

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-04-01** | Period of Report: **1999-01-03**
SEC Accession No. **0000074386-99-000004**

([HTML Version](#) on secdatabase.com)

FILER

OLSTEN CORP

CIK: **74386** | IRS No.: **132610512** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-08279** | Film No.: **99586092**
SIC: **7363** Help supply services

Mailing Address
175 BROAD HOLLOW RD
MELVILLE NY 11747

Business Address
175 BROAD HOLLOW RD
MELVILLE NY 11747
5168447800

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 3, 1999

Commission File No. 0-3532

OLSTEN CORPORATION

(Exact name of Registrant as specified in its charter)

DELAWARE

13-2610512

(State or other jurisdiction of
incorporation or organization)

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

175 Broad Hollow Road, Melville, New York 11747-8905

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (516) 844-7800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Class B Common Stock, \$.10 par value

(Title of class)

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

Yes X No

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

[Cover page 1 of 2 pages]

The aggregate market value of the registrant's voting stock (Common Stock and Class B Common Stock, assuming conversion of Class B Common Stock into Common Stock on a share for share basis) held by nonaffiliates of the registrant as of March 15, 1999 was \$395,572,943 based on the closing price of the Common Stock on the New York Stock Exchange on such date.

The number of shares outstanding of the registrant's Common Stock and Class B Common Stock, as of March 15, 1999, were 68,209,893 shares and 13,068,927 shares, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for 1999 Annual Meeting of Shareholders of the registrant. Certain information to be included therein is incorporated by reference into PART III hereof.

[Cover page 2 of 2 pages]

INFORMATION CONTAINED IN THIS REPORT, OTHER THAN HISTORICAL INFORMATION, SHOULD BE CONSIDERED FORWARD-LOOKING AND IS SUBJECT TO VARIOUS RISK FACTORS AND UNCERTAINTIES. FOR INSTANCE, THE COMPANY'S STRATEGIES AND OPERATIONS INVOLVE RISKS OF COMPETITION, CHANGING MARKET CONDITIONS, CHANGES IN LAWS AND REGULATIONS AFFECTING ITS INDUSTRIES AND NUMEROUS OTHER FACTORS DISCUSSED IN THIS REPORT AND IN THE COMPANY'S FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. ACCORDINGLY, ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE IN ANY FORWARD-LOOKING STATEMENTS.

PART I

Item 1. Business.

Introduction

Olsten Corporation (herein, together with its subsidiaries unless the context otherwise requires, generally referred to as the "Company" or "Registrant") was incorporated in Delaware in 1967 as the successor to a business founded in 1950.

The Company operates through subsidiaries in the United States and thirteen other countries and engages in and derives substantially all of its revenues from three industry segments, Staffing Services, Information Technology Services and Health Services. The Company's owned, licensed and franchised operations conduct business through more than 1,500 offices in 50 states, the District of Columbia, Puerto Rico, Canada, Denmark, Finland, France, Germany, Norway, Spain, Sweden, United Kingdom, Argentina, Brazil, Chile and Mexico.

Olsten Staffing Services in the United States and Canada, and the Company's other staffing operations in Europe and Latin America, provide supplemental staffing to business, industry and government. In addition, Olsten Staffing Services' specialty staffing division provides a full spectrum of accounting and financial professionals and support-level candidates to a wide array of clients and further provides attorneys, paralegals and legal support staff to law firms, corporate law departments and government.

IMI Systems Inc., the Company's Information Technology Services division with operations in North America and Europe, provides services for the design, development and maintenance of information systems.

Olsten Health Services in the United States and Canada provides home care management and coordination for the managed care community; caregivers for home health care and institutions; home infusion and other therapies; marketing and distribution services for pharmaceutical, biotechnology and medical device firms; and institutional, occupational and alternate site health care staffing.

Selected financial information relating to the Company's industry segments is contained herein in Note 12 of Notes to Consolidated Financial Statements.

3

Staffing Services, Information Technology Services and Health Services revenues accounted for approximately 62%, 9% and 29%, respectively, of the Company's 1998 revenues, approximately 58%, 7% and 35%, respectively, of the Company's 1997 revenues and approximately 54%, 5% and 41%, respectively, of the Company's 1996 revenues.

Staffing Services

In Staffing Services, the Company provides assignment employees in a full spectrum of skills, from entry level workers to seasoned professionals and managers. Service areas include: supplemental staffing, evaluation and training for office technology; general office and administrative services; accounting and other financial services; legal, scientific, engineering and technical services, including production technical training; call centers; production/distribution/assembly services; training and pre-employment services; retail services; marketing support and teleservices; manufacturing, construction and industrial services; and managed services for corporations. The provision of staffing services is not generally subject to extensive federal and state regulation.

The Company believes that utilization of assignment employees has become a valuable and recognized management tool, allowing many companies to convert fixed costs to variable costs, especially in view of corporate reengineering and restructuring in a more competitive global environment. With the availability of such services, a client can maintain on a cost-effective basis a nucleus of core personnel that can be supplemented by skilled specialists for long- and short-term assignments. The expense and inconvenience of hiring additional employees for assignments of a limited duration, including recruiting, interviewing, reference-checking and testing, are reduced. Additionally, the Company believes that its comprehensive added-value services enable clients to eliminate the record-keeping, payroll taxes, insurance and administrative costs usually associated with regular, full-time personnel. A client pays only for actual hours worked by the Company's assignment employees. Upon completion of the assignment, services can be immediately terminated without the adverse effects associated with employee layoffs.

By supplying a supplemental work force to its Staffing Services clients, the Company believes it affords them added efficiencies and economies, as well as greater productivity and flexibility. The Company's assignment employees help meet clients' staffing requirements for peak periods caused by such recurring factors as seasonal demands, inventories, month-end requirements and vacations and such unpredictable factors as special projects, marketing promotions, illnesses and emergencies. Assignments of personnel may be for hours, days, weeks, months or longer periods, as the clients' needs dictate.

4

In Staffing Services, the Company is pursuing strategic relationships with clients that have become increasingly important to the Company. Through its Partnership Program(R) services with major corporate and

other clients, the Company acts as a master vendor responsible for the recruitment, training and ongoing management of large groups of employees for companies at a single site or at multiple sites, allowing clients to focus better on growing their core businesses. Other clients have outsourced entire functions whereby people, processes and technology are all managed by the Company. The Company's services can also include multilocation coordination, customized orientation and training, billing and electronic information exchange programs for its clients. These arrangements can enable a client to better manage overhead and personnel expenses and can help save a client time and money by reducing its employee recruitment and training efforts, particularly if the client is experiencing a high employee turnover rate.

Information Technology Services

In Information Technology Services, the Company provides information technology consultants on either a project management or consulting basis to assist clients in the design, development and maintenance of computer systems, including focused solutions, comprising both horizontal practices and vertical industry offerings, including particular strength in the financial services and telecommunications industries.

Information Technology Services provide a wide range of technology solutions in the areas of Applications Management, encompassing applications outsourcing, and the support and development of legacy systems and enterprise resource planning systems; Quality Assurance Services, including testing environment assessment and/or creation, test planning and execution and use of RadSTAR proprietary methodology; Enterprise Support Services, including help desk support, technology and software deployment, infrastructure/operability testing and Web/Internet support; and Staff Augmentation, providing staff augmentation to clients' internal information technology operations to help improve efficiencies, reduce cost and furnish hard-to-obtain expertise in various information technology areas.

The provision of Information Technology Services is not generally subject to extensive federal and state regulation.

Health Services

In Health Services, the Company provides home health care through the Company's licensed health care personnel, such as registered nurses, offering a broad range of services, including physician-prescribed skilled nursing, patient and family education, care management and coordination, pediatric and perinatal care, physical, occupational, neurological and speech therapies, administration of drugs, nutrients and other solutions intravenously and orally, and disease management programs, as well as institutional, occupational and alternate site staffing and marketing, distribution and staffing solutions for pharmaceutical, biotechnology and medical device firms. Through its network of 39 pharmacies across the United States, the Company has the ability to deliver nutrients and medications utilized in certain of its home health care services. Home health care provided by the Company's unlicensed personnel, such as home health aides, may involve assistance with personal hygiene, dressing, feeding and preparation of meals.

Through four regional centers in the United States, the Company provides Network Services. These services involve care management and coordination for managed care customers desiring a single source for centralized intake and billing, claims adjudication, quality assurance and data reporting and analysis. In providing home infusion therapy services, the Company delivers, manages and administers intravenous medications in the home setting, as well as performing patient, family and home environmental assessments, evaluating equipment needs and providing patient and family education. In carrying out

supplemental institutional staffing, the Company's health care professionals perform services for hospitals, nursing homes, clinics and other health care facilities and furnish business and industry with specialized staffing. Health care institutions use supplemental staffing for peak periods, illnesses and vacations, helping these facilities to control employee costs.

Factors that the Company believes have contributed to the development of home health care in particular include recognition that home health care can be a cost-effective alternative to lengthy, more expensive institutional care; an aging population; increasing consumer awareness and interest in home health care; the psychological benefits of recuperating from an illness or accident in one's own home; and advanced technology that allows more health care procedures to be provided at home.

The Company is actively pursuing relationships with managed care organizations. The Company believes that its nationwide office network, financial resources and the quality, range and cost-effectiveness of its services are important factors as it seeks opportunities in its managed care relationships in a consolidating home health care industry. The Company offers the direct and managed provision of care as a single gatekeeper, thereby optimizing utilization.

6

Of the Company's 1998 Health Services revenues, approximately 15% are attributable to Medicare reimbursement and approximately 23% are attributable to Medicaid reimbursement and state and local government contracts.

The Company's home health care business is subject to extensive federal and state regulations which govern, among other things, Medicare, Medicaid, CHAMPUS and other government-funded reimbursement programs, reporting requirements, certification and licensure standards for certain home health agencies and, in some cases, certificate-of-need and pharmacy-licensing requirements. The Company is also subject to a variety of federal and state regulations which prohibit fraud and abuse in the delivery of health care services, including, but not limited to, prohibitions against the offering or making of direct or indirect payments for the referral of patients. As part of the extensive federal and state regulation of the Company's home health care business, the Company is subject to periodic audits, examinations and investigations conducted by, or at the direction of, governmental investigatory and oversight agencies. Violation of the applicable federal and state health care regulations can result in a health care provider's being excluded from participation in the Medicare, Medicaid and/or CHAMPUS programs and can subject the provider to substantial civil and/or criminal penalties.

General

In general, the Company obtains clients through personal and corporate sales presentations, telephone marketing calls, direct mail solicitation, referrals from other clients and advertising in a variety of local and national media, including the Yellow Pages, newspapers, magazines, trade publications and television. The Company's marketing efforts for Health Services also involve personal contact with case managers for managed health care programs, such as those involving health maintenance organizations (HMOs) and preferred provider organizations (PPOs), physicians and their staffs, hospital management, hospital discharge planners, nursing home supervisors, insurance company representatives and employers with self-funded employee health benefit programs.

The Company believes that its success in furnishing assignment employees, information technology consultants and caregivers is based, among other factors, on its reputation for quality and local market expertise combined with the resources of its extensive office network and its state of the art information systems. The Company also empowers its branch managers and branch directors with a high level of responsibility, providing strong incentives to manage the business effectively at the local level--one of the central ingredients in a business where relationships are vital to success.

There is no one client that accounts for as much as 10% of the Company's revenues. In the opinion of the Company, its business is not seasonal to any material degree. There have not been any significant changes in the kinds of services rendered or methods of distribution of the Company since the end of the last fiscal year. The Company's capabilities as a provider of home infusion therapies substantially increased as a result of the Company's acquisition of Quantum Health Resources, Inc. in June 1996. Following its acquisition of IMI Systems Inc. in August 1995, the Company expanded its information technology services business by its acquisition of ARMS, Inc. in March 1996, Systems Partners, Inc. in June 1996 and Vistech, Inc. in January 1997. The Company expanded into legal staffing services through its acquisition of Co-Counsel, Inc. in August 1996 and five smaller subsequent acquisitions and further expanded its financial staffing services business through the acquisition of Accountants Overload in June 1997.

The Company's assignment employees and caregivers, as well as the employees of other firms providing similar services, are generally paid weekly for their services (the Company's information technology consultants are generally paid twice a month) while payments are generally received from customers within five to sixteen weeks on average of the related billings for such services. Consequently, as new offices are established or acquired or as existing offices expand, there is an ongoing requirement for cash resources to fund current operations as well as to provide for the expansion of the business.

The Company has grown and pursued expansion opportunities by strengthening relationships with many clients, making acquisitions within and outside the United States, opening additional offices and developing and extending specialized services and service offerings, particularly in health care, information technology, financial and accounting, and legal.

Franchise Operations

At January 3, 1999, approximately 95 offices in the United States were operated by eight franchisees under franchises granted by the Company. Franchisees, who provide services similar to Olsten Staffing Services, have the exclusive right to market and furnish assignment employees within a designated geographic area using certain of the Company's trade names, service marks, advertising materials, sales programs, manuals and forms. Franchisees are offered training, attend seminars, participate in marketing programs and utilize the Company's sales literature. The Company has established operating procedures and standards to be followed by its franchisees. The Company offers franchisees billing, payroll and other data processing systems and services, as well as accounts receivable financing. The Company also assists its franchisees in obtaining business from its corporate accounts and through its national and cooperative local advertising.

Franchisees operate their businesses autonomously within the framework of the Company's policies and standards, and recruit, employ and pay their own regular, full-time employees and assignment employees. The Company receives royalty fees from each franchise based upon its gross franchise sales. Royalty fees generally start at 5% of gross franchise sales and decrease based upon volume. Sales by franchisees to their clients are not included in the Company's revenues but are included in the Company's systemwide sales. Franchise agreements are generally for a term of ten years and typically are renewable at the option of the franchisee for five additional five-year terms. The Company may terminate a franchise if the franchisee fails to meet the Company's standards or otherwise breaches the franchise agreement. The Company is not

granting new franchises and has not granted any since 1980.

Licensed Area Representative Operations

At January 3, 1999, approximately 80 offices in North America were operated by 42 licensed area representatives. A licensed area representative is a person authorized by the Company to operate the Company's Staffing Services business within an exclusive marketing area. The agreements governing licensed area representative operations do not have a stated term. The licensed area representative does not have an ownership interest in the business but receives approximately 50% of the office's gross profit margin in the form of commissions, which are reflected in the Company's selling, general and administrative expenses. Sales by licensed area representatives are included in the Company's revenues. The licensed area representative is responsible for the office's operating expenses, such as rent, utilities and in-office staff salaries, and the Company is responsible for the assignment employee wages and related payroll taxes and insurances. The Company also provides national advertising, shares in the costs of certain local advertising, conducts training seminars and furnishes operating manuals, forms and sales materials to the licensed area representatives.

Licensed area representatives are required to observe the Company's operating procedures and standards and act for the Company in recruiting, screening, evaluating and hiring assignment employees. The licensed area representatives solicit orders for assignment employees from clients and assign the Company's assignment employees to clients in response to such orders. The Company's experience has shown that licensing is a more profitable method of operation than franchising. The opening of licensed area representative offices is one of the strategies by which the Company is pursuing expansion opportunities.

Source and Availability of Personnel

To maximize the cost effectiveness and productivity benefits of its assignment employees, information technology consultants and caregivers, the Company utilizes customized systems and procedures that it has developed and refined over the years. These processes include the recruitment and selection of applicants who fit the client's individual parameters for skills, experience and other criteria. Personalized matching is achieved through initial applicant profiles, personal interviews, skill evaluations and background and reference checks. The Company's new information systems enhance the Company's abilities to better match employees to job assignments. Assignment employees and caregivers are generally employed by the Company on an as-needed basis to meet client demand. Specialized recruitment and retention programs are offered to assignment employees, information technology consultants and caregivers as incentives for them to remain in the employ of the Company.

Assignment employees, information technology consultants and caregivers are recruited through a variety of sources, including advertising in local and national media, job fairs, solicitations on web sites, direct mail and telephone solicitations, as well as referrals obtained directly from clients and other assignment employees, information technology consultants and caregivers. The Company's assignment employees and caregivers are generally paid by the Company on an hourly basis for time actually worked, subject to a four-hour daily minimum on the days worked. Information technology consultants are paid hourly or are salaried. Wages paid by the Company may vary in different geographic areas to reflect the prevailing wages paid for the particular skills in the community where the services are performed. Although conditions may vary in different areas of the country and with respect to different skill requirements, assignment employees, information technology consultants and caregivers were generally less available during 1998 than they were in the preceding year.

Importance and Effect of Trademarks Held

Various trademarks are registered with the United States Patent and Trademark Office protecting OLSTEN. Certain other marks that are registered or in the process of being registered and are utilized in the Company's business include AMERICA IS COMING HOME WITH US(SM), CHRONICARE(R), CO-COUNSEL(R), CUSTOMIZED ADDED-VALUE(R), EXCELLENCE THROUGH OLSTEN PEOPLE(SM), MAKE THE SURE CALL(SM), OFISS 2000(R), PARTNERSHIP PROGRAM(R), PRECISE(R), PROFILER(R), PROLAW SYSTEM(SM), PROMETRICS(SM), RadSTAR(TM) THE FUTURE IS WORKING WITH OLSTEN(SM) and TOP LINE PEOPLE FOR BOTTOM LINE RESULTS(R). Under current law, federal trademark registrations can be renewed indefinitely. National advertising and usage have, in the belief of the Company, given significance to the Company's marks.

10

Competitive Position

The Staffing Services and Health Services provided by the Company also are provided by a number of companies which operate, as the Company does, nationally throughout the United States and by numerous regional and local firms and are highly competitive. Unlike the Company, such companies and firms usually provide either staffing services or health services, but not both. The Company is one of North America's and the world's largest providers of staffing services, as well as North America's largest provider of home health care and home infusion therapy services.

The principal methods of competing are availability of personnel, quality and expertise of services and the price of such services. The Company believes that its favorable competitive position is attributable to its early industry entry, to its widespread office network and to the consistently high quality and targeted services it has provided over the years to its clients, as well as to its screening and evaluation procedures, its training programs and its employee retention techniques.

Number of Persons Employed

At January 3, 1999, the Company employed approximately 12,300 regular, full-time employees and during 1998 employed approximately 613,000 assignment employees, information technology consultants and caregivers. In addition, the Company's franchisees employed approximately 550 regular, full-time employees as well as approximately 75,000 assignment employees during 1998. Employees of franchisees are not the Company's employees.

As the employer of its assignment employees, information technology consultants and caregivers, the Company is responsible for and pays the employer's share of Social Security taxes, federal and state unemployment taxes, workers' compensation insurance and other similar costs. Assignment employees, information technology consultants and caregivers of the Company are covered by general liability insurance and by a fidelity bond maintained by the Company. In addition, caregivers are covered by professional medical liability insurance. The Company believes that its insurance coverages are adequate for the purposes of its business. The Company believes that its relationships with its employees are generally good.

11

International Operations

Through subsidiaries, the Company for many years has provided Staffing Services and Health Services in Canada. The Company began providing temporary and permanent placement services outside North America in 1993 with the acquisition of Office Angels in the United Kingdom.

Expanding the geographic scope of its Staffing Services, the Company in 1995 purchased majority interests in Norsk Personal A/S in Norway (now doing business as Olsten Personal Norden); Allegro Vikarservice Aps in Denmark (now doing business as Attention); and Ready Office S.A. in Argentina (now doing business as Olsten Ready Office). In 1996, the Company acquired, or purchased majority interests in, OFFiS Unternehmen fur Zeitarbeit GmbH & Co. KG in Germany (now doing business as Olsten Personal); Kontorsjouren AB in Sweden (now doing business as Olsten Personalkraft); Top Notch and Multiforce in Puerto Rico; and Dataset OY in Finland (now doing business as Olsten Dataset). In 1997 the Company purchased majority interests in Adyser, S.A. in Chile (now doing business as Olsten Adyser); Sogica S.A. in France (now doing business as Olsten Travail Temporaire) and in Spain (now doing business as Olsten Trabajo Temporal); Olsten Helsetjenester A/S in Norway (home health care staffing); and Olsten BTV A/S in Denmark (home health care staffing). In 1998, the Company purchased a majority interest in Top Services in Brazil.

