AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 26, 1996
REGISTRATION STATEMENT NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THE METZLER GROUP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	8748	36-4094854
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

520 LAKE COOK ROAD, SUITE 500, DEERFIELD, ILLINOIS 60015 (847) 945-0001
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ROBERT P. MAHER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
THE METZLER GROUP, INC.
520 LAKE COOK ROAD, SUITE 500, DEERFIELD, ILLINOIS 60015 (847) 945-0001
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

Copies to:

DOUGLAS R. NEWKIRK	ROBERT WALL
SACHNOFF & WEAVER, LTD.	WINSTON & STRAWN
30 S. WACKER DRIVE, 29TH FLOOR	35 W. WACKER DRIVE, SUITE 4200
CHICAGO, ILLINOIS 60606-7484	CHICAGO, ILLINOIS 60601
TELEPHONE NO. (312) 207-1000	TELEPHONE NO. (312) 558-5600

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, $.001 par value.....	3,680,000 shares	$16.00	$58,880,000	$20,303

(1) Includes 480,000 shares that the Underwriters have the option to purchase to cover over-allotments, if any.
(2) Estimated pursuant to Rule 457, solely for the purposes of computing the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.+

SUBJECT TO COMPLETION, DATED JULY 26, 1996

PROSPECTUS
, 1996

3,200,000 SHARES
THE METZLER GROUP, INC.
COMMON STOCK

Of the 3,200,000 shares of Common Stock offered hereby, 2,000,000 shares are being sold by The Metzler Group, Inc. ("Metzler" or the "Company") and 1,200,000 shares are being sold by the Selling Stockholders. See "Principal and Selling Stockholders." The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders.

Prior to this offering, there has been no public market for the Common Stock of the Company. It is currently estimated that the initial public offering price per share will be between $ and $ per share. See "Underwriting" for information relating to the factors to be considered in determining the initial public offering price.

The Company has applied to have the Common Stock approved for quotation on the Nasdaq National Market under the symbol "METZ."

SEE "RISK FACTORS" BEGINNING ON PAGE 5 FOR INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO THE COMPANY (2)	PROCEEDS TO THE SELLING STOCKHOLDERS
Per Share.....	$	$	$	$
Total(3).....	$	$	$	$

(1) See "Underwriting" for indemnification arrangements with the Underwriters.
(2) Before deducting expenses estimated at $750,000, which will be paid by the Company.
(3) The Company and certain Selling Stockholders have granted to the Underwriters a 30-day option to purchase up to an additional 480,000 shares of Common Stock at the Price to the Public, less Underwriting Discounts and Commissions, solely to cover over-allotments, if any. If such option is exercised in full, the total Price to the Public, Underwriting Discounts and Commissions, Proceeds to the Company and Proceeds to the Selling Stockholders will be $, $, $ and $, respectively. The Company will not receive any of the proceeds from the sale of shares of Common Stock by the Selling Stockholders pursuant to the Underwriters' over-allotment option, if exercised. See "Underwriting" and "Principal and Selling Stockholders."

The shares of Common Stock are being offered by the several Underwriters when, as and if delivered to and accepted by the Underwriters and subject to various prior conditions, including their right to reject orders in whole or in part. It is expected that delivery of share certificates will be made in New York, New York on or about , 1996.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

This Prospectus contains certain forward-looking statements that involve substantial risks and uncertainties. When used in this Prospectus, the words "anticipate," "believe," "estimate," and "expect" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. The Company's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include those discussed in "Risk Factors."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET, IN THE OVER-THE-COUNTER MARKET, OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information and the Financial Statements and related Notes thereto appearing elsewhere in this Prospectus. Unless indicated otherwise, the information contained in this Prospectus: (i) assumes that the Underwriters' over-allotment option is not exercised; and (ii) gives retroactive effect to the Company's reorganization as a Delaware holding company, to be effected immediately prior to the consummation of this offering. Unless otherwise indicated, all references to "Metzler" or the "Company" include the Company and its subsidiaries.

THE COMPANY

The Metzler Group, Inc. is a leading nationwide provider of consulting services to electric utilities and other energy-related businesses. The Company offers a wide range of consulting services related to information technology, process/operations management, strategy, and marketing and sales designed to assist its clients in succeeding in a business environment of changing regulation, increasing competition and evolving technology. The Company has competed successfully in this environment, having achieved revenue growth of 29% from 1994 to 1995 and 93% from the six months ended June 30, 1995 to the corresponding period in 1996.

The changing competitive environment in the electric utility industry has forced utility companies to confront an evolving range of strategic options and challenges. In order to deal with these challenges and address these opportunities, electric utilities are formulating and implementing new strategies and tactics, including redesigning business processes, re-engineering work forces, acquiring more effective information technology and adopting or restructuring customer service and marketing programs. Utilities are increasingly turning to experienced outside consulting firms to assist in or lead this process because: (i) the pace of change is eclipsing utilities' internal resources; (ii) many utilities lack the depth and breadth of experience to identify, evaluate and implement the full range of possible options and solutions; (iii) outside specialists often enable electric utilities to develop better solutions in shorter time frames; (iv) purchasing consulting expertise converts fixed labor costs to variable costs and can be more cost-effective; and (v) consultants can often formulate more objective advice, free of internal cultural or political forces. An industry source estimates that the market for consulting services to the utility industry was $1.8 billion in 1995, representing approximately 8% of the total market for consulting services, and projects a 9% growth rate through 2000.

Metzler believes that several competitive factors distinguish it from other participants in the consulting market including: (i) established electric utility expertise developed over more than thirteen years of providing consulting services to the electric utility industry; (ii) deep-rooted client relationships supporting multiple engagements; (iii) proprietary knowledge base that the Company has developed internally and continuously refines for incorporation into analysis for new engagements; (iv) wide range of industry-specific services that enables the Company to be a single-source provider of consulting services to utilities while maintaining advanced skill sets in each area; and (v) strategic planning methodology using a high-level modeling tool developed by Metzler to support the comprehensive strategic planning process of utilities.

Metzler's growth strategy includes the following elements: (i) further

penetrating its existing client base; (ii) seeking new clients and expanding its geographic presence; (iii) continuing to recruit highly skilled professionals with skill sets and client relationships complementary to the Company's existing professional base; (iv) pursuing strategic acquisitions that provide the Company with an expeditious and cost-effective method of increasing its number of consultants, broadening its client base, expanding its skill sets or expanding its presence in a geographic region; and (v) expanding its service offerings to include other service areas that the Company believes will be in demand as the industry continues its move toward a more competitive environment.

THE OFFERING

Common Stock offered by the Company.	2,000,000 shares
Common Stock offered by the Selling Stockholders.....	1,200,000 shares
Total Common Stock offered.....	3,200,000 shares
Common Stock to be outstanding after the offering.....	10,000,000 shares(1)
Use of proceeds.....	Repayment of indebtedness to the Company's founder incurred in connection with a redemption of Common Stock and general corporate purposes, including working capital and possible acquisitions of related businesses
Proposed Nasdaq National Market symbol.....	METZ

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(1) Excludes: (i) options outstanding on the date hereof to purchase 355,666 shares at an exercise price of $12.00; and (ii) 944,334 shares reserved for issuance upon exercise of options that may be granted in the future under the Company's Long-Term Incentive Plan. See "Management--Long-Term Incentive Plan," "Description of Capital Stock" and Note 8 of Notes to Financial Statements.

