sworn to before me
this 14th day of August, 2002.

/s/ Michael W. Gleespen

Name: Michael W. Gleespen
Title: Notary Public & Attorney-At-Law
Registered in Franklin County, Ohio
No Expiration Date