The Company expanded its information technology operations through the acquisitions of Ward Associates Limited (now doing business as IMI Ward Associates) in Canada in 1995 and Harvey Consultants Limited in the United Kingdom and Vikar Konsulent A/S (majority owned and now doing business as Olsten DataVikar) in Norway in 1996.

Certain financial information, summarized by geographic area, with respect to the Company's international operations is contained herein in Note 12 of Notes to Consolidated Financial Statements.

Item 2. Properties.

The international corporate headquarters of the Company are located at 175 Broad Hollow Road, Melville, New York. The building in which the headquarters are located contains approximately 175,000 square feet of office space and is leased from Suffolk County Industrial Development Agency under a lease terminating on April 13, 2007, at which time the Company is obligated to purchase the premises and building thereon for One Dollar. The industrial development revenue bond issued in connection with the acquisition, construction, renovation and equipping of the headquarters building is held by a wholly-owned subsidiary of the Company.

The leases for the operating offices utilized by the Company's subsidiaries expire at various dates. The Company believes that such facilities are adequate for its immediate needs. The Company does not anticipate that it will have any problem obtaining additional space if needed in the future.

Item 3. Legal Proceedings.

Government Investigations

The Company continues to cooperate with the previously disclosed health care industry investigations being conducted by certain governmental agencies (collectively, the "Healthcare Investigations").

Among the Healthcare Investigations with which the Company continues to cooperate is that being conducted into the Company's preparation of Medicare cost reports by the Office of Investigations section of the Office of Inspector General (an agency within the U.S. Department of Health and Human Services) and the U.S. Department of Justice (the "Cost Reports Investigation").

The Company also continues to cooperate with the U.S. Department of Justice and other federal agencies investigating the relationship between Columbia/HCA Healthcare Corporation and the Company in connection with the purchase, sale and operation of certain home health agencies which had been owned by Columbia/HCA and managed under contract by Olsten Health Management, a unit of Olsten Health Services that provides management services to hospital-based home health agencies (the "Columbia/HCA Investigation").

The Company continues to cooperate with various state and federal agencies, including the U.S. Department of Justice, the Office of the Attorney General of New Mexico and the New Mexico Health Care Anti-Fraud Task Force in connection with their investigations into certain healthcare practices of Quantum Health Resources ("Quantum"). Among the matters into which the federal agencies are or were inquiring are allegations of improper billing and fraud against various federally-funded medical assistance programs on the part of Quantum and its post-acquisition successor, the Infusion Therapy Services division of Olsten Health Services (the "Quantum New Mexico Investigation"). Most of the time period that the Company understands to be at issue in the Quantum New Mexico Investigation predates the Company's June 1996 acquisition of Quantum.

13

In late March 1999, the Company reached an understanding with the U.S. Department of Justice to settle the civil and criminal aspects of the Cost Reports Investigation and the Columbia/HCA Investigation. Pursuant to the proposed settlement, the consummation of which is subject to the satisfaction of certain conditions, including, among other things, the execution of formal settlement documents, the Company has agreed to pay to the U.S. Department of Justice the sum of \$61 million, including approximately \$10 million in fines and penalties, and a subsidiary of the Company, Kimberly Home Health Care, Inc., a Missouri corporation, has agreed, in connection with the Columbia/HCA Investigation, to plead guilty to a criminal violation of the federal mail fraud, conspiracy and kickback statutes.

On January 28, 1999, the Company announced that it had been advised by the United States Attorney's Office for the District of New Mexico ("New Mexico U.S. Attorney's Office") that, in connection with the Quantum New Mexico Investigation, it had dropped its criminal investigation into certain past practices of Quantum. The criminal aspect of the Quantum New Mexico Investigation had focused on allegations of improper billing and fraud against various federally funded medical assistance programs on the part of Quantum during the period between January 1992 and April 1997. By letter dated February 1, 1999, the New Mexico U.S. Attorney's Office advised the Company that, having ended its criminal inquiry, the Office has referred the Quantum matter to its Affirmative Civil Enforcement ("ACE") Section. As it had done with the Criminal Division of the New Mexico U.S. Attorney's Office, the Company intends to cooperate fully with that Office's ACE Section in connection with its civil inquiry into the Quantum matter that has been referred to it. At this time, the Company is unable to predict the ultimate outcome of the civil Quantum New Mexico Investigation.

On October 28, 1998, the Company announced that it had entered into a final settlement agreement with several Government agencies investigating certain past practices of Quantum. The agreement was entered into with the U.S. Department of Justice; the Office of Inspector General of the U.S. Department of Health and Human Services; the U.S. Secretary of Defense (for the CHAMPUS/Tricare program); and the Attorneys General for the States of New York and Oklahoma. Pursuant to the settlement, the Company reimbursed the government approximately \$4.5 million for certain disputed claims involving the provision of anti-hemophilia factor products to patients covered by certain federal health care programs.

Shareholder Class Action Litigation

In April 1997, a purported class action captioned Gail Weichman v. Olsten Corporation, et al., No. CV 97-1946, was filed in the United States District Court for the Eastern District of New York against the Company, Miriam Olsten, Frank Liguori and Anthony Puglisi. In August 1997, two additional proposed class action lawsuits, captioned Esta S. Goldman v. Olsten Corporation, et al., No. CV 97-4501, and Elliott Waldman v. Olsten Corporation, et al., No. CV 97-5056, were filed in the United States District Court for the Eastern District of New York against the same defendants named in the Weichman lawsuit, plus Stuart Olsten. In September 1997, a fourth proposed class action lawsuit, captioned Michael Cannold v. Olsten Corporation, et al., No. CV 97-5408, was filed in the United States District Court for the Eastern District of New York against the Company, Miriam Olsten, Stuart Olsten, Frank Liguori and Anthony Puglisi. (The Weichman, Goldman, Waldman and Cannold actions are referred to collectively as the "Class Actions.") On September 8, 1998, after the Court consolidated the Class Actions under the caption In re Olsten Corporation Securities Litigation, plaintiffs filed their Consolidated Amended Class Action Complaint (the "Amended Complaint"), naming as defendants the Company, Miriam Olsten, Stuart Olsten, Frank Liguori and Anthony Puglisi. The Amended Complaint asserts claims under Sections 10(b) (including Rule 10b-5 promulgated thereunder), 14(a) and 20(a) of the Securities Exchange Act of 1934 and Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, alleging that, as a result of certain alleged misstatements and omissions by certain of the defendants, the Company's common stock was artificially inflated during the proposed Class Period (which is defined in the Amended Complaint as the period from February 5, 1996 through July 22, 1997). On October 19, 1998, the Company and the individual defendants served a motion seeking the dismissal of the Amended Complaint; that motion was fully briefed on December 23, 1998. The Company is unable at this time to assess the probable outcome of the Class Actions or the materiality of the risk of loss in connection therewith, given the preliminary stage of the Class Action and the fact that the Amended Complaint does not allege damages with specificity.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of the Company's 1998 fiscal year.

Item 4(a). Executive Officers of the Company.

The following table sets forth certain information regarding each of the executive officers of the Company:

Name	Executive Officer Since	Age	Expiration of Term of Office	Positions and Offices with the Company
Edward A. Blechschmidt	1998	46	May 1999	President and Chief Executive Officer
William P. Costantini	1992	51	May 1999	Executive Vice President and General Counsel
Robert A. Fusco	1992	48	May 1999	Executive Vice President and President, Olsten Health Services
Gerald J. Kapalko	1993	52	May 1999	Executive Vice President, Franchise Operations
Ronald A. Malone	1999	44	May 1999	Executive Vice President and President, Olsten Staffing Services, United States and Canada
Anthony J. Puglisi	1993	49	May 1999	Executive Vice President and Chief Financial Officer
Maureen K. McGurl	1997	51	May 1999	Senior Vice President, Human Resources
Carlton P. Schowe	1999	47	May 1999	Senior Vice President and President, IMI Systems Inc.

Edward A. Blechschmidt has been Chief Executive Officer of the Company since February 1999 and its President since October 1998. From August 1996 to October 1998, he was President and Chief Executive Officer of Siemens Nixdorf Americas, an information technology company. From January 1996 to July 1996, he was Senior Vice President and Chief Financial Officer of Unisys Corporation, a provider of information technology and consulting services; from January 1995 to December 1995, he was Senior Vice President and President,

16

United States and Canada Division, of Unisys Corporation; and from 1990 to December 1994, he was Senior Vice President and President, Pacific Asia Americas Division, of Unisys Corporation.

William P. Costantini has been Executive Vice President of the Company since January 1999 and General Counsel of the Company since June 1992. He was Senior Vice President of the Company from June 1992 to December 1998.

Robert A. Fusco has been Executive Vice President of the Company since January 1992 and President, Olsten Health Services, since July 1993.

Gerald J. Kapalko has been Executive Vice President of the Company since July 1993. He was President, Olsten Latin America, from January 1997 to March 1999.

Ronald A. Malone, has been Executive Vice President of the Company and President, Olsten Staffing Services, United States and Canada, since January 1999. From March 1998 to December 1998, he was Executive Vice President, Operations, of the Company. From March 1997 to February 1998 he was Senior Vice President, Operations, of the Company and from July 1994 to February 1997 he was the Company's Senior Vice President, Southeast Division.

Anthony J. Puglisi has been Executive Vice President of the Company since August 1998 and Chief Financial Officer of the Company since April 1993. He was Senior Vice President of the Company from April 1993 to July 1998.

Maureen K. McGurl has been Senior Vice President, Human Resources of the Company since December 1996. From 1984 to December 1996, she was Corporate

Vice President of Human Resources and Organizational Planning of Supermarkets General, a supermarket company.

Carlton P. Schowe has been Senior Vice President of the Company since February 1999 and President of IMI Systems Inc. since September 1997. From October 1996 to September 1997, he was Executive Vice President, U.S. Operations, of IMI Systems Inc. From October 1995 to October 1996, he was Senior Vice President, U.S. Operations of IMI Systems Inc. From June 1994 to October 1995, as a Vice President of IMI Systems Inc., he was also its Northeast Regional Manager.

PART II

Item 5. Market for the Registrant's Common Equity and Related
----- Stockholder Matters.

17

Market Information

The Company has outstanding two classes of common equity securities: Common Stock and Class B Common Stock. The Company's Common Stock (symbol OLS) is listed on the New York Stock Exchange. The following table sets forth the high and low prices of the Common Stock for each quarter during fiscal 1998 and 1997:

	1998		1997	
	High	Low	High	Low
	----	---	----	---
	\$	\$	\$	\$
1st Quarter	17 5/8	14 5/16	19 1/4	14 3/8
2nd Quarter	16 1/16	11 1/16	21 1/8	15 3/4
3rd Quarter	11 3/4	5 5/8	23	16 11/16
4th Quarter	9 9/16	4 1/2	20	13 11/16

There is no established public trading market for the Company's Class B Common Stock, which is subject to significant restrictions on sale. The Company's Class B Common Stock, which has ten votes per share, is convertible at any time on a share for share basis into the Company's Common Stock, which has one vote per share.

Holders

On March 15, 1999 there were approximately 1,560 holders of record of the Company's Common Stock (including brokerage firms holding the Company's Common Stock in "street name" and other nominees) and 620 holders of record of the Company's Class B Common Stock.

Dividends per share

	Fiscal Year	
	1998	1997
	-----	-----
	\$	\$
Cash dividends*		
Common Stock	.22	.28
Class B Common Stock	.22	.28

* The Company paid quarterly dividends in its two most recent fiscal years.

18

Item 6. Selected Financial Data.

<TABLE>

OLSTEN CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(In thousands, except share amounts)

<CAPTION>

	1998	1997	1996	1995	1994
	----	----	----	----	----
	(53 Weeks)				
	\$	\$	\$	\$	\$
<S>	<C>	<C>	<C>	<C>	<C>
Service sales, franchise fees, management fees and other income	4,602,790	4,113,014	3,377,729	2,813,768	2,588,697
Net income	4,361	93,028	54,642	90,290	92,240
Working capital	675,010	687,513	615,593	493,970	438,432
Total assets	2,058,807	1,750,201	1,439,240	1,138,410	979,714
Long-term debt	606,107	461,178	330,329	267,030	211,250
Shareholders' equity	822,520	841,777	769,273	586,389	515,986
SHARE INFORMATION:					
Basic earnings per share	.05	1.15	.71	1.23	1.27
Diluted earnings per share	.05	1.15	.71	1.19	1.21
Cash dividends	.22	.28	.28	.21	.16
Book value	10.12	10.35	9.53	7.98	7.06

</TABLE>

19

Item 7. Management's Discussion and Analysis of Financial Condition
and Results of Operations.

OLSTEN CORPORATION & SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Operating results reflect the combined operations of Olsten Corporation (the "Company"), Quantum Health Resources, Inc. ("Quantum") acquired on June 28, 1996

and Co-Counsel, Inc. ("Co-Counsel") acquired on August 9, 1996. Each of these transactions has been accounted for as a pooling of interests. Comparisons with prior years are based on restated combined results.

In 1998, the Company recorded non-recurring charges and other adjustments of \$66 million (\$40 million, net of tax), or \$.50 per diluted share, related primarily to the restructuring of the Company's home health business as follows:

In response to a new Medicare reimbursement methodology under Medicare's Interim Payment System, the Company announced office closings and consolidations resulting in non-recurring charges and other adjustments to selling, general and administrative expenses of \$37 million (\$23 million, net of tax). These charges relate to lease payments of \$3 million, employee severance of \$4 million, professional fees and related costs of \$13 million, fixed assets and software write-offs of \$5 million, and an increase in the allowance for doubtful accounts of \$12 million. As of year-end, all closures and consolidations of facilities have been completed and approximately 95 percent of the 700 expected terminations have occurred.

In addition, the Company recorded a reduction in revenues of \$14 million (\$8 million, net of tax) in anticipation of lower Medicare reimbursements resulting from the new per-visit and per-beneficiary limits that have been imposed by Medicare under the Interim Payment System.

The Company also recorded a charge to cost of sales of \$15 million (\$9 million, net of tax) to reserve for costs associated with the increased utilization of services under several of the Company's capitated contracts with managed care customers.

In 1996, the Company recorded merger, integration and other non-recurring charges totalling \$80 million (\$48 million, net of tax), or \$.59 per diluted share. These charges resulted from the Quantum and Co-Counsel acquisitions of \$45 million (\$27 million, net of tax); \$30 million (\$18 million, net of tax) of allowances for a change in the methodology used by Medicare for computing reimbursements in prior years related to the Company's home health care business; and Quantum's charge of \$5.5 million (\$3.2 million, net of tax) related to the settlement of shareholder litigation.

At January 3, 1999, approximately \$5.2 million of the allowances and \$2.9 million of other charges, consisting primarily of severance, remain unpaid and were included in accounts receivable and accrued expenses, respectively.

Excluding the effects of non-recurring charges and other adjustments, net income decreased 52 percent to \$45 million, or \$.55 per diluted share, in 1998 versus \$93 million, or \$1.15 per diluted share, in 1997. Net income in 1997 decreased 10 percent from \$103 million, or \$1.30 per diluted share, in 1996.

20

OLSTEN CORPORATION & SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Systemwide sales, which represent sales generated by Company, licensed and franchised offices, and hospital-based home health agencies under management, for the Company's three segments increased 5 percent to \$5.1 billion in 1998; 18 percent, to \$4.8 billion in 1997; and 24 percent to \$4.1 billion in 1996. Staffing Services' systemwide sales increased 18 percent for 1998 and 28 percent for both 1997 and 1996. Information Technology Services' systemwide sales increased 45 percent, 76 percent and 129 percent for 1998, 1997 and 1996, respectively. Health Services' systemwide sales decreased 19 percent in 1998, and increased 2 percent and 15 percent for 1997 and 1996, respectively.

Revenues increased 12 percent in 1998 to \$4.6 billion compared to \$4.1 billion in 1997. This increase reflected internal growth in Staffing and Information Technology Services and acquisitions in Staffing Services, offset by reduced revenues in Health Services. Revenues in 1997 rose 22 percent from \$3.4 billion in 1996.

Staffing Services' revenues grew 20 percent in 1998 and 30 percent in 1997. Acquisitions accounted for 12 percent of the growth in 1998 and 14 percent in 1997, with the balance resulting from increases in volume and pricing. European revenues increased to \$947 million in 1998 from \$582 million in 1997, contributing 33 percent of total Staffing Services' revenues in 1998 and 24 percent in 1997.

Information Technology Services' revenues grew 45 percent in 1998 to \$418 million and 76 percent in 1997 to \$287 million. Acquisitions accounted for 36 percent of the growth in 1997.

Health Services' revenues decreased 7 percent in 1998 versus 1997 and increased 4 percent in 1997 compared to 1996. The decline in revenues from 1997 to 1998 is primarily the result of a reduction in Medicare visits stemming from the

enactment of the Interim Payment System, as well as the current regulatory climate.

Cost of services sold increased 16 percent to \$3.5 billion in 1998; 25 percent to \$3 billion in 1997; and 24 percent to \$2.4 billion in 1996, due primarily to the growth of revenues. Gross profit margins were 23.9 percent in 1998, 26.7 percent in 1997 and 28.3 percent in 1996. Gross profit margins on a consolidated basis were negatively impacted by the change in the business mix. Staffing Services and Information Technology Services, which operate at lower margins, comprised a larger percentage of the total revenues in 1998 as compared to 1997. In addition, the growth in large volume corporate and partnership accounts, which carry lower markups and lower margins, negatively impacted North American Staffing Services' gross profit margins for the year. International margins were reduced due to competitive pricing and increased social costs. Information Technology Services' gross profit margins were negatively impacted as a result of subcontracted business managed on behalf of clients. Health Services' gross profit margins were negatively impacted by the change in business mix reflecting growth in lower margin Network and Institutional Staffing business and revenue declines in our Medicare business serviced both by our Home Care-Nursing and the visits managed under our Health Management business. The negative influences on Health Services' gross profit margins were partially offset by growth in the Infusion business.

21

OLSTEN CORPORATION & SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Selling, general and administrative expenses as a percentage of revenues were 22.8 percent, or \$1,050 million; 22.2 percent, or \$915 million; and 22.8 percent, or \$768 million; in 1998, 1997 and 1996, respectively. The increase in expenses as a percentage of revenues in 1998 resulted primarily from the non-recurring charges and other adjustments announced in the second quarter, investments in infrastructure in all business segments, including new systems in both Staffing Services' and Health Services' businesses, as well as the development of the professional services' divisions in Staffing Services. These increases were offset by the cost reduction initiatives, including closing and consolidating offices within the Health Services division as announced in the second quarter as part of the Company's restructuring and recovery plan.

Net interest expense of \$30 million, \$21 million and \$12 million, in 1998, 1997 and 1996, respectively, primarily reflected borrowing costs on long-term debt offset by interest income on investments. The increase resulted from interest expense incurred as the Company continued to fund both its acquisition program and working capital requirements, particularly accounts receivable, necessary to support growth in its Staffing Services' business and Infusion business.

The combination of the factors previously described decreased pretax income from operations, excluding merger, integration and other non-recurring charges, to \$87 million in 1998 compared to \$161 million in 1997. Pretax income decreased in 1997 from \$175 million in 1996.