SUMMARY FINANCIAL DATA

	YEARS ENDED DECEMBER 31,						SIX MONTHS ENDED		
	1991	1992	1993	1994	1995	PRO FORMA 1995(1)	1995	1996	PRO FORMA 1996(2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)								
STATEMENT OF OPERATIONS DATA:									
Revenues.....	$12,786	$9,216	$10,380	$10,420	$13,460	$13,460	$5,626	$10,857	$10,857
Cost of services.....	6,615	5,644	5,797	5,263	6,422	6,422	2,841	5,314	5,314
Gross profit.....	6,171	3,572	4,583	5,157	7,038	7,038	2,785	5,543	5,543
Selling, general and administrative expenses(3).....	5,387	4,006	4,267	5,327	7,650	4,875	4,023	1,404	2,423
Operating income (loss).....	784	(434)	316	(170)	(612)	2,163	(1,238)	4,139	3,120
Other expense (income), net.....	(69)	(24)	15	72	127	127	98	12	12
Income (loss) before income tax expense (benefit).....	853	(410)	301	(242)	(739)	2,036	(1,336)	4,127	3,108
Income tax expense									

(benefit).....	343	(145)	147	(58)	(266)	844	(478)	84	1,243
Net income (loss).....	$ 510	$ (265)	$ 154	$ (184)	$ (473)	$ 1,192	$ (858)	$ 4,043	$ 1,865
Pro forma net income per share.....						$ 0.12			$ 0.19
Shares used in computing pro forma net income per share(4).....						9,763			9,785

	AS OF JUNE 30, 1996	
	ACTUAL	AS ADJUSTED(5)
	(IN THOUSANDS)	
BALANCE SHEET DATA:		
Cash.....	$ 226	$19,401
Working capital.....	2,164	18,896
Total assets.....	5,653	24,828
Obligations under capital lease, less current portion...	22	22
Total stockholders' equity.....	2,686	19,318

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(1) The pro forma statement of operations data for the year ended December 31, 1995 have been computed by eliminating from selling, general and administrative expenses that portion of officer compensation that exceeded the compensation that would have been paid had the compensation plan adopted on July 1, 1996 been in effect for all of 1995. See "Management--Executive Compensation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Effective January 1, 1996, the Company elected to be treated as an S-corporation. As an S-corporation, the Company was not subject to federal (and some state) income taxes. The pro forma statement of operations information for the six months ended June 30, 1996 has been computed by adjusting the Company's net income, as reported, to (a) increase selling, general and administrative expenses to reflect the amount by which the officer compensation that would have been paid under the compensation plan adopted July 1, 1996 exceeded officer compensation actually paid during the six months ended June 30, 1996, and (b) record income tax expense assuming an effective tax rate of 40% that would have been recorded had the Company been a C-corporation. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Management--Executive Compensation" and Note 2 of Notes to Financial Statements.

(3) Selling, general and administrative expenses include salary and bonuses for the executive officers of the Company. Beginning July 1, 1996, these eight persons will be compensated pursuant to a compensation plan that provides for annual base and bonus compensation in the aggregate amount of $3,193,750, assuming the Company meets the mid-point of the compensation plan's financial performance criteria. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Management--Executive Compensation."

(4) Pro forma net income per share is based on the weighted average of 9,763,267 shares of common and common stock equivalent shares outstanding which includes 9,692,134 actual shares outstanding and 71,133 common stock equivalent shares outstanding during the year ended December 31, 1995. Pro forma net income per share is based on the weighted average of 9,785,418 shares of common and common stock equivalent shares outstanding which includes 9,714,285 actual shares outstanding and 71,133 common stock equivalent shares outstanding during the six months ended June 30, 1996. See Note 2 to Financial Statements.

(5) Adjusted to give effect to: (i) the sale of 2,000,000 shares of Common Stock, par value $.001 per share ("Common Stock"), offered by the Company hereby at an assumed initial public offering price of $15.00 and the application of the estimated net proceeds therefrom; (ii) the Redemption as described in "Use of Proceeds;" (iii) the declaration of the S Corporation

Dividend (estimated through June 30, 1996) as described in "S Corporation Dividend;" and (iv) the reinstatement of deferred taxes upon the termination of the Company's S-corporation status. See "Use of Proceeds," "S Corporation Dividend," "Capitalization" and "Certain Transactions."

RISK FACTORS

In addition to the other information set forth in this Prospectus, investors should consider carefully the following factors in connection with an investment in the shares of Common Stock offered hereby (the "Shares").

RELIANCE ON KEY EXECUTIVES

The success of the Company is highly dependent upon the efforts, abilities, business generation capabilities and project execution of certain of its executive officers and senior managers. The loss of the services of any of these key executives for any reason could have a material adverse effect upon the Company's business, operating results and financial condition, including its ability to secure and complete engagements. The Company maintains key-man life insurance policies on six of its executive officers in the approximate amount of $1,500,000 each. See "Management."

ATTRACTION AND RETENTION OF EMPLOYEES

The Company's business involves the delivery of professional services and is labor-intensive. The Company's success depends in large part upon its ability to attract, develop, motivate and retain highly skilled consultants and senior consultants possessing business generation skills. Qualified consultants are in great demand and are likely to remain a limited resource for the foreseeable future. There can be no assurance that the Company will be able to attract and retain sufficient numbers of highly skilled consultants in the future. The loss of a significant number of consultants could have a material adverse effect on the Company's business, operating results and financial condition, including its ability to secure and complete engagements. See "Business--Human Resources."

CONCENTRATION OF REVENUES IN THE ELECTRIC UTILITY INDUSTRY

The Company currently derives the vast majority of its revenues from consulting engagements with electric utility companies. Much of the Company's recent growth has arisen from the business opportunities presented by the trend to deregulate the electric utility industry and introduce increased competition. If the current trend towards government deregulation of the electric utility industry slows or the industry becomes subject to more government regulation, the demand for consulting work from electric utilities is likely to decrease. If the United States experiences a shortage of electricity or a nuclear accident should occur, increased regulation of the electric utility industry would be likely, and the Company's business, operating results and financial condition could be materially and adversely affected. Moreover, as a result of deregulation, the electric utility industry is consolidating, and over the last few years a number of the Company's clients have been acquired and conflicts in representation have arisen. If competition continues to develop in the industry, additional conflicts may prevent the Company from representing certain clients and the number of potential clients in the electric utility industry may decrease. Additionally, current and future economic pressures may limit spending by utilities for the types of services offered by the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Because of the nature and scope of many of the Company's projects, the Company derives a significant portion of its revenues from a relatively limited number clients that operate exclusively in the electric utility industry. For example, during 1995 and the first half of 1996, revenues from the Company's ten most significant clients accounted for approximately 80.5% and 76.3% of its revenues, respectively. In 1995, a group of affiliated

clients and the Company's largest single client accounted for approximately 22.6% and 15.5% of the Company's revenues, respectively. There can be no assurance that these clients will continue to engage the Company for additional significant projects. Clients engage the Company on an assignment-by-assignment basis, and a client can generally terminate an assignment at any time without penalty. The loss of any significant client could have a material adverse effect on the Company's business, operating results and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Clients and Representative Solutions."