The 1998 effective income tax rate was 38.8 percent, compared to 39 percent in 1997 and 40.7 percent in 1996. The Company's effective rate has exceeded the Federal statutory rate primarily because of non-deductible goodwill amortization and state income taxes, which vary from year to year in relation to the mix of taxable income by state.

Year 2000

The Year 2000 issue concerns the inability of information systems to properly recognize and process date-sensitive information beyond January 1, 2000.

The Company's technical infrastructure, encompassing all business applications, is planned to be Year 2000 ready. Systems not directly related to the financial operations of the business, primarily voice communications, are also being upgraded to help ensure readiness. In addition, the Company has, through questionnaires, interviews and written confirmations, contacted significant suppliers and vendors to ascertain their stage of Year 2000 readiness.

The North American Staffing Services business is achieving Year 2000 readiness by replacing all business applications and related infrastructure with compliant technology. This project, referred to as Project REach, is being implemented to increase efficiencies and improve the Company's ability to provide services to customers. The selected systems are Year 2000 compliant and, therefore, no remediation of current applications is necessary. Project REach is approximately 75 percent completed and is on schedule to be fully implemented by July 1999. The Company's European and Latin American staffing operations are achieving readiness primarily through remediation of existing systems which is anticipated to be completed in 1999.

OLSTEN CORPORATION & SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Information Technology Services business requires minimal remediation to achieve Year 2000 compliance which is expected to be completed in 1999.

In the Health Services segment, systems critical to the business, which have been identified as non-Year 2000 compliant, are being replaced as part of a project, referred to as Project REO, which is also being implemented to increase efficiencies and improve the Company's ability to provide services to customers. The new infrastructure, which is Year 2000 compliant, is currently being implemented in field offices and is scheduled for completion during 1999. Other Health Services systems which require remediation are also expected to be compliant in 1999.

The total cost of the Company's remediation plan (exclusive of Project REach and Project REO costs) is estimated to be approximately \$3 million.

Due to the general uncertainty inherent in the Year 2000 issue resulting, in part, from the uncertainty of the Year 2000 readiness of third-party suppliers, customers and government agencies, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Company's results of operations, liquidity or financial condition. The continuing Year 2000 effort is expected to help reduce the Company's level of uncertainty about the Year 2000 issue and, in particular, about the Year 2000 readiness. The Company believes that the implementation of new business systems and the completion of its Year 2000 plan as scheduled should help reduce the likelihood of significant interruptions of normal operations.

The Company's plan is to address its significant Year 2000 issues prior to being affected by them. Should the Company identify significant risks related to its Year 2000 readiness or its progress deviates from the anticipated timeline, the Company will develop contingency plans as deemed necessary at that time.

The failure to correct a material Year 2000 problem could result in an interruption or a failure of certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition.

Liquidity and Capital Resources

Working capital at January 3, 1999, including \$54 million in cash, was \$675 million, a decrease of 2 percent versus the prior year. Receivables, net, increased \$158 million, or 19 percent, predominantly due to revenue growth and acquisitions in the Staffing Services' business as well as growth in Health Services' Infusion business, which requires more working capital. Fixed assets, net, increased \$47 million, or 25 percent, primarily relating to investments in new information systems. Intangibles, principally goodwill, net, increased \$79 million, or 15 percent, resulting from acquisitions.

In May 1998, the Company's wholly-owned subsidiary, Olsten International B.V. issued in a public offering, 800 million French Franc (approximately U.S. \$134 million at that date), 6 percent Euronotes due 2008. The net proceeds were used to repay existing indebtedness and for general financing purposes.

OLSTEN CORPORATION & SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company has a revolving credit agreement with a consortium of 11 banks for up to \$400 million in borrowings and letters of credit. The agreement, which expires in 2001, was amended in February 1999 to revise the provision related to the maintenance of various financial ratios and covenants, including granting the Company approval to repurchase up to \$40 million of the convertible subordinated debentures. As of January 3, 1999, there were \$178 million in borrowings and \$14 million in standby letters of credit outstanding. The Company has invested available funds in secure, short-term, interest-bearing investments.

The Company anticipates that, in addition to its projected cash flow from operations, new borrowings may be required to meet the Company's projected working capital requirements to fund capital expenditures currently anticipated by the Company, and to satisfy any potential obligations arising from resolution of current investigations. Although no assurance can be given, the Company currently believes that cash flows from operations, borrowings available to the

Company under existing financing agreements, and additional borrowings that the Company believes it will be able to obtain should be adequate to meet its projected requirements during 1999 and thereafter. If cash flows from operations or availability under existing and new financing agreements fall below expectations, the Company may be forced to delay planned capital expenditures, reduce operating expenses, or consider other alternatives designed to enhance the Company's liquidity.

The Company's 1998 annual dividend on common stock and Class B common stock was \$.22 per share.

Quantitative and Qualitative Disclosures About Market Risk

The Company's exposure to market risk for changes in interest rates relates to the fair value of long-term fixed and variable rate debt. Generally, the fair market value of fixed-interest rate debt will increase as interest rates fall and decrease as interest rates rise. Based on the Company's overall interest rate exposure at January 3, 1999, a 10 percent change in market interest rates would not have a material effect on the fair value of the Company's long-term debt or results of operations.

Legal Matters

Government Investigations

The Company continues to cooperate with the previously disclosed health care industry investigations being conducted by certain governmental agencies (collectively, the "Healthcare Investigations").

Among the Healthcare Investigations with which the Company continues to cooperate is that being conducted into the Company's preparation of Medicare cost reports by the Office of Investigations section of the Office of Inspector General (an agency within the U.S. Department of Health and Human Services) and the U.S. Department of Justice (the "Cost Reports Investigation").

OLSTEN CORPORATION & SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company also continues to cooperate with the U.S. Department of Justice and other federal agencies investigating the relationship between Columbia/HCA Healthcare Corporation and the Company in connection with the purchase, sale and operation of certain home health agencies which had been owned by Columbia/HCA and managed under contract by Olsten Health Management, a unit of Olsten Health Services that provides management services to hospital-based home health agencies (the "Columbia/HCA Investigation").

The Company continues to cooperate with various state and federal agencies, including the U.S. Department of Justice, the Office of the Attorney General of New Mexico and the New Mexico Health Care Anti-Fraud Task Force, in connection with their investigations into certain healthcare practices of Quantum Health Resources ("Quantum"). Among the matters into which the federal agencies are or were inquiring are allegations of improper billing and fraud against various federally-funded medical assistance programs on the part of Quantum and its post-acquisition successor, the Infusion Therapy Services division of Olsten Health Services (the "Quantum New Mexico Investigation"). Most of the time period that the Company understands to be at issue in the Quantum New Mexico Investigation predates the Company's June 1996 acquisition of Quantum.

In late March 1999, the Company reached an understanding with the U.S. Department of Justice to settle the civil and criminal aspects of the Cost Reports Investigation and the Columbia/HCA Investigation. Pursuant to the proposed settlement, the consummation of which is subject to the satisfaction of certain conditions, including, among other things, the execution of formal settlement documents, the Company has agreed to pay to the U.S. Department of Justice the sum of \$61 million, including approximately \$10 million in fines and penalties, and a subsidiary of the Company, Kimberly Home Health Care, Inc., a Missouri corporation, has agreed, in connection with the Columbia/HCA Investigation, to plead guilty to a criminal violation of the federal mail fraud, conspiracy and kickback statutes.

On January 28, 1999, the Company announced that it had been advised by the United States Attorney's Office for the District of New Mexico ("New Mexico U.S. Attorney's Office") that, in connection with the Quantum New Mexico Investigation, it had dropped its criminal investigation into certain past practices of Quantum. The criminal aspect of the Quantum New Mexico Investigation had focused on allegations of improper billing and fraud against various federally funded medical assistance programs on the part of Quantum

during the period between January 1992 and April 1997. By letter dated February 1, 1999, the New Mexico U.S. Attorney's Office advised the Company that, having ended its criminal inquiry, the Office has referred the Quantum matter to its Affirmative Civil Enforcement ("ACE") Section. As it had done with the Criminal Division of the New Mexico U.S. Attorney's Office, the Company intends to cooperate fully with that Office's ACE Section in connection with its civil inquiry into the Quantum matter that has been referred to it. At this time, the Company is unable to predict the ultimate outcome of the civil Quantum New Mexico Investigation.

25

OLSTEN CORPORATION & SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On October 28, 1998, the Company announced that it had entered into a final settlement agreement with several Government agencies investigating certain past practices of Quantum. The agreement was entered into with the U.S. Department of Justice; the Office of Inspector General of the U.S. Department of Health and Human Services; the U.S. Secretary of Defense (for the CHAMPUS/Tricare program); and the Attorneys General for the States of New York and Oklahoma. Pursuant to the settlement, the Company reimbursed the government approximately \$4.5 million for certain disputed claims involving the provision of anti-hemophilia factor products to patients covered by certain federal health care programs.

Shareholder Class Action Litigation

In April 1997, a purported class action captioned Gail Weichman v. Olsten Corporation, et al., No. CV 97-1946, was filed in the United States District Court for the Eastern District of New York against the Company, Miriam Olsten, Frank Liguori and Anthony Puglisi. In August 1997, two additional proposed class action lawsuits, captioned Esta S. Goldman v. Olsten Corporation, et al., No. CV 97-4501, and Elliott Waldman v. Olsten Corporation, et al., No. CV 97-5056, were filed in the United States District Court for the Eastern District of New York against the same defendants named in the Weichman lawsuit, plus Stuart Olsten. In September 1997, a fourth proposed class action lawsuit, captioned Michael Cannold v. Olsten Corporation, et al., No. CV 97-5408, was filed in the United States District Court for the Eastern District of New York against the Company, Miriam Olsten, Stuart Olsten, Frank Liguori and Anthony Puglisi. (The Weichman, Goldman, Waldman and Cannold actions are referred to collectively as the "Class Actions.") On September 8, 1998, after the Court consolidated the Class Actions under the caption In re Olsten Corporation Securities Litigation, plaintiffs filed their Consolidated Amended Class Action Complaint (the "Amended Complaint"), naming as defendants the Company, Miriam Olsten, Stuart Olsten, Frank Liguori and Anthony Puglisi. The Amended Complaint asserts claims under Sections 10(b) (including Rule 10b-5 promulgated thereunder), 14(a) and 20(a) of the Securities Exchange Act of 1934 and Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, alleging that, as a result of certain alleged misstatements and omissions by certain of the defendants, the Company's common stock was artificially inflated during the proposed Class Period (which is defined in the Amended Complaint as the period from February 5, 1996 through July 22, 1997). On October 19, 1998, the Company and the individual defendants served a motion seeking the dismissal of the Amended Complaint; that motion was fully briefed on December 23, 1998. The Company is unable at this time to assess the probable outcome of the Class Actions or the materiality of the risk of loss in connection therewith, given the preliminary stage of the Class Actions and the fact that the Amended Complaint does not allege damages with specificity.

26

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

The information required by this item is included in the text in response to Item 7, Management's Discussion and Analysis of

Financial Condition and Results of Operations, above and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The following financial statements of the Company are included in this Report:

Page(s) in this Report

Consolidated Financial Statements:

Balance Sheets as of January 3, 1999 and December 28, 1997	F-2
Statements of Income for the three years ended January 3, 1999	F-3
Statements of Changes in Shareholders' Equity for the three years ended January 3, 1999	F-4
Statements of Cash Flows for the three years ended January 3, 1999	F-5
Notes to Consolidated Financial Statements	F-6 - F-22
Report of Independent Accountants	F-23

Item 9. Changes in and Disagreements with Accountants on Accounting
----- and Financial Disclosure.

There have been no such changes or disagreements.

PART III

Item 10. Directors and Executive Officers of the Registrant.

See the information under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement with respect to its 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which information is incorporated herein by reference. See also the information with respect to executive officers of the Company under Item 4(a) of PART I hereof, which information is incorporated herein by reference.

Item 11. Executive Compensation.

See the information under the captions "Election of Directors," "Summary Compensation Table," "Option Grants in Last Fiscal Year," "Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values," "Retirement Plan," "Employment Contracts, Termination of Employment and Change-in-Control Arrangements" and "Compensation Committee Report on Executive Compensation" in the Company's definitive Proxy Statement with respect to its 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

See the information under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Company's definitive Proxy Statement with respect to its 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

See the information under the caption "Certain Transactions" in the Company's definitive Proxy Statement with respect to its 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which information is incorporated herein by reference.

PART IV

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

(a) (1) Financial Statements

See Index to Financial Statements attached (Page F-1).

28

(a) (2) Financial Statement Schedules

Schedules have been omitted since they are either not required or are not applicable or the required information is shown in the financial statements or related notes.

(a) (3) Exhibits:

3(a) Restated Certificate of Incorporation of Registrant, as amended, filed as Exhibit 4.1 to Registrant's Registration Statement on Form S-8 (File No. 33-61761), is incorporated herein by reference.

+3(b) By-Laws of Registrant.

4(a) Restated Certificate of Incorporation of Registrant, as amended, filed as Exhibit 3(a).

4(b) By-Laws of Registrant, filed as Exhibit 3(b).

4(c) Indenture dated as of March 15, 1996 between Registrant and First Union National Bank, as Trustee, relating to Registrant's 7% Senior Notes due 2006, filed as Exhibit 4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, is incorporated herein by reference.

4(d) Form of Indenture dated as of October 8, 1993 between Quantum Health Resources, Inc. and First Trust National Association, as Trustee, relating to 4 3/4% Convertible Subordinated Debentures Due 2000 of Quantum Health Resources, Inc., filed as Exhibit 4.1 to Registration Statement on Form S-3 (Reg. No. 33-69088) of Quantum Health Resources, Inc., is incorporated herein by reference.

- 4(e) Supplemental Indenture dated as of June 28, 1996 between Quantum Health Resources, Inc. and First Trust National Association, as Trustee, filed as Exhibit 4(e) to Registrant's Annual Report on Form 10-K for the year ended December 29, 1996, is incorporated herein by reference.
- *10(a) Registrant's Incentive Restricted Stock Plan, as amended, filed as Exhibit 10(e) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.
- *10(b) Form of agreement under Registrant's Incentive Restricted Stock Plan, filed as Exhibit 10(g) to Registrant's Annual Report on Form 10-K for the year ended December 30, 1990, is incorporated herein by reference.
- 10(c) Credit Agreement dated as of August 9, 1996 among Registrant, the Banks signatory thereto and The Chase Manhattan Bank, as Agent, covering \$400 million credit facility, filed as Exhibit 10 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, is incorporated herein by reference.
- 10(c)(1) Amendment No. 1 dated as of August 27, 1997 to Credit Agreement dated as of August 9, 1996 among Registrant, the Banks signatory thereto and The Chase Manhattan Bank, as Agent, filed as Exhibit 10 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 28, 1997, is incorporated herein by reference.

*Management contract or compensatory plan or arrangement.

- 10(c)(2) Amendment No. 2 dated as of February 24, 1998 to Credit Agreement dated as of August 9, 1996 among Registrant, the Banks signatory thereto and The Chase Manhattan Bank, as Agent, filed as Exhibit 10 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 1998, is incorporated herein by reference.
- 10(c)(3) Amendment No. 3 dated as of July 30, 1998 to Credit Agreement dated as of August 9, 1996

among Registrant, the Banks signatory thereto and The Chase Manhattan Bank, as Agent, filed as Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 1998, is incorporated herein by reference.

- *10(d) Registrant's 1990 Non-Qualified Stock Option Plan for Non-Employee Directors and Consultants, as amended and restated, is incorporated by reference to Exhibit B to Registrant's definitive Proxy Statement with respect to its 1998 Annual Meeting of Shareholders.
- *10(e) Registrant's Supplemental Retirement Plan for Key Executives filed as Exhibit 10(k) to Registrant's Annual Report on Form 10-K for the year ended January 3, 1993, is incorporated herein by reference.
- *10(f) Registrant's Executive Voluntary Deferred Compensation Plan and Trust Agreement between Registrant and Prudential Trust Company, filed as Exhibit 10(k) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.

*Management contract or compensatory plan or arrangement.

31

- *10(g) Registrant's Deferred Compensation Plan for Outside Directors, filed as Exhibit 10(m) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.
- *10(h) Employment Agreement dated March 28, 1994 between Registrant and Frank N. Liguori, filed as Exhibit 10(q) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.
- *10(i) Amendment dated March 27, 1996 to Employment Agreement between Registrant and Frank N. Liguori, filed as Exhibit 10(k) to Registrant's Annual Report on Form 10-K for the year ended December 29, 1996, is incorporated herein by reference.
- +*10(j) Separation Agreement dated as of February 10, 1999 between Registrant and Frank N. Liguori.
- *10(k) Agreement dated November 8, 1993 between Registrant and Frank N. Liguori covering incentive award under Incentive Restricted Stock Plan and amendment thereto dated March 27, 1994, filed as Exhibit 10(r) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.
- *10(l) Form of change in control agreement between Registrant and each of Robert A. Fusco, Gerald

J. Kapalko and Anthony J. Puglisi, filed as Exhibit 10(o) to Registrant's Annual Report on Form 10-K for the year ended January 1, 1995, is incorporated herein by reference.

*Management contract or compensatory plan or arrangement.

+Filed herewith.

32

- *10 (m) Registrant's 1994 Stock Incentive Plan, as amended and restated, is incorporated by reference to Exhibit A to Registrant's definitive Proxy Statement with respect to its 1998 Annual Meeting of Shareholders.
- *10 (n) Registrant's Executive Officers Bonus Plan is incorporated by reference to Exhibit A to Registrant's definitive Proxy Statement with respect to its 1999 Annual Meeting of Shareholders.
- *10 (o) Registrant's Stock & Deferred Compensation Plan for Non-Employee Directors is incorporated by reference to Exhibit C to Registrant's definitive Proxy Statement with respect to its 1998 Annual Meeting of Shareholders.
- 10 (p) Lease Agreement dated as of April 1, 1995 between Suffolk County Industrial Development Agency and OLS Holdings, Inc. covering headquarters facility at 175 Broad Hollow Road, Melville, New York, filed as Exhibit 10(t) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated herein by reference.
- 10 (q) Fiscal Agency Agreement, dated May 6, 1998, relating to French Franc 800,000,000 6% Notes due 2008 guaranteed by Registrant, filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 1998, is incorporated herein by reference.
- +21 Subsidiaries of Registrant.
- +23 Consent of PricewaterhouseCoopers LLP, independent accountants.
- +27 Financial Data Schedule.

*Management contract or compensatory plan or arrangement.

+Filed herewith.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the last quarter of the period covered by this Report.

SIGNATURES

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

OLSTEN CORPORATION

Date: April 1, 1999

By: /s/ Edward A. Blechschmidt

Edward A. Blechschmidt
President and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the

registrant and in the capacities and on the dates indicated.

Date: April 1, 1999 By: /s/ Edward A. Blechschmidt

Edward A. Blechschmidt
President and Chief
Executive Officer and Director
(Principal Executive Officer)

Date: April 1, 1999 By: /s/ Anthony J. Puglisi

Anthony J. Puglisi
Executive Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

Date: April 1, 1999 By: /s/ Victor F. Ganzi

Victor F. Ganzi
Director

Date: April 1, 1999 By: /s/ Stuart R. Levine

Stuart R. Levine
Director

Date: April 1, 1999 By: /s/ John M. May

John M. May
Director

Date: April 1, 1999 By: /s/ Miriam Olsten

Miriam Olsten
Director

35

Date: April 1, 1999 By: /s/ Stuart Olsten

Stuart Olsten
Director

Date: April 1, 1999 By: /s/ Richard J. Sharoff

Richard J. Sharoff
Director

Date: April 1, 1999 By: /s/ Raymond S. Troubh

Raymond S. Troubh
Director

Date: April 1, 1999 By: /s/ Josh S. Weston

Josh S. Weston
Director

OLSTEN CORPORATION and SUBSIDIARIES

INDEX to FINANCIAL STATEMENTS

Pages

Consolidated Financial Statements:

Balance Sheets as of January 3, 1999 and December 28, 1997	F-2
Statements of Income for the three years ended January 3, 1999	F-3
Statements of Changes in Shareholders' Equity for the three years ended January 3, 1999	F-4
Statements of Cash Flows for the three years ended January 3, 1999	F-5
Notes to Consolidated Financial Statements	F-6 - F-22
Report of Independent Accountants	F-23

F-1

<TABLE>

OLSTEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

<CAPTION>

	January 3, 1999	December 28, 1997
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets		
Cash	\$ 53,831	\$ 84,810
Receivables, less allowance for doubtful accounts of \$35,555 and \$25,326, respectively	1,005,685	847,419
Inventories	90,383	56,893
Prepaid expenses and other current assets	43,920	33,822
	-----	-----
Total current assets	1,193,819	1,022,944
Fixed assets, net		
Intangibles, principally goodwill, net of accumulated amortization of \$131,779 and \$102,998, respectively	233,131	186,347
Other assets	613,616	534,284
	18,241	6,626
	-----	-----
	\$2,058,807	\$1,750,201
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accrued expenses	\$ 195,594	\$ 152,239
Payroll and related taxes	144,330	86,071
Accounts payable	142,547	55,851
Insurance costs	36,338	41,270
	-----	-----
Total current liabilities	518,809	335,431
Long-term debt	606,107	461,178
Other liabilities	111,371	111,815
Commitments	--	--
Shareholders' equity		
Common stock \$.10 par value; authorized 110,000,000 shares; issued 68,253,080 shares and 68,151,708 shares, respectively	6,825	6,815
Class B common stock \$.10 par value; authorized 50,000,000 shares; issued 13,071,560 shares and 13,157,617 shares, respectively	1,307	1,316
Additional paid-in capital	447,488	447,297
Retained earnings	377,268	390,786
Accumulated other comprehensive income	(9,913)	(4,437)
Less treasury stock, at cost; 45,700 shares in 1998	(455)	--
	-----	-----
Total shareholders' equity	822,520	841,777
	-----	-----
	\$2,058,807	\$1,750,201
	=====	=====

</TABLE>

See notes to consolidated financial statements.

F-2

<TABLE>

OLSTEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three Years Ended January 3,
1999 (In thousands, except share amounts)

<CAPTION>

	1998	1997	1996
	-----	-----	-----
<S>	(53 Weeks)	<C>	<C>
	<C>	<C>	<C>
Service sales, franchise fees, management fees and other income	\$4,602,790	\$4,113,014	\$3,377,729
Cost of services sold	3,500,941	3,016,802	2,422,160
	-----	-----	-----
Gross profit	1,101,849	1,096,212	955,569
Selling, general and administrative expenses	1,050,339	914,632	768,448
Interest expense, net	30,481	21,101	12,260
Merger, integration and other non-recurring charges	--	--	80,000
	-----	-----	-----
Income before income taxes and minority interests	21,029	160,479	94,861

Income taxes	8,149	62,587	38,627
	-----	-----	-----
Income before minority interests	12,880	97,892	56,234
Minority interests	8,519	4,864	1,592
	-----	-----	-----
Net income	\$ 4,361	\$ 93,028	\$ 54,642
	=====	=====	=====

SHARE INFORMATION:

Basic earnings per share:			
Net income	\$.05	\$ 1.15	\$.71
	-----	-----	-----
Average shares outstanding	81,300	81,237	77,362
	-----	-----	-----
Diluted earnings per share:			
Net income	\$.05	\$ 1.15	\$.71
	-----	-----	-----
Average shares outstanding	81,402	83,115	82,025
	-----	-----	-----

</TABLE>

See notes to consolidated financial statements.

F-3

<TABLE>

OLSTEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
CHANGES IN SHAREHOLDERS' EQUITY
For the Three Years Ended January 3, 1999
(In thousands, except share amounts)

<CAPTION>

	Common stock		Additional	Retained	Accumulated other	Treasury stock		Total
	Shares	Amount	paid-in capital	earnings	(loss) income	Shares	Amount	
	-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	73,487,548	\$7,349	\$294,758	\$286,037	\$(1,755)	--	\$--	\$586,389
Comprehensive income:								
Net income and cumulative translation adjustment	--	--	--	54,642	3,502	--	--	58,144
Cash dividends	--	--	--	(20,183)	--	--	--	(20,183)
Exercise of stock options, warrants and employee stock purchases	1,870,185	187	20,916	--	--	--	--	21,103
Amortization of restricted stock	--	--	952	--	--	--	--	952
Conversion of debentures	5,381,288	538	122,330	--	--	--	--	122,868
	-----	-----	-----	-----	-----	-----	-----	-----
Balance at December 29, 1996	80,739,021	8,074	438,956	320,496	1,747	--	--	769,273
Comprehensive income:								
Net income and cumulative translation adjustment	--	--	--	93,028	(6,184)	--	--	86,844
Cash dividends	--	--	--	(22,738)	--	--	--	(22,738)
Exercise of stock options	133,924	13	1,948	--	--	--	--	1,961
Issuance of restricted stock	436,380	44	5,674	--	--	--	--	5,718
Amortization of restricted stock	--	--	719	--	--	--	--	719
	-----	-----	-----	-----	-----	-----	-----	-----
Balance at December 28, 1997	81,309,325	8,131	447,297	390,786	(4,437)	--	--	841,777
Comprehensive income:								
Net income and cumulative translation adjustment	--	--	--	4,361	(5,476)	--	--	(1,115)
Cash dividends	--	--	--	(17,879)	--	--	--	(17,879)
Exercise of stock options	6,515	--	72	--	--	--	--	72

Non-employee director stock compensation	8,800	1	119	--	--	--	--	120
Repurchase of common stock	--	--	--	--	--	(45,700)	(455)	(455)
	-----	-----	-----	-----	-----	-----	-----	-----
Balance at January 3, 1999	81,324,640	\$8,132	\$447,488	\$377,268	\$ (9,913)	(45,700)	\$ (455)	\$822,520
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

F-4

<TABLE>

OLSTEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Years Ended January 3, 1999
(In thousands)

<CAPTION>

	1998 ----	1997 ----	1996 ----
	(53 Weeks) <C>	<C>	<C>
OPERATING ACTIVITIES:			
Net income	\$ 4,361	\$ 93,028	\$ 54,642
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	69,433	55,506	43,897
Provision for doubtful accounts	27,881	28,605	20,342
Deferred income taxes	15,669	14,102	(446)
Loss on disposal of fixed assets	5,292	3,743	6,161
Minority interests in results of operations of consolidated subsidiaries	8,519	4,864	1,592
Changes in assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	(131,647)	(151,140)	(127,071)
Inventories, prepaid expenses and other current assets	718	11,806	(15,679)
Current liabilities	42,817	43,272	14,426
Other, net	16,246	(18,411)	(12,223)
	-----	-----	-----
Net cash provided by (used in) operating activities	59,289	85,375	(14,359)
INVESTING ACTIVITIES:			
Acquisitions of businesses, net of cash acquired	(106,997)	(149,603)	(136,218)
Purchases of fixed assets	(92,826)	(72,795)	(47,375)
Disposition of fixed assets and businesses	2,824	1,834	6,220
Proceeds from sale of investment securities	--	9,415	842
	-----	-----	-----
Net cash used in investing activities	(196,999)	(211,149)	(176,531)
FINANCING ACTIVITIES:			
Net proceeds from issuance of notes	132,427	--	--
Cash dividends	(17,879)	(22,738)	(20,183)
Repayment of notes payable	(6,202)	(6,816)	--
Net (repayments of) proceeds from line of credit agreements	(1,694)	135,437	(8,947)
Repurchase of common stock	(455)	--	--
Issuances of common stock under stock plans	72	1,961	21,103
Net proceeds from issuance of senior notes	--	--	197,224
	-----	-----	-----
Net cash provided by financing activities	106,269	107,844	189,197
	-----	-----	-----
Effect of exchange rate changes on cash	462	(2,985)	--
	-----	-----	-----
Net decrease in cash	(30,979)	(20,915)	(1,693)
Cash at beginning of year	84,810	105,725	107,418
	-----	-----	-----
Cash at end of year	\$ 53,831	\$ 84,810	\$ 105,725
	=====	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash payments for interest	\$ 28,581	\$ 24,415	\$ 15,260
Cash payments for income taxes	\$ 34,697	\$ 20,702	\$ 64,073
NON-CASH TRANSACTIONS:			
Assets acquired through the issuance of a note	\$ --	\$ 19,535	\$ --
Issuance of restricted stock	\$ --	\$ 6,437	\$ --
Conversion of debt to equity	\$ --	\$ --	\$ 124,846

</TABLE>

See notes to consolidated financial statements. F-5

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Note 1. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The Company's fiscal year ends on the Sunday nearest to December 31st, which was January 3, 1999 for 1998, December 28, 1997 for 1997 and December 29, 1996 for 1996. Certain prior period amounts have been reclassified to conform with the current year presentation.

Revenue Recognition

Service sales and the related labor costs and payroll taxes are recorded in the period in which the services are performed. Franchise fees, which are based upon contractual percentages of franchise sales, and management fees generated from management services provided to hospital-based home health agencies, are included with Company service sales and recorded in the period in which the services are provided.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Cash

Cash includes equivalents, which are highly liquid investments with original maturities of three months or less.

Inventories

Inventories consist primarily of biological and pharmaceutical products and supplies held for sale or distribution to patients through prescription. The Company records inventories at the lower of cost (weighted average cost) or market.

Fixed Assets

Fixed assets, including external costs of Company developed software, are stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the life of the lease or the life of the improvement.

Intangibles

Intangibles, principally goodwill, associated with acquired businesses and the unexpired terms of acquired franchise contracts are being amortized on a straight-line basis primarily over 40 years. When events and circumstances so indicate, all long-term assets, including intangibles, are assessed for recoverability based upon undiscounted operating cash flow forecasts. No impairment losses have been recognized in any of the periods presented.

F-6

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Foreign Currency Translation

Financial statements of international subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses and cash flows. Translation adjustments are recorded within accumulated other comprehensive income. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are not significant.

Income Taxes

The Company provides for taxes based on current taxable income and the future tax consequences of temporary differences between the financial reporting and income tax carrying values of its assets and liabilities. Under SFAS No. 109, assets and liabilities acquired in purchase business combinations are assigned their fair values, and deferred taxes are provided for lower or higher tax bases.

Earnings Per Share

In 1997, the Financial Accounting Standards Board ("FASB") issued Statement No. 128, "Earnings per Share" ("SFAS No. 128"). SFAS No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Earnings per share amounts for all periods prior to December 28, 1997, have been restated to conform to the SFAS No. 128 requirements.

Newly Issued Accounting Standards

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." This statement establishes standards for the reporting and presentation of comprehensive income and its components in a full set of financial statements. As shown in the Statement of Changes in Shareholders' Equity, comprehensive income includes all changes in equity during a period, except those resulting from investments by and distributions to the Company's stockholders. As this standard only requires additional information in the financial statements, it does not affect the Company's results of operations or financial position.

Effective January 1, 1998, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for the way that publicly-held companies report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The adoption of SFAS No. 131 did not impact the Company's results of operations or financial position, but did affect the disclosure of segment information.

F-7

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Note 2. Acquisitions

Under the terms of the 1997 purchase agreement for Olsten Travail Temporaire (formerly Sogica S.A.), an additional payment of approximately \$31 million was paid in the second quarter of 1998. An additional purchase price payment will be required in the year 2000, calculated based upon the average net income for the three fiscal years ended 1999. Such additional payments relate to the Company's original purchase of 70 percent of the Olsten Travail Temporaire shares. The Company is obligated in the year 2000 to purchase the remaining 30 percent of the shares at a price to be determined by a multiple ranging from an upper limit of 16 to a lower limit of 10, applied to the average net income for the fiscal years ended 1998 and 1999.

During 1998, the Company continued to expand by acquiring additional offices in North America, France, Denmark, Brazil and Norway for an aggregate cash outlay of \$41 million. In addition, the Company acquired certain home health care operations, primarily in the state of Florida, in asset transactions totalling approximately \$35 million in cash.

Assets acquired and liabilities assumed for the purchase acquisitions were \$55 million and \$42 million, respectively. Substantially all of the purchase price of acquisitions in excess of net assets acquired was recorded as goodwill (approximately \$97 million) and will be amortized over 40 years. The results of operations of the acquired companies are included in the Company's 1998 Consolidated Statement of Income from the dates of acquisition. Pro forma results of operations are not presented as the pro forma impact of the purchased acquisitions, which were accounted for by the purchase method of accounting, was not significant to the Company's Financial Statements.

Note 3. Merger, Integration and Other Non-Recurring Charges

In 1998, the Company recorded non-recurring charges and other adjustments of \$66 million (\$40 million, net of tax), or \$.50 per diluted share, related primarily to the restructuring of the Company's home health business as follows:

In response to a new Medicare reimbursement methodology under Medicare's Interim Payment System, the Company announced office closings and consolidations resulting in non-recurring charges and other adjustments to selling, general and administrative expenses of \$37 million (\$23 million, net

of tax). These charges relate to lease payments of \$3 million, employee severance of \$4 million, professional fees and related costs of \$13 million, fixed assets and software write-offs of \$5 million, and an increase in the allowance for doubtful accounts of \$12 million. As of year-end, all closures and consolidations of facilities have been completed and approximately 95 percent of the 700 expected terminations have occurred.

In addition, the Company recorded a reduction in revenues of \$14 million (\$8 million, net of tax) in anticipation of lower Medicare reimbursements resulting from the new per-visit and per-beneficiary limits that have been imposed by Medicare under the Interim Payment System.

The Company also recorded a charge to cost of sales of \$15 million (\$9 million, net of tax) to reserve for costs associated with the increased utilization of services under several of the Company's capitated contracts with managed care customers.

F-8

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

In 1996, the Company recorded merger, integration and other non-recurring charges totalling \$80 million (\$48 million, net of tax), or \$.59 per diluted share. These charges resulted from the Quantum and Co-Counsel acquisitions of \$45 million (\$27 million, net of tax); \$30 million (\$18 million, net of tax) of allowances for a change in the methodology used by Medicare for computing reimbursements in prior years related to the Company's home health care business; and Quantum's charge of \$5.5 million (\$3.2 million, net of tax) related to the settlement of shareholder litigation.

At January 3, 1999, approximately \$5.2 million of the allowances and \$2.9 million of other charges, consisting primarily of severance, remain unpaid and were included in accounts receivable and accrued expenses, respectively.

<TABLE>
Note 4. Fixed Assets, Net
<CAPTION>

	January 3, 1999 -----	December 28, 1997 -----
<S>	<C>	<C>
Computer equipment and software	\$212,528	\$160,936
Furniture and fixtures	74,166	73,082
Buildings and improvements	67,358	60,162
Machinery and equipment	26,875	23,234
	-----	-----
	380,927	317,414
Less accumulated depreciation and amortization	147,796	131,067
	-----	-----
	\$233,131	\$186,347
	=====	=====

</TABLE>

Depreciation expense was approximately \$46 million in 1998, \$36 million in 1997 and \$28 million in 1996.

<TABLE>
Note 5. Long-Term Debt
<CAPTION>

	January 3, 1999 -----	December 28, 1997 -----
<S>	<C>	<C>
7% Senior Notes due 2006, net of unamortized discount	\$199,257	\$199,154
Revolving credit agreement	178,400	175,774
6% Guaranteed Notes due 2008, net of unamortized discount	142,200	--
4 3/4% Convertible Subordinated Debentures due 2000	86,250	86,250
	-----	-----
	\$606,107	\$461,178
	=====	=====

</TABLE>

In March 1996, the Company issued \$200 million in 7% Senior Notes due 2006. The proceeds were used to repay a portion of its revolving credit facility; to expand the Company's existing office network and the types of services provided to clients, both internally and through acquisitions; and for general working capital purposes.

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

The Company has a revolving credit agreement with 11 banks, providing for up to \$400 million in borrowings and letters of credit in both U.S. and various foreign currencies. At the Company's option, the interest rate on borrowings under the agreement is based on the London Interbank Offered Rate (LIBOR), the United States prime rate, or the Eurocurrency rate. The agreement, which expires in 2001, was amended in February 1999 to revise the provision related to the maintenance of various financial ratios and covenants, including granting the Company approval to repurchase up to \$40 million of the convertible subordinated debentures. As of January 3, 1999, there were \$178 million in borrowings and \$14 million in standby letters of credit outstanding.

In May 1998, the Company's wholly-owned subsidiary, Olsten International B.V., issued in a public offering, 800 million French Franc (approximately U.S. \$134 million at that date), 6 percent Euronotes due 2008. The net proceeds were used to repay existing indebtedness and for general financing purposes.

In 1993, Quantum issued \$86.3 million of 4 3/4% Convertible Subordinated Debentures maturing in 2000. The debentures are convertible into the Company's Class B common stock at \$52.26 per share. Subsequent to year-end, the Company retired \$7.7 million of the convertible subordinated debentures at 88.5 percent of the principal amount, resulting in a gain of approximately \$900.

Interest expense is net of interest income of \$3.8 million in 1998, \$4.3 million in 1997 and \$9.1 million in 1996.

Note 6. Legal Matters

Government Investigations

 The Company continues to cooperate with the previously disclosed health care industry investigations being conducted by certain governmental agencies (collectively, the "Healthcare Investigations").

Among the Healthcare Investigations with which the Company continues to cooperate is that being conducted into the Company's preparation of Medicare cost reports by the Office of Investigations section of the Office of Inspector General (an agency within the U.S. Department of Health and Human Services) and the U.S. Department of Justice (the "Cost Reports Investigation").

The Company also continues to cooperate with the U.S. Department of Justice and other federal agencies investigating the relationship between Columbia/HCA Healthcare Corporation and the Company in connection with the purchase, sale and operation of certain home health agencies which had been owned by Columbia/HCA and managed under contract by Olsten Health Management, a unit of Olsten Health Services that provides management services to hospital-based home health agencies (the "Columbia/HCA Investigation").

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

The Company continues to cooperate with various state and federal agencies, including the U.S. Department of Justice, the Office of the Attorney General of New Mexico and the New Mexico Health Care Anti-Fraud Task Force in connection with their investigations into certain healthcare practices of Quantum Health Resources ("Quantum"). Among the matters into which the federal agencies are or were inquiring are allegations of improper billing and fraud against various federally-funded medical assistance programs on the part of Quantum and its post-acquisition successor, the Infusion Therapy Services division of Olsten Health Services (the "Quantum New Mexico Investigation"). Most of the time period that the Company understands to be at issue in the Quantum New Mexico Investigation predates the Company's June 1996 acquisition of Quantum.

In late March 1999, the Company reached an agreement in principle to settle all civil and criminal aspects of the Cost Reports Investigation and the Columbia/HCA Investigation. Pursuant to the proposed settlement, the consummation of which is conditioned upon, among other things, the execution of

formal settlement documents, the Company has agreed to pay to the U.S. Department of Justice the sum of \$61 million and a subsidiary of the Company, Kimberly Home Health Care, Inc., a Missouri corporation, has agreed, in connection with the Columbia/HCA Investigation, to plead guilty to a criminal violation of the federal mail fraud, conspiracy and kickback statutes.