MANAGEMENT OF GROWTH

The Company is currently experiencing rapid growth that has strained, and could continue to strain, the Company's managerial and other resources. The Company's ability to manage the growth of its operations will require it to continue to improve its operational, financial and other internal systems and to attract, develop, motivate and retain its employees. If the Company's management is unable to manage growth or new employees are unable to achieve anticipated performance levels, the Company's business, operating results and financial condition could be materially and adversely affected.

PROJECT RISKS

Many of the Company's engagements involve projects that are critical to the operations of its clients' utilities businesses and provide benefits that may be difficult to quantify. The Company's failure or inability to meet a client's expectations in the performance of its services could have a material adverse effect on the Company's reputation, thereby adversely affecting its business, operating results and financial condition.

VARIABILITY OF QUARTERLY OPERATING RESULTS; SEASONALITY

Variations in the Company's revenues and operating results occur from quarter to quarter as a result of a number of factors, such as the significance of client engagements commenced and completed during a quarter, the number of business days in a quarter, employee hiring and utilization rates, the length of the Company's sales cycle, the ability of clients to terminate engagements without penalty, the size and scope of assignments and general economic conditions. Because a significant portion of the Company's expenses are relatively fixed, a variation in the number of client assignments or the timing of the initiation or the completion of client assignments can cause significant variations in operating results from quarter to quarter and could result in losses to the Company. To the extent that increases in the number of professional personnel are not followed by corresponding increases in revenues, the Company's operating results could be materially and adversely affected. Furthermore, the Company has experienced a seasonal pattern in its operating results, with a smaller proportion of the Company's revenues and lower operating income occurring in the fourth quarter of the year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Unaudited Quarterly Results."

COMPETITION

The market for consulting services to electric utilities is intensely competitive, highly fragmented and subject to rapid change. The market includes a large number of participants from a variety of market segments, including general management consulting firms, the consulting practices of "Big Six" accounting firms and local or regional firms specializing in utility services. Many information technology consulting firms also maintain significant practice groups devoted to the utility industry. Many of these companies are national and international in scope and have greater personnel, financial, technical and marketing resources than the Company. There can be no assurance that the Company will compete successfully with its existing competitors or with any new competitors. See "Business--Competition."

RISKS RELATED TO POSSIBLE ACQUISITIONS

The Company may expand its operations through the acquisition of additional businesses. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses into the Company without substantial expenses, delays or other operational or financial problems. Further, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, legal liabilities and amortization of acquired intangible assets, some or all of which could have a material adverse effect on the Company's business, operating results and financial condition. Client satisfaction or performance problems at a single acquired firm could have a material adverse impact on the reputation of the

Company as a whole. In addition, there can be no assurance that acquired businesses, if any, will achieve anticipated revenues and earnings. The failure of the Company to manage its acquisition strategy successfully could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Growth Strategy."

SIGNIFICANT UNALLOCATED NET PROCEEDS

A substantial majority of the anticipated net proceeds of this offering has not been designated for specific uses. Therefore, the Board of Directors of the Company will have broad discretion with respect to the use of the net proceeds of this offering. See "Use of Proceeds."

CONTROL BY PRINCIPAL STOCKHOLDERS

After completion of this offering, the Company's executive officers will beneficially own 68% of the Company's outstanding shares of Common Stock. As a result, these officers will continue to be able to control the outcome of matters requiring a stockholder vote, including the election of the members of the Board of Directors, thereby controlling the affairs and management of the Company. Such control could adversely affect the market price of the Common Stock or delay or prevent a change in control of the Company. See "Principal and Selling Stockholders."

NO PRIOR PUBLIC MARKET; POSSIBLE VOLATILITY OF STOCK PRICE

Prior to this offering, there has been no public market for the Common Stock. Consequently, the initial public offering price per share of the Common Stock will be determined by negotiations among management of the Company and the representative of the Underwriters (the "Representative"). See "Underwriting" for factors to be considered in determining the initial public offering price per share. Application has been made for inclusion of the Common Stock for quotation on the Nasdaq National Market; however, there can be no assurance that an active trading market will develop and be sustained after this offering. The market price of the Common Stock may fluctuate substantially due to a variety of factors, including quarterly fluctuations in results of operations, adverse circumstances affecting the introduction or market acceptance of new services offered by the Company, announcements of new services by competitors, changes in earnings estimates by analysts, changes in accounting principles, sales of Common Stock by existing holders, loss of key personnel and other factors. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has often had a significant effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of these companies. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. Any such litigation instigated against the Company could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's

business, operating results and financial condition.

IMMEDIATE AND SUBSTANTIAL DILUTION

The initial public offering price per share of Common Stock is substantially higher than the net tangible book value per share of the Common Stock. Purchasers of shares of Common Stock in this offering will experience immediate and substantial dilution of $13.07 in the pro forma net tangible book value per share of Common Stock. To the extent outstanding options to purchase the Company's Common Stock are exercised, there will be further dilution. See "Dilution."

CERTAIN ANTI-TAKEOVER EFFECTS

The Company's Certificate of Incorporation and By-Laws and the Delaware General Corporation Law include provisions that may be deemed to have anti-takeover effects and may delay, defer or prevent a takeover attempt that stockholders might consider in their best interests. Directors of the Company are divided into three

classes and are elected to serve staggered three-year terms. The Board of Directors of the Company is authorized to issue up to 3,000,000 shares of preferred stock and to determine the price, rights, preferences and privileges of such shares, without any further stockholder action. The existence of this "blank-check" preferred stock could render more difficult or discourage an attempt to obtain control of the Company by means of a tender offer, merger, proxy contest or otherwise. In addition, the existence or issuance of "blank check" preferred stock may have an adverse effect on the market price of the Company's Common Stock. See "Management--Executive Officers and Directors" and "Description of Capital Stock--Anti-Takeover Effects of Provisions of the Certificate of Incorporation, By-Laws and Delaware Law."

SHARES ELIGIBLE FOR FUTURE SALE

Immediately after completion of this offering, the Company will have 10,000,000 shares of Common Stock outstanding, of which the 3,200,000 shares sold pursuant to this offering will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), except those shares acquired by affiliates of the Company. Holders of the remaining shares will be eligible to sell such shares pursuant to Rule 144 under the Securities Act ("Rule 144") at prescribed times and subject to the manner of sale, volume, notice and information restrictions of Rule 144. In addition, 355,666 shares of Common Stock (none of which are currently exercisable) are issuable upon the exercise of outstanding stock options, which shares may be registered by the Company under the Securities Act and become freely tradable without restriction. The Company, together with each of its stockholders (holding in the aggregate 6,800,000 shares of Common Stock upon consummation of this offering), have agreed not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any Common Stock, or any securities convertible into or exchangeable or exercisable for Common Stock, until 180 days after the date of this Prospectus, without the prior consent of Donaldson, Lufkin & Jenrette Securities Corporation. Sales of substantial amounts of such shares in the public market or the availability of such shares for future sale could adversely affect the market price of the shares of Common Stock and the Company's ability to raise additional capital at a price favorable to the Company. See "Shares Eligible for Future Sale" and "Underwriting."

THE COMPANY

From its inception in 1983 to immediately prior to the date of this Prospectus, the Company has operated as an Illinois corporation, most recently

under the name Metzler & Associates, Inc. ("Metzler-Illinois"). Effective as of the date of this Prospectus, the Company will restructure itself in a merger (the "Reorganization"), pursuant to which Metzler-Illinois will become a wholly owned operating subsidiary of the registrant, The Metzler Group, Inc., a newly formed Delaware corporation, and the current shareholders of Metzler-Illinois will exchange all of their shares of common stock of Metzler-Illinois for a like number of shares of Common Stock of The Metzler Group, Inc.