On January 28, 1999, the Company announced that it had been advised by the United States Attorney's Office for the District of New Mexico ("New Mexico U.S. Attorney's Office") that, in connection with the Quantum New Mexico Investigation, it had dropped its criminal investigation into certain past practices of Quantum. The criminal aspect of the Quantum New Mexico Investigation had focused on allegations of improper billing and fraud against various federally funded medical assistance programs on the part of Quantum during the period between January 1992 and April 1997. By letter dated February 1, 1999, the New Mexico U.S. Attorney's Office advised the Company that, having ended its criminal inquiry, the Office has referred the Quantum matter to its Affirmative Civil Enforcement ("ACE") Section. As it had done with the Criminal Division of the New Mexico U.S. Attorney's Office, the Company intends to cooperate fully with that Office's ACE Section in connection with its civil inquiry into the Quantum matter that has been referred to it. At this time, the Company is unable to predict the ultimate outcome of the civil Quantum New Mexico Investigation.

On October 28, 1998, the Company announced that it had entered into a final settlement agreement with several Government agencies investigating certain past practices of Quantum. The agreement was entered into with the U.S. Department of Justice; the Office of Inspector General of the U.S. Department of Health and Human Services; the U.S. Secretary of Defense (for the CHAMPUS/Tricare program); and the Attorneys General for the States of New York and Oklahoma. Pursuant to the settlement, the Company reimbursed the government approximately \$4.5 million for certain disputed claims involving the provision of anti-hemophilia factor products to patients covered by certain federal health care programs.

F-11

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Shareholder Class Action Litigation

In April 1997, a purported class action captioned Gail Weichman v. Olsten Corporation, et al., No. CV 97-1946, was filed in the United States District Court for the Eastern District of New York against the Company, Miriam Olsten, Frank Liguori and Anthony Puglisi. In August 1997, two additional proposed class action lawsuits, captioned Esta S. Goldman v. Olsten Corporation, et al., No. CV 97-4501, and Elliott Waldman v. Olsten Corporation, et al., No. CV 97-5056, were filed in the United States District Court for the Eastern District of New York against the same defendants named in the Weichman lawsuit, plus Stuart Olsten. In September 1997, a fourth proposed class action lawsuit, captioned Michael Cannold v. Olsten Corporation, et al., No. CV 97-5408, was filed in the United States District Court for the Eastern District of New York against the Company, Miriam Olsten, Stuart Olsten, Frank Liguori and Anthony Puglisi. (The Weichman, Goldman, Waldman and Cannold actions are referred to collectively as the "Class Actions.") On September 8, 1998, after the Court consolidated the Class Actions under the caption In re Olsten Corporation Securities Litigation, plaintiffs filed their Consolidated Amended Class Action Complaint (the "Amended Complaint"), naming as defendants the Company, Miriam Olsten, Stuart Olsten, Frank Liguori and Anthony Puglisi. The Amended Complaint asserts claims under Sections 10(b) (including Rule 10b-5 promulgated thereunder), 14(a) and 20(a) of the Securities Exchange Act of 1934 and Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, alleging that, as a result of certain alleged misstatements and omissions by certain of the defendants, the Company's common stock was artificially inflated during the proposed Class Period (which is defined in the Amended Complaint as the period from February 5, 1996 through July 22, 1997). On October 19, 1998, the Company and the individual defendants served a motion seeking the dismissal of the Amended Complaint; that motion was fully briefed on December 23, 1998. The Company is unable at this time to assess the probable outcome of the Class Actions or the materiality of the risk of loss in connection therewith, given the preliminary stage of the Class Actions and the fact that the Amended Complaint does not allege damages with specificity.

Note 7. Lease Commitments

The Company rents certain properties under noncancellable, long-term operating leases, which expire at various dates. Certain of these leases require additional payments for taxes, insurance and maintenance and, in many cases,

provide for renewal options. Rent expense under all leases was \$64,357 in 1998, \$51,190 in 1997 and \$44,364 in 1996.

F-12

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

Future minimum rental commitments for all noncancellable leases having a remaining term in excess of one year at January 3, 1999 are as follows:

	\$
1999	55,737
2000	42,816
2001	30,298
2002	19,617
2003	12,879
Thereafter	34,902

Note 8. Shareholders' Equity

Common stock consists of shares of common stock and Class B common stock as follows:

<TABLE>
 <CAPTION>

	January 3, 1999 -----	December 28, 1997 -----	December 29, 1996 -----
<S>	<C>	<C>	<C>
Common stock	68,253,080	68,151,708	66,652,997
Class B common stock	13,071,560	13,157,617	14,086,024
Treasury stock (common stock)	(45,700)	--	--
	-----	-----	-----
	81,278,940	81,309,325	80,739,021
	=====	=====	=====

</TABLE>

Each share of Class B common stock is convertible into one share of common stock, has a par value of \$.10 and is entitled to 10 votes. The Company is also authorized to issue 250,000 shares of preferred stock; no shares have been issued.

In July 1998, the Board of Directors authorized the repurchase, at management's discretion, of up to 4 million shares of the Company's \$.10 par value common stock. Approximately 46,000 shares have been repurchased at a total cost of approximately \$455. The Company does not anticipate making additional repurchases of its common stock within the foreseeable future.

Note 9. Stock Plans

In 1998, shareholders of the Company approved the adoption of the Company's Stock & Deferred Compensation Plan for Non-Employee Directors which provides for payment of annual retainer fees to non-employee directors in the form of shares of common stock and also allows deferral of such payments until termination of the director's service. The total number of shares of common stock reserved for issuance under this plan is 150,000. At January 3, 1999, 8,800 shares were issued and 6,600 shares were deferred.

F-13

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

In 1994, shareholders of the Company approved the adoption of the 1994 Stock Incentive Plan ("1994 Plan") under which 3 million shares of common stock were reserved for issuance upon exercise of options thereunder. In 1995, shareholders of the Company approved amendments to the 1994 Plan which increased the maximum term of stock options granted under the 1994 Plan from five years to ten years and extended eligibility under the 1994 Plan to the Company's franchisees and licensees. In 1998, an additional 3 million shares were approved by the shareholders, aggregating 6 million shares of common stock reserved for issuance. These options may be awarded in the form of incentive stock options ("ISOs") or non-qualified stock options ("NQSOs"). The option price of an ISO cannot be less than 100 percent, and the option price of the NQSO cannot be less than 85 percent, of the fair market value at the date of grant. This plan replaced the 1984 Incentive Stock Option Plan ("1984 ISO Plan") and the 1984 Non-Qualified Stock Option Plan ("1984 NQSO Plan"), which terminated in February 1994, except as to options then outstanding, which expired in 1998. Options under the 1994 Plan have a term of ten years and generally become cumulatively exercisable commencing one year after grant in four or five equal annual installments. At January 3, 1999, there were options outstanding of 3,989,565 for the 1994 Plan.

In 1991, shareholders of the Company approved the adoption of the Non-Qualified Stock Option Plan for Non-Employee Directors and Consultants authorizing the grant of options to outside directors and consultants to purchase up to 225,000 shares of common stock. In 1995, shareholders of the Company approved an amendment to this plan to increase the maximum term of stock options thereafter granted under the Plan from five years to ten years. In 1998, an additional 150,000 shares were approved by the shareholders, aggregating 375,000 shares of common stock authorized for issuance. Under this plan, options may be granted at prices not less than the fair market value at the date of grant, have a maximum term of ten years and become exercisable no earlier than six months from the date of grant. At January 3, 1999, 150,000 options were outstanding under this plan.

Lifetime Corporation ("Lifetime"), which was merged into the Company in 1993, maintained four stock option plans. Options were granted under all plans at not less than the fair market value at the date of grant. At the merger date, all of the currently vested options under these plans were exchanged for Olsten Class B common stock equal to their net economic value. Remaining outstanding options were converted to options for Olsten Class B shares and are exercisable over various periods, generally not exceeding five years from the date of grant. At January 3, 1999, 64,559 options were outstanding under one of these plans.

IMI Systems Inc. ("IMI"), which was acquired by the Company in 1995, maintained three stock option plans, which authorized the grant of options at not less than the fair market value at the date of grant. At the acquisition date, all outstanding options were converted to options for Olsten Class B shares and are exercisable over various periods not exceeding ten years from their date of grant. At January 3, 1999, 9,916 options were outstanding under these plans.

Quantum maintained three stock option plans. Options were granted for all plans at not less than the fair market value at the date of grant. At the acquisition date, all outstanding options were converted to options for Olsten Class B shares and became immediately exercisable. At January 3, 1999, 162,655 options were outstanding under these plans.

F-14

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

Co-Counsel maintained two stock option plans under which options were granted at not less than the fair market value at the date of grant. At the acquisition date, all outstanding options were converted to options for Olsten Class B shares and became immediately exercisable. At January 3, 1999, 10,902 options were outstanding under these plans.

A summary of the Company's stock options for the three years ended January 3, 1999 is as follows:

<TABLE>

<CAPTION>

	1998		1997		1996	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Options outstanding, beginning of year	3,186,577	\$19.27	2,552,403	\$19.31	2,290,100	\$21.80

Granted	2,014,800	11.32	1,122,650	19.47	878,142	14.67
Exercised	(6,515)	10.20	(133,924)	13.98	(287,071)	13.04
Cancelled	(807,265)	18.25	(354,552)	22.11	(328,768)	29.76
	-----	-----	-----	-----	-----	-----
Options outstanding, end of year	4,387,597	\$15.83	3,186,577	\$19.27	2,552,403	\$19.31
	=====	=====	=====	=====	=====	=====
Options exercisable, end of year	1,378,904	\$20.00	1,273,757	\$19.93	1,067,768	\$20.73
	=====	=====	=====	=====	=====	=====
Options available for grant, end of year	2,142,546		482,733		1,345,616	
Weighted-average fair value of options granted during the year	\$4.07		\$8.13		\$5.87	
	=====	=====	=====	=====	=====	=====

</TABLE>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1998, 1997 and 1996, respectively: risk-free interest rates of 5.3, 6.3 and 6.5 percent; dividend yield of 2 percent for 1998 and 1 percent for 1997 and 1996; expected lives of six years for all; and volatility of 36 percent for 1998 and 1997 and 33 percent for 1996.

The following table summarizes information about stock options outstanding at January 3, 1999:

<TABLE>

<CAPTION>

Range of exercise prices	Options Outstanding			Options Exercisable	
	Number outstanding at January 3, 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at January 3, 1999	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>	<C>
\$.86 to 1.08	4,785	.68	\$1.07	4,785	\$1.07
1.72 to 2.59	3,443	1.41	2.12	3,443	2.12
4.99 to 7.49	249,491	9.65	6.14	7,491	5.74
7.60 to 10.35	885,604	9.24	9.15	44,700	9.58
12.07 to 17.67	1,540,507	8.39	14.54	437,127	14.53
18.53 to 26.25	1,633,225	7.64	21.19	810,816	22.14
27.80 to 41.38	43,171	5.28	31.78	43,171	31.78
42.24 to 60.35	27,371	5.29	51.67	27,371	51.67
	-----	-----	-----	-----	-----
\$.86 to 60.35	4,387,597	8.29	\$15.83	1,378,904	\$20.00
	=====	=====	=====	=====	=====

</TABLE>

F-15

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Under an Incentive Restricted Stock Plan amended in 1993 and in 1996, up to 2,062,500 shares of common stock may be granted or sold at prices less than the prevailing market price to officers, key employees and others, subject to restrictions as to transfer or sale. Shares under the plan are generally subject to restrictions as to transfer which lapse ratably in three and five equal annual installments commencing one year from the date of grant, provided that recipients are continuously employed by the Company. At January 3, 1999, 758,970 shares were available for future grants.

Under the Incentive Restricted Stock Plan, the Company issued 436,380 shares of common stock in 1997 to an officer pursuant to a performance award. At January 4, 1998 and 1997, 75,000 and 286,380 shares vested, respectively, and were not subject to any restrictions. The remaining 75,000 shares vested on January 4, 1999. The Company charged compensation expense over the performance award's measurement and vesting period.

Options to purchase 3,244,274, 2,217,663, and 322,952 shares of common stock at exercise prices of \$12.07 - \$60.35, \$18.53-\$60.35 and \$27.80-\$60.35 per share were outstanding for the years ended 1998, 1997 and 1996, respectively, but were not included in the computation of diluted earnings per share since the options' exercise price was greater than the average market price of the common shares.

In 1996, the Company adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized under the stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

<TABLE>

<CAPTION>

1998

1997

1996

	----- \$	----- \$	----- \$
<S>	<C>	<C>	<C>
Net income - as reported	4,361	93,028	54,642
Net income - pro forma	233	90,651	52,585
Basic earnings per share - as reported	.05	1.15	.71
Basic earnings per share - pro forma	--	1.12	.68
Diluted earnings per share - as reported	.05	1.15	.71
Diluted earnings per share - pro forma	--	1.12	.69

The statement provides for pro forma amounts for options granted beginning in 1995; therefore, the pro forma expense will likely increase in future years as the new option grants become subject to the pricing model.

F-16

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Note 10. Income Taxes

Comparative analysis of the provisions for income taxes follows:

	1998	1997	1996
<S>	<C>	<C>	<C>
Current			
Federal	\$ (32,791)	\$ 34,230	\$ 28,911
State and local	1,371	1,230	2,282
Foreign	23,900	13,025	7,880
	-----	-----	-----
	(7,520)	48,485	39,073
	-----	-----	-----
Deferred			
Federal	14,527	10,142	(375)
State and local	173	2,403	(71)
Foreign	969	1,557	--
	-----	-----	-----
	15,669	14,102	(446)
	-----	-----	-----
	\$ 8,149	\$ 62,587	\$ 38,627
	=====	=====	=====

</TABLE>

The components of book income before income taxes and minority interests includes U.S. losses of \$44.5 million and foreign income of \$65.5 million.

At January 3, 1999, the Company had a net operating loss for U.S. tax purposes of \$81.7 million, available for carryback or carryforward. The carryforward period expires in 2019.

Reconciliations of the differences between income taxes computed at the Federal statutory rate and provisions for income taxes are as follows:

	1998	1997	1996
<S>	<C>	<C>	<C>
Income taxes computed at Federal statutory tax rate	\$7,360	\$56,168	\$33,201
State income taxes, net of Federal benefit	1,004	2,361	1,437
Amortization of intangibles	2,630	2,843	2,680
Adjustment resulting from conclusion of tax examination related to prior years	(4,334)	--	--
Other, net	1,489	1,215	1,309
	-----	-----	-----
	\$8,149	\$62,587	\$38,627
	=====	=====	=====

F-17

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

Deferred tax assets and liabilities are as follows:

	January 3, 1999	December 28, 1997
	-----	-----
Deferred tax assets		
Reserves and allowances	\$ 24,542	\$ 22,578
Other	840	817
	-----	-----
	25,382	23,395
	-----	-----
Deferred tax liabilities		
Capitalized software	(25,479)	(14,164)
Intangible assets	(30,437)	(6,684)
Depreciation	(2,057)	--
Other	(1,311)	(1,299)
	-----	-----
	(59,284)	(22,147)
	-----	-----
Net deferred tax (liability) asset	\$ (33,902)	\$ 1,248
	=====	=====

During the fourth quarter of 1998, the Company reached final agreement with the Internal Revenue Service with respect to its examination of the Company's federal income tax returns for the years 1989 through 1993. Accordingly, certain amounts have been reclassified to deferred tax liabilities to reflect the conclusion of such examination.

Note 11. Benefit Plans for Permanent Employees

The Company and its subsidiaries maintain qualified and non-qualified defined contribution retirement plans for its salaried employees which provide for a partial match of employee savings under the plans and for discretionary profit-sharing contributions based on employee compensation. The Company also maintains a non-qualified defined benefit retirement program for key employees and officers which provides supplemental retirement benefits funded in part by profit-sharing contributions.

Company contributions under the defined contribution plans were approximately \$7.2 million in 1998, \$6.9 million in 1997 and \$5.9 million in 1996.

F-18

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

Note 12. Business Segment Information

The Company operates in three business segments:

Staffing Services

The Company operates Olsten Staffing Services in the United States and Canada, and staffing companies in 12 countries of Europe and Latin America, providing

supplemental staffing, evaluation and training for office technology; general office and administrative services; accounting and other financial services; legal, scientific, engineering and technical services, including production technical training; call centers; production/distribution/assembly services; training and pre-employment services; retail services; marketing support and teleservices; manufacturing, construction and industrial services; and managed services for corporations. The Company's services meet the full range of business needs, including traditional temporary help, project staffing, professional-level staffing, strategic partnerships, regular full-time hires and outsourcing. The Company's Financial Staffing Services operations provide temporary, "temp-to-hire" and full-time placement of accounting and financial professionals. The Company's Legal Staffing Services operations provide temporary and full-time attorneys, paralegals and legal support staff to law firms, corporate law departments and government, as well as computerized litigation support.

Information Technology Services

The Company operates IMI Systems Inc. in the United States and related companies in Canada and the United Kingdom providing design, programming and maintenance of computer systems, on either a project or consulting basis; focused solutions, comprising both horizontal practices and vertical industry offerings; applications management, encompassing applications outsourcing, and the support and development of legacy systems and enterprise resource planning systems; quality assurance services, including testing environment assessment and/or creation, test planning and execution, and use of IMI's proprietary methodology, RadSTAR TM; and enterprise support services, including help desk support, technology and software deployment, infrastructure operability/testing and Web/Internet support.

Health Services

The Company operates Olsten Health Services in the United States and Canada, delivering home health-related services, including Network Services providing care management and coordination for managed care organizations and self-insured employers; skilled nursing, home health aide and personal services; acute and chronic infusion therapy; physical/occupational/neurological/speech therapies; pediatric and perinatal care; disease management; marketing and distribution services for pharmaceutical, biotechnology and medical device firms; and institutional, occupational and alternate site health care staffing.