The Company maintains its principal executive offices at 520 Lake Cook Road, Suite 500, Deerfield, Illinois 60015. The Company's telephone number is (847) 945-0001.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 2,000,000 shares of Common Stock offered by the Company hereby, assuming an initial offering price of $15.00 per share and after deducting underwriting discounts and commissions and other offering expenses (estimated to be approximately $750,000), all of which are payable by the Company, are estimated to be approximately $27.2 million ($30.5 million if the Underwriters' over-allotment option is exercised in full). The Company will use a portion of the net proceeds to repay indebtedness of $7,975,000 (which bears no interest and is payable within 30 days of the closing of this offering) owed to the Company's founder, Richard J. Metzler, in connection with a redemption of a portion of the Company's Common Stock from Mr. Metzler (the "Redemption"). See "Certain Transactions." The balance of the net proceeds will be used for general corporate purposes, which may include future acquisitions of complementary businesses. The Company currently has no agreements, understandings or commitments regarding any future acquisitions. Pending such uses, the net proceeds will be invested in short-term, interest-bearing investment grade securities.

The principal purposes of this offering are to increase the Company's equity capital and financial flexibility, create a public market for the Common Stock, facilitate future access by the Company to the public equity markets, create a currency for potential acquisitions, enhance the Company's ability to use the Common Stock as a means of attracting and retaining senior managers and consultants and provide working capital to fund the Company's growth strategy. See "Business--Growth Strategy."

S CORPORATION DIVIDEND

Commencing on January 1, 1996, the Company elected to be treated as an S-corporation for federal income tax purposes under Subchapter S of the Internal Revenue Code of 1986, as amended, and for certain state income tax purposes. As a result, substantially all of the Company's 1996 income through the date of this Prospectus will be taxed directly to its stockholders rather than to the Company. The Company's S-corporation status will terminate in connection with the offering and the Company will make a final distribution to its existing stockholders of undistributed S-corporation earnings, as explained below.

Prior to consummating this offering, the Company will declare an S-corporation dividend to its existing stockholders in an aggregate amount representing all undistributed earnings of the Company from January 1, 1996 through the date of this Prospectus (the "S Corporation Dividend"). The S Corporation Dividend is currently estimated to be approximately $4,000,000, and 40% of such amount will be paid upon the closing of this offering from the Company's cash on hand at that time in order to fund the existing stockholders' estimated tax payments. The remainder of the S Corporation Dividend will be paid to the existing stockholders on December 15, 1996. Purchasers of Common Stock in this offering will not receive any portion of the S Corporation Dividend. Following termination of its S-corporation status upon the Reorganization, the Company will be subject to corporate income taxation as a Subchapter C corporation.

DIVIDEND POLICY

The Company currently anticipates that it will retain all of its earnings for development of the Company's business, and does not anticipate paying any cash dividends in the foreseeable future. Future cash dividends, if any, will be at the discretion of the Company's Board of Directors and will depend upon, among other things, the Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as the Board of Directors may deem relevant.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1996, and as adjusted to reflect: (i) the Redemption; (ii) the declaration of the S Corporation Dividend (estimated through June 30, 1996); (iii) the reinstatement of deferred income taxes upon termination of the Company's S-corporation status; and (iv) the sale of 2,000,000 shares of Common Stock offered by the Company (at an assumed initial public offering price of $15.00 per share) and the application of the estimated net proceeds therefrom as described in "Use of Proceeds." The following table should be read in conjunction with the Financial Statements and related Notes thereto included elsewhere in this Prospectus.

	AS OF JUNE 30, 1996	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Obligations under capital lease, less current maturities....	$ 22	$ 22
Stockholders' equity:		
Preferred Stock, $.001 par value; 3,000,000 shares authorized; no shares issued or outstanding.....	--	--
Common Stock, $.001 par value; 15,000,000 shares authorized; 9,714,285 shares issued and outstanding, 10,000,000 shares issued and outstanding as adjusted (1).....	10	10
Additional paid-in capital (2).....	107	19,282
Retained earnings (3).....	2,569	26
Total stockholders' equity.....	2,686	19,318
Total capitalization.....	$2,708	$19,340

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(1) Excludes 355,666 shares of Common Stock issuable upon the exercise of stock options outstanding as of June 30, 1996 at an exercise price of $12.00 per share, and 944,334 shares of Common Stock reserved for grant of future options or direct issuances under the Company's Long-Term Incentive Plan. See "Management--Long-Term Incentive Plan."

(2) As adjusted to reflect the sale of 2,000,000 shares of Common Stock offered by the Company at an assumed initial public offering price of $15.00, net of estimated underwriting discounts and commissions and estimated offering expenses, less $7,975,000 paid to the founder of the Company in connection with the Redemption.

(3) As adjusted to reflect the declaration of the S Corporation Dividend (which is estimated to be approximately $2,443,000 as of June 30, 1996) and a $100,000 charge to earnings to reinstate deferred income taxes upon termination of the Company's S-corporation status.

DILUTION

As of June 30, 1996, the net tangible book value of the Company was $2,686,000 or $0.28 per share. Net tangible book value per share represents the amount of tangible net assets of the Company, less total liabilities, divided by the number of shares of Common Stock outstanding. After giving effect to: (i) the Redemption as described in "Use of Proceeds"; (ii) the declaration of the S Corporation Dividend (estimated through June 30, 1996) as described in "S Corporation Dividend"; (iii) the reinstatement of deferred income taxes upon termination of the Company's S-corporation status; and (iv) the sale by the Company of 2,000,000 shares of Common Stock (at an assumed initial public offering price of $15.00 per share) and the application of the net proceeds therefrom, the pro forma net tangible adjusted book value of the Company at June 30, 1996 would have been $19,318,000 or $1.93 per share. This amount represents an immediate increase in net tangible book value of $1.65 per share to existing owners of the Company and an immediate dilution in net tangible book value per share of $13.07 per share to purchasers of Common Stock in this offering. The following table illustrates this per share dilution, without giving effect to any exercise of the Underwriters' over-allotment options:

Assumed initial public offering price per share.....		$ 15.00
Net tangible book value per share at June 30, 1996.....	$0.28	
Increase in net tangible book value per share attributable to new investors.....	1.65	
Pro forma net tangible book value per share after this offering..		1.93
Dilution in net tangible book value per share to new investors...		$ 13.07

As of June 30, 1996, there were options outstanding to purchase a total of 355,666 shares of Common Stock at an exercise price of $12.00 per share. To the extent outstanding options are exercised, there will be further dilution to investors.

The following table summarizes, on a pro forma basis as of June 30, 1996, the differences in the number of shares of capital stock purchased from the Company, the total consideration paid and the average price paid per share by existing shareholders and new investors at the assumed initial public offering price of $15.00 per share:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders(1)...	8,000,000	80.0%	$ 117,396	0.4%	$ 0.01
New investors(1).....	2,000,000	20.0	30,000,000	99.6	$15.00
Total.....	10,000,000	100.0%	$30,117,396	100.0%	

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(1) Sales by the Selling Stockholders in this offering will reduce the number of shares held by existing stockholders of the Company to 6,800,000 or 68.0% of the total number of shares outstanding after this offering (6,560,000 shares or 64.1% if the Underwriters' over-allotment option is exercised in full), and will increase the number of shares held by new investors to 3,200,000 shares or 32.0% of the total number of shares of Common Stock outstanding after this offering (3,680,000 shares or 35.9% if the Underwriters' over-allotment option is exercised in full). See "Principal and Selling Stockholders."