F-19

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

The Company evaluates performance and allocates resources based on income or loss from operations before income taxes and minority interests. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Segment data includes charges for allocating corporate costs to each of the operating segments. Information about the Company's operations, net of non-recurring charges and other adjustments of \$66 million (related to Health Services) in 1998 and merger, integration and other non-recurring charges of \$80 million (\$1 million related to Staffing Services, \$67 million related to Health Services, and \$12 million related to Corporate and other) in 1996, is as follows:

<TABLE>
<CAPTION>

<S>	Service sales, franchise fees, management fees and other income ----- <C>	Income before income taxes and minority interests ----- <C>	Identifiable assets ----- <C>	Depreciation and amortization ----- <C>	Expenditures for long-lived assets ----- <C>
Year ended January 3, 1999 -----					
Staffing Services	\$2,846,553	\$80,365	\$768,666	\$20,982	\$79,641
Information Technology Services	418,075	15,880	158,348	3,651	3,037
Health Services	1,330,303	(90,739)	864,442	31,004	69,648
Corporate and other	7,859	15,523	267,351	13,796	48,603
	-----	-----	-----	-----	-----
	\$4,602,790	\$21,029	\$2,058,807	\$69,433	\$200,929
	=====	=====	=====	=====	=====
Year ended December 28, 1997					

Staffing Services	\$2,381,376	\$88,602	\$561,353	\$13,429	\$66,734
Information Technology Services	287,423	12,042	143,370	2,761	48,157
Health Services	1,433,854	45,003	737,329	29,097	28,086
Corporate and other	10,361	14,832	308,149	10,219	105,325
	-----	-----	-----	-----	-----
	\$4,113,014	\$160,479	\$1,750,201	\$55,506	\$248,302
	=====	=====	=====	=====	=====
Year ended December 29, 1996					
Staffing Services	\$1,832,512	\$73,325	\$390,083	\$7,286	\$23,172
Information Technology Services	163,392	7,587	80,259	1,263	31,554
Health Services	1,374,353	12,420	749,893	26,612	51,234
Corporate and other	7,472	1,529	219,005	8,736	81,117
	-----	-----	-----	-----	-----
	\$3,377,729	\$94,861	\$1,439,240	\$43,897	\$187,077
	=====	=====	=====	=====	=====

</TABLE>

F-20

OLSTEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share amounts)

Financial information, summarized by geographic area, is as follows:

	Service sales, franchise fees, management fees and other income	Long-lived assets
	-----	-----
Year ended January 3, 1999		
United States	\$3,289,388	\$ 552,688
Europe	1,013,949	273,692
Canada	155,736	17,742
Latin America	143,717	20,866
	-----	-----
	\$4,602,790	\$ 864,988
	=====	=====
Year ended December 28, 1997		
United States	\$3,265,029	\$ 496,753
Europe	627,852	201,715
Canada	141,192	15,528
Latin America	78,941	13,261
	-----	-----
	\$4,113,014	\$ 727,257
	=====	=====
Year ended December 29, 1996		
United States	\$2,845,983	\$ 408,613
Europe	366,501	129,452
Canada	115,314	12,334
Latin America	49,931	10,406
	-----	-----
	\$3,377,729	\$ 560,805
	=====	=====

<TABLE>

OLSTEN CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (In thousands, except share amounts)

Note 13. Quarterly Financial Information (Unaudited)

<CAPTION>

	First quarter ----- \$	Second quarter ----- \$	Third quarter ----- \$	Fourth quarter ----- \$
<S>	<C>	<C>	<C>	<C>
Year ended January 3, 1999				
Service sales, franchise fees, management fees and other income	1,049,942	1,126,142	1,170,037	1,256,669
Gross profit	266,057	243,125	283,916	308,751
Net income (loss)	12,801	(33,464)	12,534	12,490
SHARE INFORMATION:				
Basic and diluted earnings (loss) per share	.16	(.41)	.15	.15
Year ended December 28, 1997				
Service sales, franchise fees, management fees and other income	950,851	1,014,387	1,063,281	1,084,495
Gross profit	254,959	270,182	283,335	287,736
Net income	19,167	25,329	25,257	23,275
SHARE INFORMATION:				
Basic and diluted earnings per share	.24	.31	.31	.29

</TABLE>

The fourth quarters ended January 3, 1999 and December 28, 1997 include 14 weeks and 13 weeks, respectively.

The first three quarters of 1997 earnings per share amounts have been restated to comply with SFAS No. 128.

Second quarter 1998 results include certain non-recurring charges and other adjustments. See note 3.

Note 14. Subsequent Event

On March 30, 1999, the Company announced plans to take a special charge of approximately \$70 million, net of tax, or \$.86 per share, for the first quarter ended April 4, 1999, to provide for settlement of two federal investigations focusing on certain of the Company's Medicare cost reports and transactions with Columbia/HCA Healthcare Corp., and also to provide for realignment of business units to lower the Company's cost base, improve efficiencies and refocus its marketing efforts.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of Olsten Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Olsten Corporation and Subsidiaries at January 3, 1999 and December 28, 1997, and the results of their operations and their cash flows for each of the three years in the period ended January 3, 1999, in conformity with generally accepted

accounting principles. These financial statements are the responsibility of Olsten's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

New York, New York

February 28, 1999, except as to the information presented in Notes 6 and 14, for which the date is March 30, 1999.

F-23

EXHIBIT INDEX

Exhibit No.	Description	How Filed
3(a)	Restated Certificate of Incorporation of Registrant, as amended, filed as Exhibit 4.1 to Registrant's Registration Statement on Form S-8 (File No. 33-61761), is incorporated herein by reference.	(1)
3(b)	By-Laws of Registrant.	(2)
4(a)	Restated Certificate of Incorporation of Registrant, as amended, filed as Exhibit 3(a).	(1)
4(b)	By-Laws of Registrant, filed as Exhibit 3(b).	(1)
4(c)	Indenture dated as of March 15, 1996 between Registrant and First Union National Bank, as Trustee, relating to Registrant's 7% Senior Notes due 2006, filed as Exhibit 4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, is incorporated herein by reference.	(1)
4(d)	Form of Indenture dated as of October 8, 1993 between Quantum Health Resources, Inc. and First Trust National Association, as Trustee, relating to 4 3/4% Convertible Subordinated Debentures Due 2000	(1)

of Quantum Health Resources, Inc., filed as Exhibit 4.1 to Registration Statement on Form S-3 (Reg. No. 33-69088) of Quantum Health Resources, Inc., is incorporated herein by reference.

4(e) Supplemental Indenture dated as of June 28, 1996 (1)
between Quantum Health Resources, Inc. and First
Trust National Association, as Trustee, filed as
Exhibit 4(e) to Registrant's Annual Report on Form
10-K for the year ended December 29, 1996, is
incorporated herein by reference.

(1) Incorporated by reference.
(2) Filed herewith.

i

*10(a) Registrant's Incentive Restricted Stock Plan, as (1)
amended, filed as Exhibit 10(e) to Registrant's
Annual Report on Form 10-K for the year ended
January 2, 1994, is incorporated herein by
reference.

*10(b) Form of agreement under Registrant's Incentive (1)
Restricted Stock Plan, filed as Exhibit 10(g) to
Registrant's Annual Report on Form 10-K for the year
ended December 30, 1990, is incorporated herein by
reference.

10(c) Credit Agreement dated as of August 9, 1996 among (1)
Registrant, the Banks signatory thereto and The
Chase Manhattan Bank, as Agent, covering \$400
million credit facility, filed as Exhibit 10 to
Registrant's Quarterly Report on Form 10-Q for the
quarter ended June 30, 1996, is incorporated herein
by reference.

10(c) (1) Amendment No. 1 dated as of August 27, 1997 to (1)
Credit Agreement dated as of August 9, 1996 among
Registrant, the Banks signatory thereto and The
Chase Manhattan Bank, as Agent, filed as Exhibit 10
to Registrant's Quarterly Report on Form 10-Q for
the quarter ended September 28, 1997, is
incorporated herein by reference.

10(c) (2) Amendment No. 2 dated as of February 24, 1998 to (1)
Credit Agreement dated as of August 9, 1996 among
Registrant, the Banks signatory thereto and The
Chase Manhattan Bank, as Agent, filed as Exhibit 10
to Registrant's Quarterly Report on Form 10-Q for
the quarter ended March 29, 1998, is incorporated
herein by reference.

10(c) (3) Amendment No. 3 dated as of July 30, 1998 to Credit (1)
Agreement dated as of August 9, 1996 among
Registrant, the Banks signatory thereto and The
Chase Manhattan Bank, as Agent, filed as Exhibit
10.1 to Registrant's Quarterly Report on Form 10-Q
for the quarter ended June 28, 1998, is incorporated
herein by reference.

*Management contract or compensatory plan or arrangement.

(1) Incorporated by reference.
(2) Filed herewith.

*10(d)	Registrant's 1990 Non-Qualified Stock Option Plan for Non-Employee Directors and Consultants, as amended and restated, is incorporated by reference to Exhibit B to Registrant's definitive Proxy Statement with respect to its 1998 Annual Meeting of Shareholders.	(1)
*10(e)	Registrant's Supplemental Retirement Plan for Key Executives filed as Exhibit 10(k) to Registrant's Annual Report on Form 10-K for the year ended January 3, 1993, is incorporated herein by reference.	(1)
*10(f)	Registrant's Executive Voluntary Deferred Compensation Plan and Trust Agreement between Registrant and Prudential Trust Company, filed as Exhibit 10(k) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.	(1)
*10(g)	Registrant's Deferred Compensation Plan for Outside Directors, filed as Exhibit 10(m) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.	(1)
*10(h)	Employment Agreement dated March 28, 1994 between Registrant and Frank N. Liguori, filed as Exhibit 10(g) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.	(1)
*10(i)	Amendment dated March 27, 1996 to Employment Agreement between Registrant and Frank N. Liguori, filed as Exhibit 10(k) to Registrant's Annual Report on Form 10-K for the year ended December 29, 1996, is incorporated herein by reference.	(1)
*10(j)	Separation Agreement dated as of February 10, 1999 between Registrant and Frank N. Liguori.	(2)
*10(k)	Agreement dated November 8, 1993 between Registrant and Frank N. Liguori covering incentive award under Incentive Restricted Stock Plan and amendment thereto dated March 27, 1994, filed as Exhibit 10(r) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1994, is incorporated herein by reference.	(1)

*Management contract or compensatory plan or arrangement.

(1) Incorporated by reference.

(2) Filed herewith.

*10(l)	Form of change in control agreement between Registrant and each of Robert A. Fusco, Gerald J. Kapalko and Anthony J. Puglisi, filed as Exhibit 10(o) to Registrant's Annual Report on Form 10-K for the year ended January 1, 1995, is incorporated herein by reference.	(1)
*10(m)	Registrant's 1994 Stock Incentive Plan, as amended amended and restated, is incorporated by reference to Exhibit A to Registrant's definitive Proxy Statement with respect to its 1998 Annual Meeting of Shareholders.	(1)
*10(n)	Registrant's Executive Officers Bonus Plan is incorporated by reference to Exhibit A to Registrant's definitive Proxy Statement with respect to its 1999 Annual Meeting of Shareholders.	(1)

*10 (o)	Registrant's Stock & Deferred Compensation Plan for Non-Employee Directors is incorporated by reference to Exhibit C to Registrant's definitive Proxy Statement with respect to its 1998 Annual Meeting of Shareholders.	(1)
10(p)	Lease Agreement dated as of April 1, 1995 between Suffolk County Industrial Development Agency and OLS Holdings, Inc. covering headquarters facility at 175 Broad Hollow Road, Melville, New York, filed as Exhibit 10(t) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated herein by reference.	(1)
10(q)	Fiscal Agency Agreement, dated May 6, 1998, relating to French Franc 800,000,000 6% Notes due 2008 guaranteed by Registrant, filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 1998, is incorporated herein by reference.	(1)
21	Subsidiaries of Registrant.	(2)
23	Consent of PricewaterhouseCoopers LLP, independent accountants.	(2)
27	Financial Data Schedule.	(2)

*Management contract or compensatory plan or arrangement.

(1) Incorporated by reference.

(2) Filed herewith.

BY-LAWS OF
OLSTEN CORPORATION
(A Delaware Corporation)

ARTICLE 1
MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the stockholders of OLSTEN CORPORATION (hereinafter called the "Corporation") shall be held at 9:00 A.M. on the first Tuesday in May of each year, if not a legal holiday, and if a legal holiday, then on the next succeeding day not a legal holiday. At the annual meeting the stockholders shall elect a Board of Directors (hereinafter referred to as the "Board") and transact such other business as may properly be brought before the meeting. If the annual meeting shall not be held on the day hereinabove provided for, the Board shall cause the meeting to be held as soon thereafter as convenient.

Section 2. Special Meetings. Special meetings of the stockholders, unless otherwise prescribed by statute, may be called for any purpose or purposes at any time by the Board, the Chairman of the Board or the President, or at the request, in writing, of stockholders owning shares issued and outstanding and entitled to vote and entitled to cast at least one-fourth of the votes entitled to be cast on matters other than the election of directors.

Section 3. Notice of Meetings. Notice of the place, date and time of the holding of each annual and special meeting of the stockholders and, in the case of a special meeting, the purpose or purposes thereof, shall be given personally or by mail in a postage prepaid envelope to each stockholder entitled to vote at such meeting, not less than ten nor more than sixty days before the date of such meeting, and, if mailed, it shall be directed to such stockholder at his address as it appears on the records of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to some other address, in which case it shall be directed to him at such other address. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy and shall not, at the beginning of such meeting, object to the transaction of any business because the meeting is not lawfully called or convened, or who shall, either before or after the meeting, submit a signed waiver of notice, in person or by proxy. Unless the Board shall fix after the adjournment a new record date for an adjourned meeting or unless the adjournment is for more than thirty days, notice of such adjourned meeting need not be given if the time and place to which the meeting shall be adjourned were announced at the meeting at which the adjournment is taken. If the adjournment is for more

than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 4. Place of Meetings. Meetings of the stockholders may be held at such place, within or without the State of Delaware, as the Board or the officer calling the same shall specify in the notice of such meeting, or in a duly executed waiver of notice thereof.

-2-

Section 5. Quorum and Vote Required. Except as otherwise provided by applicable law, the Restated Certificate of Incorporation of the Corporation, as the same may be amended from time to time (hereinafter referred to as the "Restated Certificate of Incorporation"), or by these By-Laws, at all meetings of the stockholders the holders of shares entitled to cast a majority of the votes entitled to be cast at such meeting on all matters other than the election of directors, present in person or represented by proxy at the meeting, shall constitute a quorum for the transaction of business. The affirmative vote of the holders of shares entitled to cast a majority of the votes entitled to be cast on any matter, other than the election of directors, present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders.

Where a separate vote by class or classes is required by applicable law or by the Restated Certificate of Incorporation, the holders of outstanding

shares of such class or classes entitled to cast a majority of the votes entitled to be cast by such class or classes, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on that matter and, except with respect to the election of directors, the affirmative vote of the holders of shares entitled to cast a majority of the votes entitled to be cast by holders of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class or classes.

Directors shall be elected by a plurality of the votes entitled to be cast by the holders of shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors and, where a separate vote by a class or classes is required with respect to the election of directors, such election shall be by plurality of the votes entitled to be cast

-3-

by the holders of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors by such class or classes.

In the absence of a quorum, the holders of a majority of the votes entitled to be cast by the holders of shares of stock present in person or represented by proxy and entitled to vote, or if no stockholder entitled to vote is present, then any officer of the Corporation, may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting as

originally called.

Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by written ballot. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted.

Section 6. Organization. At each meeting of the stockholders, the Chairman of the Board, or in the absence or inability to act of the Chairman, the President, or in the absence or inability to act of the President, a Vice President, or in the absence of all of the foregoing, any person chosen by a majority of the votes entitled to be cast by those stockholders present, shall act as chairman of the meeting. The Secretary, or in his or her absence or inability to act, the Assistant Secretary or any person appointed by the chairman of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

Section 7. Order of Business. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

-4-

Section 8. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is

adopted by the Board, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the date on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery

made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

Section 9. Proxies. Each stockholder entitled to vote at any meeting of stockholders may authorize another person or persons to act for him or her by a proxy signed by such stockholder or his or her attorney-in-fact. Any such proxy shall be delivered to the secretary of such meeting at or prior to the time designated in the order of business for so delivering such proxies. No proxy shall be valid after the expiration of three years from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the stockholder executing it, except in those cases where an irrevocable proxy is permitted by law.

Section 10. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of

the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be procured and kept at the time and place of the

-6-

meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 11. Inspectors. The Board may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If the inspectors shall not be so appointed or if any of them shall fail to appear or act, the chairman of the meeting may, and on the request of any stockholder entitled to vote thereat shall, appoint one or more inspectors. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. The inspector shall determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting or any stockholder entitled to vote thereat, the inspectors shall make a report, in writing, of any challenge,

request or matter determined by the inspectors and shall execute a certificate of any fact found by the inspectors. No director or candidate for the office of director shall act as inspector of an election of directors. Inspectors need not be stockholders.

Section 12. Consent of Stockholders in Lieu of Meeting. Any action required to be taken at any annual or special meeting of stockholders of the

-7-

Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by this Section to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office

shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board may exercise

-8-

all such authority and powers of the Corporation and do all such lawful acts and things as are not by statute or the Restated Certificate of Incorporation directed or required to be exercised or done by the stockholders.

Section 2. Number, Qualifications, Election and Term of Office. The number of directors of the Corporation shall be determined by majority vote of the entire Board or by amendment of these By-Laws but, unless this By-Law is amended, shall not be more than twelve nor less than three. Directors need not be stockholders. Each director shall hold office until the next annual meeting of the stockholders and until his or her successor shall have been duly elected

and qualified, or until his or her death, or until he or she shall have resigned, or have been removed, as hereinafter provided in these By-Laws, or as otherwise provided by statute or the Restated Certificate of Incorporation.

Section 3. Place of Meetings. Meetings of the Board may be held at such place, within or without the State of Delaware, as the Board may, from time to time, determine or as shall be specified in the notice or waiver of notice of such meeting.

Section 4. Annual Meeting. The Board shall meet for the purpose of the election of officers and the transaction of other business, as soon as practicable after each annual meeting of the stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such annual meeting of the Board need not be given. Such meeting may be held at any other time or place (within or without the State of Delaware) which shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article II.

-9-

Section 5. Regular Meetings. Regular meetings of the Board shall be held at such time and place as the Board may, from time to time, determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day.

Notice of regular meetings of the Board need not be given except as otherwise required by statute or these By-Laws.

Section 6. Special Meetings. Special meetings of the Board may be called by two or more directors of the Corporation or by the Chairman of the Board or the President.

Section 7. Notice of Meetings. Notice of each special meeting of the Board (and of each regular meeting for which notice shall be required) shall be given by the Secretary as hereinafter provided in this Section 7, in which notice shall be stated the time and place (within or without the State of Delaware) of the meeting. Notice of each such meeting shall be delivered to each director either personally or by telephone, telegraph, cable or wireless, at least twenty-four hours before the time at which such meeting is to be held or by first-class mail, postage prepaid, or overnight courier, addressed to a director at the director's residence, or usual place of business, at least three days before the day on which such meeting is to be held. Notice of any such meeting need not be given to any director who shall, either before or after the meeting, submit a signed waiver of notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of notice to such director. Except as otherwise specifically required by these By-Laws, a notice or waiver of notice of any regular or special meeting need not state the purposes of such meeting.

Section 8. Quorum and Manner of Acting. A majority of the entire Board shall be present in person at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and, except as otherwise expressly required by statute or the Restated Certificate of Incorporation, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum at any meeting of the Board, a majority of the directors present thereat, or if no director be present, the Secretary, may adjourn such meeting to another time and place, or such meeting need not be held. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Except as provided in Article III of these By-Laws, the directors shall act only as a Board and the individual directors shall have no power as such.

Section 9. Organization. The Board shall elect one of its members as Chairman of the Board. At each meeting of the Board, the Chairman of the Board, or in his absence or inability to act, the President, or in his absence or inability to act, another director chosen by a majority of the directors present shall act as Chairman of the meeting and preside thereat. The Secretary (or in his absence or inability to act, any person appointed by the Chairman) shall act as Secretary of the meeting and keep the minutes thereof.

Section 10. Resignations. Any director of the Corporation may resign at any time by giving written notice of his or her resignation to the Board, the Chairman of the Board, the President or Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become

effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

-11-

Section 11. Vacancies. Vacancies and newly created directorships resulting from an increase in the authorized number of directors elected by all of the stockholders may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Restated Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof in office, or by a sole remaining director so elected. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted immediately prior to any increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding shares entitling such holders to cast at least ten percent of the total number of the votes entitled to be cast by the holders of all shares at the time outstanding having the right to vote for directors, summarily order an election to be held to fill any such vacancies or

newly created directorships, or to replace the directors chosen by the directors then in office. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this Section in the filling of other vacancies.

-12-

Section 12. Removal of Directors. Except as otherwise provided in the Restated Certificate of Incorporation, or in these By-Laws, any director may be removed, either with or without cause, at any time, by the affirmative vote of the holders of record of shares entitled to cast a majority of the votes entitled to be cast by the issued and outstanding stock entitled to vote for the election of directors of the Corporation given at a special meeting of the stockholders called and held for the purpose; provided, however, that whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the Restated Certificate of Incorporation the foregoing provision shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole; and the vacancy in the Board caused by any removal may be filled by such stockholders at such meeting, or, if the stockholders shall fail to fill such vacancy, as in these By-Laws provided.