SELECTED FINANCIAL DATA

The following selected financial data for the fiscal years ended 1991 through 1995 are derived from the Company's Financial Statements and related Notes thereto. The Company's Financial Statements and related Notes thereto as of December 31, 1994 and 1995 and for the three years ended December 31, 1995 have been audited by KPMG Peat Marwick LLP, independent accountants. The statements of operations and the balance sheet data as set forth below for the years ended December 31, 1991 and 1992 and each of the six-month periods ended June 30, 1995 and 1996 and as of December 31, 1991, 1992 and 1993, and June 30, 1995 and June 30, 1996 and the pro forma statements of operations for the year ended December 31, 1995 and the six months ended June 30, 1996 have been derived from the Company's financial statements. In the opinion of management, the interim period financial statements include all adjustments necessary for a fair statement of the results for the interim periods, and all such adjustments are of a normal recurring nature. The selected financial data for the six months ended June 30, 1996 are not necessarily indicative of the results to be expected for the full year. The selected financial data set forth below should be read in conjunction with the Company's Financial Statements and related Notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	YEARS ENDED DECEMBER 31,						SIX MONTHS ENDED JUNE 30,		
	1991	1992	1993	1994	1995	PRO FORMA 1995(1)	1995	1996	PRO FORMA 1996(2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)								
STATEMENT OF OPERATIONS DATA:									
Revenues	$12,786	$9,216	$10,380	$10,420	$13,460	$13,460	$5,626	$10,857	$10,857
Cost of services	6,615	5,644	5,797	5,263	6,422	6,422	2,841	5,314	5,314
Gross profit	6,171	3,572	4,583	5,157	7,038	7,038	2,785	5,543	5,543
Selling, general and administrative expenses(3)	5,387	4,006	4,267	5,327	7,650	4,875	4,023	1,404	2,423
Operating income (loss)	784	(434)	316	(170)	(612)	2,163	(1,238)	4,139	3,120
Other expense (income)	(69)	(24)	15	72	127	127	98	12	12
Income (loss) before income tax expense (benefit)	853	(410)	301	(242)	(739)	2,036	(1,336)	4,127	3,108
Income tax expense (benefit)	343	(145)	147	(58)	(266)	844	(478)	84	1,243
Net income (loss)	$ 510	$ (265)	$ 154	$ (184)	$ (473)	$ 1,192	$ (858)	$ 4,043	$ 1,865
Pro forma net income per share(4)						$ 0.12			$ 0.19

	AS OF DECEMBER 31,					AS OF JUNE 30,	
	1991	1992	1993	1994	1995	1995	1996
BALANCE SHEET DATA:							
Cash	$ 20	$ 2	$ 3	$ 64	$ 223	$ 573	$ 226
Working capital (deficit)	848	85	348	310	49	(392)	2,164
Total assets	1,996	2,697	3,459	2,518	2,780	3,951	5,653
Obligations under capital							

lease, less current portion.	17	--	60	46	30	38	22
Total stockholders' equity (deficit).....	1,016	752	860	655	243	(141)	2,686

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(1) The pro forma statement of operations data for the year ended December 31, 1995 have been computed by eliminating from selling, general and administrative expenses that portion of officer compensation that exceeded the compensation that would have been paid had the compensation plan adopted on July 1, 1996 been in effect for all of 1995. See "Management--Executive Compensation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Effective January 1, 1996, the Company elected to be treated as an S-corporation. As an S-corporation, the Company was not subject to federal (and some state) income taxes. The pro forma statement of operations information for the six months ended June 30, 1996 has been computed by adjusting the Company's net income, as reported, to (a) increase selling, general and administrative expenses to reflect the amount by which the officer compensation that would have been paid under the compensation plan adopted July 1, 1996 exceeded officer compensation actually paid during the six months ended June 30, 1996, and (b) record income tax expense assuming an effective tax rate of 40% that would have been recorded had the Company been a C-corporation. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Management--Executive Compensation" and Note 2 of Notes to Financial Statements.

(3) Selling, general and administrative expenses include salary and bonuses for the executive officers of the Company. Beginning July 1, 1996, these eight persons will be compensated pursuant to a compensation plan that provides for annual base and bonus compensation in the aggregate amount of $3,193,750, assuming the Company meets the mid-point of the compensation plan's financial performance criteria. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Management--Executive Compensation."

(4) Pro forma net income per share is based on the weighted average of 9,763,267 shares of common and common stock equivalent shares outstanding which includes 9,692,134 actual shares outstanding and 71,133 common stock equivalent shares outstanding during the year ended December 31, 1995. Pro forma net income per share is based on the weighted average of 9,785,418 shares of common and common stock equivalent shares outstanding which includes 9,714,285 actual shares outstanding and 71,133 common stock equivalent shares outstanding during the six months ended June 30, 1996. See Note 2 to Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following section of the Prospectus, Management's Discussion and Analysis of Financial Condition and Results of Operations, contains certain forward-looking statements that involve substantial risks and uncertainties. When used in this section, the words "anticipate," "believe," "estimate," and "expect" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. The Company's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include those discussed in "Risk Factors."

OVERVIEW

The Metzler Group, Inc. is a leading nationwide provider of consulting services to electric utilities and other energy-related businesses. The Company offers a wide range of consulting services related to information technology, process/operations management, strategy, and marketing and sales designed to assist its clients in succeeding in a business environment of changing regulation, increasing competition and evolving technology.

The Company derives substantially all of its revenues from fees for professional services, which are billed at standard daily rates or provided on a fixed-bid basis. Over the last three years, the substantial majority of the Company's revenues has been generated under standard daily rates billed on a time and expenses basis. Clients are typically invoiced on a monthly basis with revenue recognized as the services are provided. Fixed-bid revenue is recognized by the percentage of completion method based on the ratio of costs incurred to total estimated project costs. Although fixed-bid projects subject the Company to the risk of cost overruns, the Company has not incurred a loss on a fixed-bid contract during the last three years.

The Company's most significant expenses are project personnel costs, which consist of consultant salaries and benefits, and travel-related direct project expenses. Project personnel are typically full-time professionals employed by the Company, although the Company supplements its project professional personnel through the use of independent contractors. The Company retains contractors for specific client engagements on a task-specific, per diem basis during the period their expertise or skills are required. The Company believes that retaining contractors on a per-engagement basis provides it with greater flexibility in adjusting professional personnel levels in response to changes in demand for its services.

Effective January 1, 1996, the Company elected to be taxed as an S-corporation. As an S-corporation, the net income of the Company from January 1, 1996 is taxable for federal (and some state) income tax purposes directly to the Company's stockholders. The Company's compensation structure for its executive officers for the periods presented reflected the Company's then tax status. For all periods prior to January 1, 1996, when the Company was taxable as a C-corporation, incentive compensation to the Company's key executives represented a significant percentage of the Company's revenues. For the period commencing January 1, 1996, until the termination of the Company's S-corporation status upon consummation of the Reorganization, the Company did not record any incentive compensation expense with respect to its key executives, as all the Company's net income will be distributed to its key executives and included in their personal taxable income. Effective July 1, 1996, in contemplation of the termination of the Company's S-corporation status and its going public as a result of this offering, the Company adopted a new executive officer compensation plan that provides for annual base salaries ranging from $225,000 to $375,000 and bonus compensation subject to the attainment of certain financial performance criteria, ranging from 0% to 125% of each executive officer's annual base salary. See "S Corporation Dividend" and "Management--Executive Compensation."

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected statements of operations data as a percentage of revenues:

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1993	1994	1995	1995	1996
Revenues	100%	100%	100%	100%	100%
Cost of services	56	51	48	50	49
Gross profit	44	49	52	50	51
Selling, general and administrative expenses	41	51	57	72	13

Operating income (loss)	3	(2)	(5)	(22)	38
Other expense (income), net	*	1	1	2	*
Income (loss) before income tax expense (benefit)	3	(3)	(6)	(24)	38
Income tax expense (benefit)	1	(1)	(2)	(9)	1
Net income (loss)	2%	(2)%	(4)%	(15)%	37%

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*Less than one percent.

SIX MONTHS ENDED JUNE 30, 1996 COMPARED TO SIX MONTHS ENDED JUNE 30, 1995

Revenues. Revenues increased 93% to $10.9 million in the six months ended June 30, 1996 from $5.6 million in the six months ended June 30, 1995. This increase was caused by increased demand for management consulting services in the electric utility industry and a change in the Company's management compensation structure that places more emphasis on the generation of new client engagements. These factors generated increases in both the number of client projects and the average size of client projects.

Gross Profit. Gross profit consists of revenues less cost of services, which includes consultant salaries, benefits and travel-related direct project expenses. Gross profit increased 99% to $5.5 million in the first half of 1996 from $2.8 million in the comparable period of 1995. Gross profit as a percentage of revenues was 51% in 1996 compared to 50% in 1995. To service additional client project commitments, the Company increased its full-time equivalent consultants, including independent subcontractors, to 43 professionals in the first six months of 1996 from approximately 30 in the comparable period in 1995. Increased utilization rates resulted in a 10% increase in average billings per professional in the 1996 period.

Selling, General and Administrative Expenses. Selling, general and administrative expenses include salaries and benefits of management and support personnel, facilities costs, training, direct selling, outside professional fees and all other corporate costs. Selling, general and administrative expenses decreased 65% to $1.4 million in the six month period ended June 30, 1996 from $4.0 million in prior year period. As a percentage of revenues, selling, general and administrative expenses decreased to 13% in the first six months of 1996 from 72% in the first six months of 1995. The decrease is attributable to the change in the taxable status of the Company from a C-corporation to an S-corporation, with the Company's profits being distributed to its principal executives commencing January 1, 1996. Accordingly, the Company did not record any incentive compensation expense associated with these executives in the first six months of 1996. Excluding the $3.1 million of incentive compensation recorded with respect to the Company's key executives in 1995, the remaining selling, general and administrative expenses were 15% and 13% of revenues in the first six months of 1996 and 1995, respectively. Effective July 1, 1996, in contemplation of the termination of the Company's S-corporation status in connection with the closing of this offering, the Company adopted a new executive compensation plan. See

"Management--Executive Compensation." Although selling, general and administrative expenses generally increase as the Company's revenues increase, the Company believes it can leverage its existing overhead structure to lower selling, general and administrative expenses as a percentage of revenues in the future.

Operating Income (Loss). Operating income for the six months ended June 30, 1996 was $4.1 million, as opposed to an operating loss for the six months ended June 30, 1995 of $1.2 million. The improvement is attributable to the increased revenues and the decrease in selling, general and administrative expenses resulting from the change in compensation for the Company's key executives, as described above.

Income Taxes. Effective January 1, 1996, the stockholders of the Company elected to be taxed under Subchapter S of the Internal Revenue Code. See "S Corporation Dividend." Federal income taxes are the responsibility of the Company's stockholders, as are certain state income taxes. Accordingly, the statement of operations for the six months ended June 30, 1996 does not include a provision for federal or certain state income taxes. The Company's S-corporation status will terminate upon the consummation of this offering.

PRO FORMA RESULTS

The pro forma statement of operations data reflects an adjustment to selling, general and administrative expenses for executive officer compensation for the year ended December 31, 1995 to eliminate the excess of key executive compensation paid in 1995 over the compensation estimated that would have been paid under the newly adopted executive officer compensation plan as if such plan were in place throughout 1995. The estimated amount payable under the new plan was calculated by assuming the payment to the executive officers of their annual base salaries plus a 75% bonus level (payable upon attainment of the mid-point of the compensation plan's financial performance criteria). The pro forma adjustment for officer compensation expenses for the six months ended June 30, 1996 adds back the excess of compensation estimated to be payable under the newly adopted plan over the limited base salaries actually paid in 1996 in light of the Company's S-corporation tax structure.

The pro forma tax provision provided for the six months ended June 30, 1996 assumes the Company had been operating as a C-corporation during such period and reflects an effective tax rate of 40% after giving effect to the aforementioned executive officer compensation expense adjustments.

1995 COMPARED TO 1994

Revenues. Revenues increased 29% to $13.5 million in 1995 from $10.4 million in 1994. The increase in revenues was attributable to a 10% increase in the Company's standard daily rates, an increase in the number of client projects and an increase in the average size of client projects. The rate increase was applicable to new client engagements that commenced after the third quarter of 1994, but the full effect was not evident until 1995 because of the high level of work in process for the fourth quarter of 1994.

Gross Profit. Gross profit increased 36% to $7.0 million in 1995 from $5.2 million in 1994. Gross profit as a percentage of revenues increased to 52% in 1995 from 49% in 1994. This increase is attributable to improvements in the utilization rates for professional personnel and reduced reliance on independent subcontractors in 1995. Full-time equivalent consultants, including subcontractors, increased to 35 professionals in 1995 from 31 in 1994, to accommodate the increased number and size of client projects. Increased utilization, in addition to the impact of the consultant billing rate increase, improved average billings per professional in 1995 by 14% over 1994's levels.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 44% to $7.7 million in 1995 from $5.3 million in 1994. This increase is attributable to higher 1995 compensation for the Company's principal executive officers. The Company's 1995 executive incentive plan provided for compensation payments that were largely commensurate with increased gross profits generated from incremental revenues. Selling, general and administrative expenses, as a percentage of revenues, increased to 57% in 1995 from 51% in 1994. Excluding the incentive compensation expense for key executives, the remaining selling, general and administrative expenses were 11% and 13% of revenues in 1995 and 1994, respectively.

Operating Income (Loss). The operating loss increased to $0.6 million in 1995 from $0.2 million in 1994. The higher operating loss in 1995 was driven by increased compensation for the Company's principal executive officers, mitigated to some degree by improved gross margins.

1994 COMPARED TO 1993

Revenues. Revenues for both 1994 and 1993 were approximately $10.4 million. Revenues increased by less than 1%, as the number of client projects and the average project size were largely consistent from year to year. The Company increased its standard daily rates in the third quarter of 1994, but the increase did not have a material effect on 1994 results because it was effective only for new client engagements commencing after the effective date.