Section 13. Compensation. The Board shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity, provided, no such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or Committee.

-13-

ARTICLE III

EXECUTIVE AND OTHER COMMITTEES

Section 1. Executive and other Committees. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution shall have and may exercise the powers of the Board in the management

of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such minutes to the Board when required. All such proceedings shall be subject to revision or alteration by the Board; provided, however, that third parties shall not be prejudiced by such revision or alteration.

Section 2. General. A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 7 of Article II. The Board shall

-14-

have any power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board.

ARTICLE IV

OFFICERS

Section 1. Number and Qualifications. The officers of the Corporation shall include the President, one or more Vice Presidents (one or more of whom may be designated an Executive Vice President or a Senior Vice President), the Treasurer and the Secretary. Any two or more offices may be held by the same person, except the offices of President and Secretary. Such officers shall be elected, from time to time, by the Board, each to hold office until the meeting of the Board following the next annual meeting of the stockholders, or until his or her successor shall have been duly elected and shall have qualified, or until his or her death, or until he or she shall have resigned, or have been removed, as hereinafter provided in these By-Laws. The Board may, from time to time, elect or delegate to the President the power to appoint such other officers (including one or more Assistant Vice Presidents, one or more Assistant Treasurers and one or more Assistant Secretaries), and such agents, as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as may be prescribed by the Board or by the appointing authority.

Section 2. Resignations. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. Removal. Any officer or agent of the Corporation may be removed either with or without cause at any time by the vote of the majority of the entire Board at any meeting of the Board or, except in the case of an officer or agent elected or appointed by the Board, the President.

Section 4. Vacancies. A vacancy in any office, whether arising from death, resignation, removal or any other cause, may be filled for the unexpired portion of the term of the office which shall be vacant in the manner prescribed in these By-Laws for the regular election or appointment to such office.

Section 5. President. The President shall be the Chief Executive Officer of the Corporation. He or she shall generally supervise the management of the business of the Corporation, shall direct the senior and other officers reporting to him and shall see that their duties are properly performed. The President shall perform such other duties as may, from time to time, be assigned by the Board.

Section 6. Vice Presidents. The Executive Vice President(s), the Senior Vice President(s) and each Vice President shall have such powers and

perform all such duties as, from time to time, may be assigned to them by the Board, or the President.

-16-

Section 7. The Treasurer. The Treasurer shall:

(a) have charge and custody of, and be responsible for, all funds and securities of the Corporation;

(b) keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and have control of all books of account of the Corporation;

(c) cause all moneys and other valuables to be deposited to the credit of the Corporation in such depositories as may be designated by the Board;

(d) receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever;

(e) disburse the funds of the Corporation and supervise the investment of its funds as ordered or authorized by the Board, taking proper vouchers therefor;

(f) render to the President and the Board, whenever the Board may require, an account of the financial condition of the Corporation; and

(g) in general, perform all the duties incident to the office of Treasurer and such other duties as, from time to time, may be assigned by the Board or the President.

Section 8. The Secretary. The Secretary shall:

(a) keep or cause to be kept in one or more books provided for the purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders;

(b) see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law;

-17-

(c) be custodian of the record and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal;

(d) see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and

(e) in general, perform all the duties incident to the office of Secretary and such other duties as, from time to time, may be assigned by the Board or the President.

Section 9. Officers' Bonds or Other Security. If required by the Board, any officer of the Corporation shall give a bond or other security for the faithful performance of his duties, in such amount and with such surety or

sureties as the Board may require.

Section 10. Compensation. The compensation of the officers of the Corporation for their services as such officers shall be fixed, from time to time, by the Board; provided, however, that the Board may delegate to the President the power to fix the compensation of officers and agents appointed by him. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he or she is also a director of the Corporation, but any such officer who shall also be a director shall not have any vote in the determination of the amount of compensation paid to him or her.

-18-

ARTICLE V

INDEMNIFICATION

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with

respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board.

-19-

Section 2. Right to Advancement of Expenses. The right to indemnification conferred to in Section 1 of this Article V shall include the right to be paid by the Corporation the expenses incurred in defending any proceeding for which such right to indemnification is applicable in advance of its final disposition (hereinafter an "advancement of expenses"); provided,

however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Article V or otherwise.

Section 3. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Restated Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 5. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation or, if serving at the request of the Corporation, as an employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, to the fullest extent of the provisions of this Article V with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE VI

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 1. Execution of Contracts. Except as otherwise required by statute, the Restated Certificate of Incorporation or these By-Laws, any contracts or other instruments may be executed and delivered in the name and on behalf of the Corporation by such officer or officers (including any assistant officer) of the Corporation as the Board may, from time to time, direct. Such authority may be general or confined to specific instances as the Board may determine. Unless authorized by the Board or expressly permitted by these By-Laws, an officer or agent or employee shall not have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it pecuniarily liable for any purpose or to any amount.

Section 2. Loans. Unless the Board shall otherwise determine, the President or any Executive Vice President may effect loans and advances at any time for the Corporation from any bank, trust company or other institution or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, but no officer or officers shall mortgage, pledge, hypothecate or transfer any securities or other property of the Corporation, except when authorized by the Board.

Section 3. Checks, Drafts, etc. All checks, drafts, bills of exchange or other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed in the name and on behalf of the Corporation by such persons and in such manner as shall, from time to time, be authorized by the Board.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited, from time to time, to the credit of the Corporation in such banks, trust companies or other depositories as the Board may, from time to time, designate or as may be designated by an officer or officers of the Corporation to whom such power of designation may, from time to time, be delegated by the Board. For the purpose of deposit and for the purpose of

collection for the account of the Corporation, checks, drafts and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by an officer or agent of the Corporation, or in such other manner as the Board may determine by resolution.

-22-

Section 5. General and Special Bank Accounts. The Board may, from time to time, authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may designate or as may be designated by an officer or officers of the Corporation to whom such power of designation may, from time to time, be delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-Laws, as it may deem expedient.

Section 6. Proxies in Respect of Securities of Other Corporations. Unless otherwise provided by resolution adopted by the Board of Directors, the President or a Vice President or the Treasurer may, from time to time, appoint an attorney or attorneys or agent or agents, of the Corporation, in the name and on behalf of the Corporation to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other

corporation any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent, in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

-23-

ARTICLE VII

SHARES, ETC.

Section 1. Stock Certificates. Each holder of stock of the Corporation shall be entitled to have a certificate, in such form as shall be approved by the Board, certifying the number of shares of stock of the Corporation owned by such holder. The certificates representing shares of stock shall be signed in the name of the Corporation by the Chairman of the Board, the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and sealed with the seal of the Corporation (which

seal may be facsimile, engraved or printed); provided, however, that where any such certificate is countersigned by a transfer agent other than the Corporation or its employee, or is registered by a registrar other than the Corporation or one of its employees, the signature of the officers of the Corporation upon such certificates may be facsimiles, engraved or printed. In case any officer who shall have signed or whose facsimile signature has been placed upon such certificates shall have ceased to be such officer before such certificates shall be issued, they may nevertheless be issued by the Corporation with the same effect as if such officer were still in office at the date of their issue.

Section 2. Books of Account and Record of Stockholders. The books and records of the Corporation may be kept at such places within or without the State of Delaware, as the Board may, from time to time, determine. The stock record books and the blank stock certificate books shall be kept by the Secretary or by any other officer or agent designated by the Board.

-24-

Section 3. Transfer of Shares. Transfers of shares of stock of the Corporation shall be made on the stock records of the Corporation only upon authorization by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent or transfer clerk, and on surrender of the

certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power and the payment of all taxes thereon. Except as otherwise provided by law, the Corporation shall be entitled to recognize the exclusive right of a person in whose name any share or shares stand on the record of stockholders as the owner of such share or shares for all purposes, including, without limitation, the rights to receive dividends or other distributions and to vote as such owner, and the Corporation may hold any such stockholder of record liable for calls and assessments and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in any such share or shares on the part of any other person whether or not it shall have express or other notice thereof. Whenever any transfers of shares shall be made for collateral security and not absolutely and both the transferor and transferee request the Corporation to do so, such fact shall be stated in the entry of the transferee.

Section 4. Regulations. The Board may make such additional rules and regulations, not inconsistent with these By-Laws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer agents or one or more transfer clerks and one or more registrars and may require all certificates for shares of stock to bear the signature or signatures of any of them.

Section 5. Lost, Destroyed or Mutilated Certificates. The holder of any certificate representing shares of stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of such certificate, and the Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it which the owner thereof shall allege to have been lost, stolen or destroyed or which shall have been mutilated, and the Board may, in its discretion, require such owner or his or her legal representative to give to the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties as the Board, in its absolute discretion, shall determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate, or the issuance of a new certificate. Anything herein to the contrary notwithstanding, the Board, in its absolute discretion, may refuse to issue any such new certificate, except pursuant to legal proceedings under the laws of the State of Delaware.

Section 6. Stockholder's Right of Inspection. Any person who shall have been a stockholder of record of the Corporation for at least six months immediately preceding his or demand, or any person holding, or thereunto authorized by the holders of , at least five percent of the outstanding shares of stock of the Corporation, shall, in person or by attorney or other agent, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the Corporation's stock ledger, a list of its stockholders, and its other books and

records, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in the State of Delaware or at its principal place of business.

Section 7. Fixing of Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

ARTICLE VIII

OFFICES

Section 1. Registered Office. The registered office of the Corporation in the State of Delaware shall be at 15 East North Street, Dover, Delaware or such other office within the State of Delaware as the Board of Directors may determine, from time to time.

Section 2. Other Offices. The Corporation may also have an office or offices other than said principal office at such place or places, either within or without the State of Delaware, as the Board shall, from time to time, determine or the business of the Corporation may require.

ARTICLE IX

FISCAL YEAR

The fiscal year of the Corporation shall be determined by the Board.

ARTICLE X

SEAL

The Board shall provide a corporate seal, which shall be in the form of two concentric circles and bear the name of the Corporation and the words and figures "Corporate Seal 1967, Delaware".

-28-

ARTICLE XI

AMENDMENTS

These By-Laws may be amended or repealed, or new By-Laws may be adopted, at any annual or special meeting of the stockholders, by a majority of the total votes of the stockholders or when stockholders are required to vote by class by a majority of the total votes of the appropriate class, present in person or represented by proxy and entitled to vote on such action; provided, however, that the notice of such meeting shall have been given as provided in these By-Laws, which notice shall mention that amendments or repeal of these

By-Laws, or the adoption of new By-Laws, is one of the purposes of such meeting. These By-Laws may also be amended or repealed, or new By-Laws may be adopted, by the Board at any meeting thereof; provided, however, that notice of such meeting shall have been given as provided in these By-Laws, which notice shall mention that amendment or repeal of the By-Laws, or the adoption of new By-Laws, is one of the purposes of such meeting; and provided, further, that By-Laws adopted by the Board may be amended or repealed by the stockholders as hereinabove provided.

Amended 2/10/99

SEPARATION AGREEMENT

SEPARATION AGREEMENT (the "Agreement"), dated as of February 10, 1999, by and between OLSTEN CORPORATION, a Delaware corporation, formerly (the "Company"), and FRANK N. LIGUORI ("Executive").

WHEREAS, the Company and Executive have mutually agreed that it is in their respective best interests for the Executive to retire from employment with the Company and have determined to settle all of their respective rights and obligations in respect of his Employment Agreement (as defined below) and other matters pertaining to Executive's services with the Company;

NOW, THEREFORE, in consideration of their mutual promises, the Company and Executive agree as follows:

1. Resignation from Officer and Board Positions. Effective as of the date hereof, the Executive hereby resigns (i) as Chairman of the Board of Directors and Chief Executive Officer, and as a member of the Board of Directors of the Company, (ii) from employment with the Company and each of its subsidiaries and affiliates and (iii) from each other officer or executive position held with the Company and each directorship or officer or executive position held with each of the Company's subsidiaries or affiliates.

2. Cancellation of the Employment Agreement. Executive and the Company are parties to an Amended and Restated Employment Agreement, dated as of March 28, 1994, amended as of March 27, 1996 (as amended, the "Employment Agreement"). The Employment Agreement is hereby canceled and the parties shall have no further obligations to each other thereunder (other than for the Company's obligations to pay compensation earned prior to the date hereof). In consideration of the cancellation of the Employment Agreement, the Company shall make the payment described in Section 4 on or as soon as practicable (but not later than 5 business days) after the date hereof.

3. Consulting Services. During the period beginning on the date hereof and continuing until February 10, 2000 (the "Consulting Period"), Executive shall provide to consulting services commensurate with his status and experience with respect to such matters as shall be reasonably requested from time to time by the Chief Executive Officer of the Company.). Executive shall provide consulting services to Company as needed and when reasonably requested, provided that, without his prior consent, Executive shall not be required to devote more than 25 hours in any calendar month to the performance of any consulting services hereunder. Executive shall determine the time and location at which he shall perform such services, subject to the right of the Company to reasonably request by advance written notice that such services be performed at a specific time and at a specific location. Executive shall honor any such request unless he has a conflicting business commitment that would preclude him

from performing such services at the time and/or place requested by the Company, and in such circumstances shall make reasonable efforts to arrange a mutually satisfactory alternative. Company shall use its reasonable best efforts not to require the performance of consulting services in any manner that unreasonably interferes with any other business activity of Executive.

(b) Executive shall not, solely by virtue of the consulting services provided hereunder, be considered to be an officer or employee of the Company, and shall not have the power or authority to contract in the name of or bind the Company. Executive shall not, by reason of the services performed hereunder, be entitled to participate in any employee benefits plan made available to any employee of the Company.

(c) In respect of the services to be performed hereunder, the Company shall pay Executive the aggregate amount of \$225,000, in four equal quarterly installments of \$56,250, with the first installment due within ten business days of the date hereof, and each subsequent quarterly payment due on May 10, August 10 and November 10 of 1999.

4. Payment In Respect of Contract Cancellation. As soon as practicable, but in no event later than five business days after the date hereof, the Company shall pay Executive \$6,887,500.

5. Benefits. Except as otherwise expressly provided herein, Executive's participation in, and coverage under any and all Company provided benefit plans, policies and arrangements, including, without limitation, those available only to Executive or generally available to its employees or executives, shall cease on the date hereof. The Company shall provide Executive and his eligible dependents with medical and dental coverage, on the same basis as though Executive had continued in the employ of the Company, from and after the date hereof and until March 31, 2002. If at any time that medical coverage is required to be provided to Executive or his spouse hereunder, coverage is not available to a former employee of the Company or his or her spouse or dependents for any reason under the Company's generally applicable employee benefit plans, the Company shall provide coverage (as otherwise required hereunder) which is comparable to that provided at such time to senior officers of the Company. For purposes of determining Executive's entitlement to continue his medical benefits coverage (and that of his eligible dependents) at his own expense under the provisions of the Consolidated Omnibus Reconciliation Act shall be determined assuming that March 31, 2002 is the date as of which his eligibility for such medical coverage from the Company ceases. Executive shall have the right to the continued use of his current leased vehicle until the earlier of the expiration of the lease currently in effect with respect thereto and March 31, 2002.

6. Expenses. The Company shall reimburse Executive for any

reasonable business expenses incurred prior to February 10, 1999 in accordance with the Company's generally applicable policies, subject to appropriate documentation and review. Any such expenses shall be submitted directly to the Company's Chief Financial Officer within thirty days of the date hereof.

2

7. Stock Options. All stock options currently held by Executive which are not currently exercisable shall, in any and all events, be and become exercisable at the same time at, and to the same extent as, which they would have become exercisable by Executive had he continued in the Company's employ through March 31, 2004, all as in accordance with the terms of the 1994 Stock Incentive Plan and any applicable option agreements (including, without limitation, the Change of Control provisions thereof). Each currently exercisable option and each option that shall hereafter become exercisable in accordance with the preceding provisions of this Section 7 shall be exercisable by Executive (or, in the event of his death, his beneficiary) until March 31, 2004. Any stock options that have not been exercised prior to March 31, 2004 shall lapse and be canceled automatically without any further action.

8. Retirement Benefits. The parties agree that the actuarial reduced early retirement benefit payable to Executive pursuant to the Company's Supplemental Executive Retirement Plan ("SERP"), stated as a straight life annuity at age 55 and prior to any reductions therefrom in accordance with the formula set forth in Section 3.3 of the SERP (entitled "Integration of Other Benefits and Computation of Actual Plan Benefit"), shall be \$600,000. If Executive chooses a later retirement date or a different optional form of benefit, the amount actually payable to Executive shall be the actuarial equivalent of such benefit, as determined in accordance with the terms and conditions of the SERP.

9. Negative Covenants for the Benefit of the Company

(a) Non-Competition. Until February 10, 2000 Executive will not, in any geographic location in which the Company is currently engaged in business, directly or indirectly, own, manage, operate, control, be employed by,

participate in, provide consulting services to, or be connected in any manner with the ownership, management, operation or control of any business similar to the type of business(es) principally conducted by the Company, except Executive may own for investment purposes up to 1% of the capital stock of any company whose stock is publicly traded.

(b) Nonsolicitation of Employees. Until February 10, 2001, without the advance written consent of the Company's Chief Executive Officer, Executive will not solicit or otherwise induce any employee of the Company or its subsidiaries to leave the employ of the Company or any such subsidiary or to become associated, whether as an executive, officer, partner, director or otherwise, with any business organization, and will not, directly or indirectly, hire or assist any other person, organization or entity, in hiring any person, who is or, at any time during the then immediately preceding six month period, was in the employ of the Company or any of its subsidiaries.

(c) Nonsolicitation of Clients and Customers. Until February 10, 2001, Executive will not, directly or indirectly, either individually or as owner, partner, agent, employee, consultant or otherwise

- (i) solicit or otherwise attempt to establish for himself or any other person, firm or entity, any business relationship with any person, firm or corporation which is, or was at any time during the twelve month period ended on February 10, 1999 a client or customer of the Company or any subsidiary of the Company (hereafter called the "Company Group").
- (ii) take any actions which are intended by Executive to disrupt in any significant way, or which Executive should reasonably expect to materially disrupt, any existing relationship between any member of the Company Group and any of its clients or customers; or
- (iii) otherwise take advantage of the knowledge and information that Executive has obtained during his period of employment by any

action where Executive's primary intention is to cause harm to the business of any member of the Company Group.

(d) Cash Payment. In consideration of the covenants made by Executive hereunder, the Company shall pay him a single lump amount of \$1,500,000 as soon as practicable, but in no event later than five business days after the date hereof.

10. Non-disclosure. Without the prior written consent of the Company, except to the extent required by an order of a court having competent jurisdiction or under subpoena from an appropriate government agency, Executive shall not disclose or use in any way for his personal benefit or for the benefit of any third party, any trade secrets, customer lists, provider lists, product development and related information, marketing plans and related information, sales plans and related information, management organization and related information, operating policies and manuals, business plans and related information, financial records and related information or other financial, commercial, business or technical information related to the Company or any of its subsidiaries to any third person unless such information has been previously disclosed to the public by the Company or has become public knowledge other than by a breach of this Agreement.

11. No Disparaging Comments. Executive shall not make disparaging or derogatory comments about the Company or any of its employees or directors, and the Company shall not make disparaging or derogatory comments about the Executive except, in each case, to the extent required by law, and only after consultation with the other party to the maximum extent possible to maintain goodwill for such party. The Company and Executive will agree upon a mutually acceptable press release regarding his separation from the Company.