Gross Profit. Gross profit increased 13% to $5.2 million in 1994 from $4.6 million in 1993. Gross profit as a percentage of revenues increased to 49% in 1994 from 44% in 1993. This increase was a result of higher utilization of professional personnel. Full-time equivalent consultants, including subcontractors, decreased to 31 professionals in 1994 from 35 in 1993. The improved utilization and a modest increase in the average size of client projects improved average billings per professional for 1994 by 13% over 1993's levels.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 25% to $5.3 million in 1994 from $4.3 million in 1993. The increase is attributable to higher 1994 compensation for the Company's principal executive officers. The Company's 1994 executive incentive plan provided for compensation payments that were largely commensurate with increased gross profits generated from productivity improvements. As a percentage of revenues, selling, general and administrative expenses increased to 51% in 1994 from 41% in 1993. Excluding the incentive compensation expense for key executives, the remaining selling, general and administrative expenses were 13% and 14% of revenues in 1994 and 1993, respectively.

Operating Income (Loss). The Company generated an operating loss of $0.2 million in 1994, as compared to operating income of $0.3 million in 1993. This change was the result of increased compensation for the Company's principal executive officers, offset to some degree by improvements in gross margins.

UNAUDITED QUARTERLY RESULTS

The following table sets forth certain unaudited quarterly operating information for each of the eight quarters ending June 30, 1996. These data have been prepared on the same basis as the audited financial statements contained elsewhere in this Prospectus and include all normal recurring adjustments necessary for the fair presentation of the information for the periods presented, when read in conjunction with the Company's Financial Statements and related Notes thereto. Results for any previous fiscal quarter are not necessarily indicative of results for the full year or for any future quarter.

	QUARTERS ENDED							
	SEP. 30, 1994	DEC. 31, 1994	MAR. 31, 1995	JUNE 30, 1995	SEP. 30, 1995	DEC. 31, 1995	MAR. 31, 1996	JUNE 30, 1996
	(IN THOUSANDS)							
Revenues	$2,569	$2,191	$2,526	$3,100	$3,692	$4,142	$5,557	$5,300
Cost of services	1,185	1,205	1,294	1,547	1,645	1,936	2,546	2,768
Gross profit	1,384	986	1,232	1,553	2,047	2,206	3,011	2,532
Selling, general and administrative expenses	1,460	1,063	1,986	2,037	1,942	1,685	709	695
Operating income (loss)	(76)	(77)	(754)	(484)	105	521	2,302	1,837
Other expense (income), net	78	(38)	78	20	1	28	13	(1)
Income (loss) before								

income tax expense (benefit).....	(154)	(39)	(832)	(504)	104	493	2,289	1,838
Income tax expense (benefit).....	(37)	(10)	(298)	(180)	37	175	60	24
Net income (loss).....	$ (117)	$ (29)	$ (534)	$ (324)	$ 67	$ 318	$2,229	$1,814

Revenues and operating results fluctuate from quarter to quarter as a result of a number of factors, such as the significance of client engagements commenced and completed during a quarter, the number of business days in a quarter and employee hiring and utilization rates. The timing of revenues varies from quarter to quarter because of the Company's sales cycle, the ability of clients to terminate engagements without penalty, the size and scope of assignments and general economic conditions. Because a significant percentage of the Company's expenses are relatively fixed, a variation in the number of client assignments or the timing of the initiation or the completion of client assignments can cause significant variations in operating results from quarter to quarter. Furthermore, the Company has on occasion experienced a seasonal pattern in its operating results, with a smaller proportion of the Company's revenues and lower operating income occurring in the fourth quarter of the year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity has been operating cash flow, periodically supplemented by borrowings under a bank line of credit and by loans from stockholders. For the year ended December 31, 1995, and the six months ended June 30, 1996, operating activities generated net cash of $0.2 million and $1.8 million, respectively. At June 30, 1996, the Company had a line of credit equal to the lesser of $1.2 million or 65% of eligible accounts receivable and bore interest at the bank's prime rate (8.25% at June 30, 1996) plus 0.5%. There were no outstanding borrowings against the line of credit as of June 30, 1996.

At June 30, 1996 the Company had notes payable to shareholders in the aggregate amount of $1.0 million. The notes, each with a principal amount of $0.5 million, bear interest at a rate of 10% and mature on December 31, 1996.

The Company believes the net proceeds from the sale of Common Stock offered hereby, together with existing sources of liquidity and funds generated from operations, will provide adequate cash to fund its anticipated cash needs, including funding the Company's growth strategy, at least through the next twelve months.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, was issued in October 1995. The Company will be required to adopt the new standard no later than fiscal 1996, although early adoption is permitted. This standard establishes the fair value based method (the "FAS 123 Method") rather than the intrinsic value based method as the preferred accounting methodology for stock-based compensation arrangements. Entities are allowed to: (i) continue to use the intrinsic value based methodology in their basic financial statements and provide in the footnotes pro forma net income and earnings per share information as if the FAS 123 Method had been adopted; or (ii) adopt the FAS 123 Method. Adoption of the FAS 123 Method would result in higher compensation cost for the Company.

BUSINESS

The Metzler Group, Inc. is a leading nationwide provider of consulting

services to electric utilities and other energy-related businesses. The Company offers a wide range of consulting services related to information technology, process/operations management, strategy, and marketing and sales designed to assist its clients in succeeding in a business environment of changing regulation, increasing competition and evolving technology.

OVERVIEW

Background. The electric utility industry is one of the largest industries in the United States. According to the Edison Electric Institute, in 1995 the total assets of investor-owned utilities (which account for the vast majority of the industry's generating capacity and revenues) exceeded $575 billion and electric utility industry revenues from sales to end users totaled approximately $207 billion.

Like other businesses, electric utilities are increasingly turning to outside consulting firms to assist in or lead the process by which such enterprises address fundamental changes. In general, businesses engage consultants because: (i) the pace of change is eclipsing the companies' internal resources; (ii) many enterprises lack the depth and breadth of experience to identify, evaluate and implement the full range of possible options and solutions; (iii) outside specialists often enable their clients to develop better solutions in shorter time frames; (iv) purchasing consulting expertise converts fixed labor costs to variable costs and can be more cost-effective; and (v) consultants can often formulate more objective advice, free of internal cultural or political forces.

Utility Consulting Opportunity. The utilities industry represents a significant market for consulting services. An industry source estimates that the market for utility consulting in the U.S. was $1.8 billion (or 8% of the total market for consulting services) in 1995 and that this market will grow at a 9% compound rate through 2000.

The demand for consulting services in the U.S. electric utility industry is driven in significant part by the revolutionary change facing the industry as it begins to convert from a regulated monopoly structure to an increasingly competitive environment. Historically, due to the significant fixed costs inherent in generating and transmitting electricity, electric utilities were viewed as natural local monopolies, operating as an integrated entity to generate, transmit and distribute retail electricity within designated geographic service areas without competition from other suppliers.

However, as a result of recent market, regulatory and legislative factors, competition in the electric utility industry is being encouraged at both the state and federal regulatory levels, but the transformation to a competitive market for electricity is proceeding unevenly. Although deregulation of the transportation and telecommunications industries was accomplished relatively rapidly, deregulation of the electric utility industry has been more difficult due to the complex and overlapping web of over 200 federal and state regulatory bodies and the presence of a large number of separate, regulated companies. Accordingly, implementation will likely unfold on a state-by-state basis into the next century and may well face challenges from utilities and state and local governments.