12. Third-Party Litigation. Executive shall, at the request of the Company and for no additional consideration, assist the Company and cooperate in the defense and/or investigation of any third party claim or any investigation or proceeding, whether actual or threatened, including, without limitation, participating as a witness in any litigation, arbitration, hearing or other proceeding between the Company and a third party or any government body.

13. Interpretation and Arbitration. (a) Reformation. If any

provision of Section 9 or 10 is determined by the arbitrator(s) referred to below not to be enforceable in the manner set forth in this Agreement, the Company and Executive agree that it is the intention of the parties that such provision should be enforceable to the maximum extent possible under applicable law and that the arbitrator(s) shall reform such provision to make it enforceable in accordance with the intent of the parties.

(b) Arbitration. Any controversy or claim arising out of or relating to this Agreement, directly or indirectly, or the performance or breach thereof, will be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration will be held in New York, New York, or such other place as may be agreed upon at the time by the parties to the arbitration.

(c) Remedies. The parties acknowledge and agree that a breach of Executive's obligations under Section 9, 10 or 11 could cause irreparable harm to the Company for which the Company would have no adequate remedy at law, and further agree that, notwithstanding the agreement of the parties to arbitrate controversies or claims as set forth above, the Company may apply to a court of competent jurisdiction to seek to enjoin preliminarily or permanently any breach or threatened breach of Executive's obligations under Section 9, 10 or 11. Executive and the Company further agree that if Executive breaches of any of his obligations under Section 9 or 10 (but not Section 11) and the arbitrator determines such breach to be material, the Company shall be entitled to liquidated damages in the amount of \$1,000,000, in the event that the breach occurs on or before February 10, 2000, and \$500,000, in the event that the breach occurs after February 10, 2000 and on or before February 10, 2001, it being agreed that the amount of actual damages that the Company will suffer as a result of such breach will not be ascertainable. The Company shall not in any way impair, encumber or, in any way, attempt to affect the rights of Executive in respect of the stock options referred to in Section 7. Any remedies available to the Company hereunder shall be cumulative and not mutually exclusive. Executive agrees that the Company may elect to recover any such award of damages from amounts otherwise payable to him under Section 8.

14. Release; Indemnity.

(a) Release in Favor of the Company. In consideration of a payment of \$1,500,000, to be made in a single lump sum, on the eighth business day following execution thereof (but if, and only if, the release referred to below has not been revoked in accordance with its terms), Executive shall execute the release in favor of the Company attached hereto as Exhibit A. Such release shall pertain to any and all claims that Executive may now have or may hereafter have against the Company or any of its predecessors, subsidiaries or affiliates arising out of or in connection with Executive's employment with, or service as an officer or a director of, the Company or any of its subsidiaries, other than any claim for the benefits to be provided to Executive under this Agreement or under any of the Company's applicable employee benefit plans (other than any severance plan or policy or any other benefit plan or program specifically referred to in this Agreement and for which payment is made in accordance with the terms hereof, which payment is stated to be in satisfaction of Executive's rights thereunder). If such release is revoked by Executive as permitted thereunder, this Section 14 shall be rendered void and without effect, and the Company shall have no obligation to make the payment provided for in this Section 14, (y) all of Executive's stock options described in Section 7 which are not exercisable on the date hereof shall be forfeited and (z) Executive's currently exercisable stock options shall only be exercisable for 30 days after the date hereof. Except as provided in the immediately preceding sentence, upon any such revocation, all other provisions of this Agreement shall remain in full force and effect.

(b) Indemnity. The Company shall indemnify Executive with respect to any third party claim arising out of, or related to, his service as an officer, director or employee of the Company or any of its subsidiaries to the same extent and on the same terms conditions as shall apply from time to time to the Company's then current officers and directors under the Company's generally applicable policies regarding indemnification.

15. Withholding. All cash payments to be made hereunder shall be net of all applicable income and employment taxes required to be withheld therefrom. To the extent any compensation is payable to Executive hereunder other than in cash, Executive shall be required to pay the Company an amount equal to all applicable income and employment taxes required to be withheld with respect thereto.

16. Miscellaneous. This Agreement may be amended only by a written instrument signed by the Company and Executive. Except with respect to any other agreement between the Company and Executive that is specifically referenced herein and intended to continue beyond the execution of this Agreement, this Agreement shall constitute the entire agreement between the Company and Executive with respect to the subject matter hereof. This Agreement shall be governed by the laws of the State of New York, other than the provisions thereof relating to conflict of laws. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs (in the case of Executive) and assigns. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. In the event that any of the terms and conditions of this Agreement is or becomes invalid or unenforceable, the remaining provisions shall remain in force. Any notices to be given and any payments to be made hereunder shall be delivered in hand or sent by registered mail, return receipt requested, to the respective party at (i) the Company's headquarters, if notice shall be to the Company, or (ii) the address of Executive's permanent residence as listed on the Company's records from time to time or to such other address as either such party shall direct in accordance with the requirements of this Section 16.

17. Legal Fees. The Company shall promptly pay to Pollack & Kaminsky \$50,000 in respect of legal fees incurred in connection with advising with respect to and negotiating this Separation Agreement.

IN WITNESS WHEREOF, the parties have executed this Separation Agreement effective as of the day first written above.

OLSTEN CORPORATION

By: /s/ William P. Costantini

Title: Executive Vice President
and General Counsel

FRANK N. LIGUORI

/s/ Frank N. Liguori

[COMMENT1]

FULL AND FINAL RELEASE

Frank N. Liguori (hereinafter "EXECUTIVE"), in exchange for sufficient consideration, on behalf of himself, his family, his heirs and assigns, irrevocably and unconditionally releases Olsten Corporation, any predecessors in interest, whether or not incorporated, any subsidiary corporations, any affiliated entities whether or not incorporated, the employees, agents, officers, directors, and shareholders of all such entities and any person or entity which may succeed to the rights and liabilities of such persons or entities by assignment or otherwise (hereinafter the "Company"), from all claims, controversies, liabilities, demands, causes of action, debts, obligations, promises, acts, agreements, rights of contribution and/or indemnification, and damages of whatever kind or nature, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, liquidated or contingent, actual or potential, joint or individual, that he has had or now has, based on any and all aspects of EXECUTIVE'S employment with the Company or his separation from that employment, including, but not limited to, all claims arising under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974 or any federal, state or local laws or regulations relating to employment or benefits associated with employment; any and all claims relating to personal services performed for EXECUTIVE by the Company; any and all claims relating to unreimbursed expenses incurred while an employee; any and all claims for breach of express or implied contract or the covenant of good faith and fair dealing (whether written or oral), all claims for retaliation or violation of public policy, breach of promise, detrimental reliance or tort (e.g., intentional infliction of emotional distress, defamation, assault, battery, false

imprisonment, wrongful termination, interference with contractual or advantageous relationship, etc.), whether based on common law or otherwise; claims for emotional distress, mental anguish, personal injury, loss of consortium, and any and all claims that may be asserted on EXECUTIVE'S behalf by others. The foregoing list is meant to be illustrative rather than inclusive. This release does not preclude EXECUTIVE from seeking to obtain any benefits to which he may be entitled under any employee welfare benefit plan, retirement or profit sharing plan or other employee benefit plan or arrangement sponsored by the Company (other than any severance plan or policy or any other benefit plan or program specifically referred to in the Separation Agreement between EXECUTIVE and Olsten Corporation, of even date herewith and for which payment is made in accordance with the terms hereof, which payment is stated to be in satisfaction of EXECUTIVE'S rights thereunder²), but his entitlement to such benefits, if any, will be determined in accordance with the plan documents.

1

If EXECUTIVE initiates or participates in any legal action in violation of this release, the Company may reclaim any amounts paid in respect of EXECUTIVE'S termination, without waiving the release granted herein, and terminate any benefits or payments that are due to EXECUTIVE, in addition to any other remedies. This release shall be construed in accordance with the laws of the State of New York, applicable to contracts made and entirely to be performed therein.

EXECUTIVE ACKNOWLEDGES AND AGREES THAT THIS RELEASE IS A FULL AND FINAL BAR TO ANY AND ALL CLAIM(S) OF ANY TYPE THAT HE MAY NOW HAVE AGAINST THE COMPANY. EXECUTIVE FURTHER ACKNOWLEDGES THAT HE HAS KNOWINGLY WAIVED HIS RIGHT TO BE GIVEN TWENTY-ONE (21) DAYS TO CONSIDER WHETHER TO EXECUTE THIS RELEASE, THAT HE HAS SEVEN (7) DAYS TO RESCIND THIS RELEASE AFTER ITS EXECUTION, THAT HE HAS BEEN ADVISED THAT HE SHOULD SPEAK WITH COUNSEL, AND THAT HE HAS BEEN REPRESENTED BY COUNSEL OF HIS CHOOSING, IN CONNECTION WITH THIS RELEASE.

Dated: _____ Signed: _____

<TABLE>

SUBSIDIARIES OF OLSTEN CORPORATION

<CAPTION>

SUBSIDIARY -----	JURISDICTION OF INCORPORATION -----	BUSINESS NAME -----
<S>	<C>	<C>
AS Industrie SA	France	Olsten Travail Temporaire
Accounting Angels Ltd.	England	
Administracion, Servicios y Asesorias S.A.	Chile	Olsten Adyser
Administracion y Servicios S.A.	Chile	Olsten Adyser
Adyser Consultores S.A.	Chile	Olsten Adyser
Adyser S.A.	Chile	Olsten Adyser
Agence Vallee de Seine	France	Olsten Travail Temporaire
Alizes SA	France	Olsten Travail Temporaire
Archangel Executive Appointments Limited	England/Wales	
Asterim SARL	France	Olsten Travail Temporaire
Attention Personaleservice AS	Denmark	
Auxiliaire Service SA	France	
Best Interim SA	France	Olsten Travail Temporaire
Bretagne Interim SA	France	Olsten Travail Temporaire
Broad Pines Development Corp.	Delaware	
CTI Travail Temporaire SA	France	Olsten Travail Temporaire
Care One Health Alternatives, Inc.	Alabama	Olsten Health Services
Care One Health Alternatives, Inc.	North Carolina	Olsten Health Services
CCI-ASDS, Inc.	Delaware	Olsten Health Services
Children's Home Care LLC	Arizona	
Chronic Health Management of California	California	Olsten Health Services
Commonwealth Home Care, Inc.	Massachusetts	Olsten Health Services
Compagnie de Travail Interimaire SA	France	
Compagnie Financiere Olsten SA	France	Olsten Travail Temporaire
Dirka Co.	Delaware	
Generale de Participation Olsten SA	France	Olsten Travail Temporaire
Generale Financiere Olsten SA	France	Olsten Travail Temporaire
GMS, Inc.	Ohio	Olsten Staffing Services
Harvey Consultants Limited	England/Wales	
Health Care Services Olsten Limited	Delaware	
IMI Systems Inc.	New York	
Integrated Computer Technologies Limited	England/Wales	ICT
Interim Service SA	France	Olsten Travail Temporaire
IVEXO SA	France	Olsten Travail Temporaire
Kimberly Home Health Care, Inc.	Missouri	Olsten Health Services
La Generale Financiere Olsten SA	France	Olsten Travail Temporaire
Legal Staffing, Inc.	Louisiana	Co-Counsel
Lifetime Corporation (UK) Limited	England/Wales	
MIC Interim SA	France	Olsten Travail Temporaire
Mercure Services SA	France	Olsten Travail Temporaire
New York HealthCare Services, Inc.	New York	Olsten Health Services
OFFiS Personaldienstleistungen GmbH u. Co. KG	Germany	Olsten Personal
OLS Holdings, Inc.	New York	
Office Angels Limited	England/Wales	Office Angels
Office Angels (Properties) Limited	England/Wales	
Office Angels (Recruitment) Limited	England/Wales	
Office Legals Limited	England/Wales	
Olsten AirportSecurity AS	Norway	Olsten Personal Norden
Olsten BTV AS	Denmark	Attention!!
Olsten Certified HealthCare Corp.	Delaware	Olsten Health Services

SUBSIDIARY -----	JURISDICTION OF INCORPORATION -----	BUSINESS NAME -----
Olsten Chile S.A.	Chile	
Olsten Dataset OY	Finland	Olsten Dataset
Olsten DataVikar AS	Norway	Olsten Personal Norden
Olsten de Argentina S.A.	Argentina	
Olsten de France SARL	France	Olsten Travail Temporaire
Olsten de Mexico, S.A. de C.V.	Mexico	
Olsten de Puerto Rico, Inc.	Puerto Rico	Top Notch/Multiforce
Olsten do Brasil Ltda.	Brazil	
Olsten Engineering AS	Norway	
Olsten Flying Nurses Corp.	Delaware	
Olsten Health Services (Certified), Inc.	Delaware	Olsten Health Services
Olsten Health Services Holding Corp.	Delaware	
Olsten Health Services (Infusion), Inc.	Delaware	Olsten Health Services
Olsten Health Services (Quantum)Corp.	Delaware	Olsten Health Services
Olsten Health Services (Staffing), Inc.	Delaware	Olsten Health Services
Olsten Health Services (USA), Inc.	Delaware	Olsten Health Services
Olsten Helsetjenester AS	Norway	
Olsten Integrated Management Services, Inc.	Delaware	
Olsten International B.V.	Netherlands	
Olsten Kimberly QualityCare Foundation, Inc.	Florida	
Olsten Kimberly QualityCare, Inc.	Delaware	
Olsten Latin America, Inc.	Delaware	
Olsten Netherlands B.V.	Netherlands	
Olsten Network Management, Inc.	Delaware	Olsten Health Services
Olsten Network Management (Area One), Inc.	Delaware	Olsten Health Services
Olsten Network Management (Area Two), Inc.	Delaware	Olsten Health Services
Olsten Network Management (Area Three), Inc.	Delaware	Olsten Health Services
Olsten Personal Norden AS	Norway	Olsten Personal Norden
Olsten Norway AS	Norway	
Olsten of Westchester, Inc.	New York	Covertemp
Olsten Personale AS	Denmark	Attention!!
Olsten Personalkraft AB	Sweden	Olsten Personalkraft
Olsten Ready Office S.A.	Argentina	Olsten Ready Office
Olsten Service Corp.	Delaware	
Olsten ServicePartner AS	Norway	
Olsten Services Limited	Ontario	CPI Computer Partners International IMI Ward Associates Network Personnel Olsten Health Services
Olsten Staffing Services		
Olsten Services of New York, Inc.	New York	Olsten Health Services
Olsten Services S.A.	Argentina	Olsten Ready Office
Olsten Staffing Services (Area One), Inc.	Delaware	Olsten Staffing Services
Olsten Staffing Services (Area Two), Inc.	Delaware	Olsten Staffing Services
Olsten Staffing Services VI, Inc.	Delaware	Olsten Staffing Services Co-Counsel Olsten Financial Staffing
Olsten Staffing Services VII, Inc.	Delaware	Olsten Staffing Services
Olsten Staff, S.A. de C.V.	Mexico	Olsten Staff

SUBSIDIARY -----	JURISDICTION OF INCORPORATION -----	BUSINESS NAME -----
Olsten Trabajo Temporal ETT SA	Spain	Olsten Trabajo Temporal
Olsten Travail Temporaire SA	France	Olsten Travail Temporaire
Olsten Travail Temporaire IDF SA	France	Olsten Travail Temporaire
Olsten Travail Temporaire Nord SA	France	Olsten Travail Temporaire
Olsten Travail Temporaire Sud SA	France	Olsten Travail Temporaire
Olsten (UK) Holdings Limited	England/Wales	
Olsten UK	England/Wales	
Olsten VikarKonsulent AS	Norway	Olsten DataVikar
Organisation Nouvelle Interprofessionnelle de Travail Temporaire SA	France	Olsten Travail Temporaire
Orion Travail Temporaire SARL	France	Olsten Travail Temporaire
Outside Counsel, Inc.	DC	Co-Counsel
Partnersfirst Management, Inc.	Florida	Olsten Health Services
Personal Eventual de Occidente, S.A. de C.V.	Mexico	Olsten Staff
Polyjob SA	France	Olsten Travail Temporaire
Professional Staffing, Inc.	Louisiana	Co-Counsel
Projobs, S.A. de C.V.	Mexico	Olsten Staff
Prospective Health Network, Inc.	Delaware	Olsten Health Services
QC Medi - New York, Inc.	New York	Olsten Health Services
QHR Southwest Business Trust	Pennsylvania	Olsten Health Services
QHR Southwest Holdings Corp.	California	Olsten Health Services
Quality Care - USA., Inc.	New York	Olsten Health Services
Quality Managed Care, Inc.	Delaware	Olsten Health Services
Quantum Care Network, Inc.	Massachusetts	Olsten Health Services
Quantum Disease Management, Inc.	Indiana	Olsten Health Services
Quantum Express, Inc.	Delaware	Olsten Health Services
Quantum Health Resources, Inc.	Delaware	Olsten Health Services
Quantum Health Resources Inc. (New York)	New York	Olsten Health Services
Quantum Health Resources Southwest, L.P.	Texas	Olsten Health Services
Resource Corporation	Louisiana	Co-Counsel
Skilled Nursing Services, Inc.	Michigan	Olsten Health Services
Societe TN Services SA	France	Olsten Travail Temporaire
Sofiplan Societe Financiere de Champlan SA	France	Olsten Travail Temporaire
Stafoo, Inc.	Louisiana	Co-Counsel
Staffing Services Empresa de Formacion SL	Spain	Olsten Trabajo Temporal
Systems Partners, Inc.	California	
The IV Clinic, Inc.	Texas	Olsten Health Services
The IV Clinic II, Inc.	Texas	Olsten Health Services
The IV Clinic III, Inc.	Texas	Olsten Health Services
Top Level, S.A. de C.V.	Mexico	Olsten Staff
Top Services Servicios Temporarios Ltda.	Brazil	Top Services
Top Services Trabalho Temporario Ltda.	Brazil	Top Services
Vistech, Inc.	Virginia	

</TABLE>

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Olsten Corporation on Form S-8 (Registration Nos. 33-41603, 33-61763, 33-64539 and 33-66782) and on Form S-3 (Registration Nos. 33-54463, 33-64267, 333-4743 and 333-7867) of our report dated February 28, 1999, except as to the information presented in Notes 6 and 14, for which the date is March 30, 1999, on our audits of the consolidated financial statements of Olsten Corporation and Subsidiaries as of January 3, 1999 and December 28, 1997, and for each of the three years in the period ended January 3, 1999, which report is included in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

New York, New York
April 1, 1999.

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from Olsten Corporation and Subsidiaries Consolidated Balance Sheets at January 3, 1999 and Olsten Corporation and Subsidiaries Consolidated Statements of Income for the year ended January 3, 1999 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	JAN-03-1999
<PERIOD-END>	JAN-03-1999
<CASH>	53,831
<SECURITIES>	0
<RECEIVABLES>	1,041,240
<ALLOWANCES>	35,555
<INVENTORY>	90,383
<CURRENT-ASSETS>	1,193,819
<PP&E>	380,927
<DEPRECIATION>	147,796
<TOTAL-ASSETS>	2,058,807
<CURRENT-LIABILITIES>	518,809
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	8,132
<OTHER-SE>	814,388
<TOTAL-LIABILITY-AND-EQUITY>	2,058,807
<SALES>	4,602,790
<TOTAL-REVENUES>	4,602,790
<CGS>	3,500,941
<TOTAL-COSTS>	3,500,941
<OTHER-EXPENSES>	66,000
<LOSS-PROVISION>	27,881
<INTEREST-EXPENSE>	34,256
<INCOME-PRETAX>	21,029
<INCOME-TAX>	8,149
<INCOME-CONTINUING>	4,361
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	4,361
<EPS-PRIMARY>	.05
<EPS-DILUTED>	.05

</TABLE>