Deregulation and the introduction of competition have created a significant need for consulting services that provide solutions to the problems facing electric utilities today. The changing competitive environment has forced the electric utility industry to confront an evolving range of strategic options and challenges, most of which are unfamiliar to participants that have operated under monopolistic assumptions since inception. Emerging strategies and challenges presently identified include the following:

- Information Technology. In general, the electric utility industry has been slow to adopt the latest in information technologies. Rapid technological advances and competitive pressures are forcing utilities to replace antiquated systems with new technology and to undertake major, critical systems projects.

- Cost Control. Utilities must reduce their costs in order to improve margins and to offer more competitive prices. Many utilities are already engaging in significant restructuring efforts, including process redesigns, deploying innovative information systems and technologies and redefining staffing and skill-mix requirements.

- Customer Focus and Innovation. In a fully deregulated electric utility market, end users will be able to select their electricity provider, much as they can choose their provider of long-distance and cellular telephone services today. In response, utilities, which have historically enjoyed a captive customer base, will need to develop marketing and sales skills to attract and retain customers, develop customer awareness and loyalty enhancement programs in order to establish brand identity and provide innovative services.

- Organization Restructuring. A number of utilities are abandoning their traditional integrated corporate structure and are organizing into distinct divisions responsible for power generation, transmission, distribution, and billing and customer service in an effort to provide these services more efficiently and effectively. These divisions need to formulate their own strategies, develop their own administrative infrastructure and implement their own marketing campaigns.

- Consolidation. More than 31 utilities have either consummated or announced mergers and other consolidations totaling more than $41 billion in value since 1990. This trend is expected to continue as utilities seek to achieve economies of scale, increase geographic coverage, eliminate redundant infrastructure, increase market leverage, reduce their cost of capital and expand their customer base. After a combination is consummated, the new entity often faces the difficult process of combining separate operations and infrastructure to achieve the desired efficiencies.

- Global Expansion. To improve investment opportunities and gain knowledge of deregulation, many utilities have taken advantage of utility privatization in foreign countries. This strategy has typically taken the form of either passive investments, alliances with other utilities, suppliers or financial institutions, or direct ownership and operations.

- Developing New Services. In order to meet the increased expectations of the competitive marketplace, utilities are evaluating new value-added services, such as the ability to monitor and control electrical usage with computerized metering devices. Furthermore, utilities may provide services to customers that are not directly related to the delivery of electricity. Like cable and local telephone companies, electric utilities have access to homes and businesses through their existing hard-wire connections, and they possess a significant infrastructure of poles and wires and related property easements. In addition, electric utilities have long-standing billing relationships with virtually every home and business in their service area. These factors may permit utilities to offer their customers a variety of new services--from security services in the near future, to telecommunications services and direct access video services in the distant future. In addition, many utilities are redirecting and redeploying assets through diversification initiatives, primarily within traditional business sectors such as energy services, fuel resources and services, and energy project investments.

STRENGTHS AND DIFFERENTIATION

Metzler offers a wide range of consulting services to electric utilities and other energy-related businesses to assist them in succeeding in a business environment of changing regulation, increasing competition and evolving technology. With its 44 full-time consultants devoted predominantly to the electric utility industry, the Company believes that it is a leading provider of electric utility consulting services. As a result, the Company believes that

it is well equipped to offer its clients innovative solutions appropriately tailored to the changing dynamics of the electric utility industry.

The Company believes that several factors distinguish it from many of the other participants in the consulting industry. These Company strengths include the following:

Established Electric Utility Expertise. For over thirteen years, the Company has focused primarily on providing consulting services to the electric utility industry. The Company believes that its vertical focus

and broad service offerings differentiate it from both general consulting firms that serve multiple industries and "niche" firms with limited skill sets that focus on the electric utility industry. The Company's consultants have significant prior industry or consulting experience and possess a breadth of functional knowledge in the critical business disciplines of strategic planning, information technology, accounting, finance, economics, organization design, marketing, sales, customer service, systems analysis, resource acquisition and asset management.

Deep-Rooted Client Relationships. By providing services to 34 of the 50 largest investor-owned electric utilities in the United States, the Company has developed numerous contacts at various levels within these client organizations, ranging from chief executive officers and other senior management to functional managers. Metzler's relationships can span multiple functional areas, which often leads to follow-on engagements. Many of the Company's relationships have moved beyond a relatively small initial project to span multiple engagements over a period of as much as eighteen months.

Proprietary Knowledge Base. Metzler has internally developed and continuously refines for use by its consultants a proprietary database of electric utility industry research, benchmarks and practical solutions. Relevant aspects of this accumulated knowledge are available to be incorporated quickly into the Company's analysis for new engagements, resulting in the consistent provision of proven, effective solutions and tangible benefits to its clients.

Wide Range of Industry-Specific Services. Many electric utility consulting engagements require the vendor to provide a broad array of service offerings--something many "niche" players cannot provide. Engagements often require creative solutions that must be drawn from diverse areas of expertise. Metzler's expertise in a wide range of services enables the Company to better pursue such opportunities and to offer itself as a single-source provider of information technology, process/operations management, strategy, and marketing and sales consulting services to utilities.

Strategic Planning Methodology. In its engagements, the Company uses COMPPASS 2000SM, a high-level modeling tool developed by Metzler to evaluate and explore broad issues in support of a utility's comprehensive strategic planning process. COMPPASS 2000 integrates available information on system capabilities (generation, transmission and distribution) and the marketplace (competitors and customers) to test and evaluate proposed management strategies against system constraints, market needs, regulatory commitments and potential competitive responses to maintain a company's competitive advantage within the evolving electric utility industry.

GROWTH STRATEGY

The Company's goal is to become the preeminent provider of a full range of consulting services necessary for electric utilities to thrive in a dynamic environment. Metzler's strategy to achieve this goal includes the following elements:

Further Penetrate Existing Client Base. Although Metzler has provided consulting services to many of the largest utilities in the United States,

some of these clients have historically engaged the Company to provide only limited types of services or to provide services to a single division or business unit. The Company believes that the provision of additional services to its existing client base represents a significant growth opportunity and that the opportunity can be better pursued if the Company adds consultants and further develops internal resources. The access, contact and goodwill provided by its existing client relationships afford it significant advantages in marketing additional services and solutions on an enterprise-wide basis.

Seek New Clients and Expand Geographic Presence. The Company also intends to target new clients by increasing its nationwide presence through the hiring of consultants with existing client relationships or through acquisitions of existing consulting firms. The Company will place particular emphasis on hiring new consultants that will expand the Company's geographic presence.

Continue to Recruit Highly Skilled Professionals. The Company believes that its continued success and growth require it to expand its base of highly skilled professionals. In order to compete successfully for new business and to obtain additional business from existing clients, the Company continually strives to recruit qualified, experienced personnel possessing the skills currently demanded by the changing dynamics of the electric utility industry. The Company particularly targets senior professionals with skills and client relationships that complement services currently offered by Metzler. The Company believes it enhances recruitment and retention of consultants by offering packages of base and incentive compensation and benefits that are significantly more attractive than those offered by the consulting industry in general. The Company also believes that operating as a public company will aid greatly in recruiting, retaining and incentivizing current and future employees.

Pursue Strategic Acquisitions. Given the highly fragmented nature of the consulting services marketplace, Metzler believes numerous acquisition opportunities exist. Acquisitions may provide the Company with a fast, cost-effective method to increase its number of consultants, broaden its client base, establish or expand its presence in a geographic region or obtain additional skill sets. In addition, the Company intends to seek to acquire or develop relationships with firms serving the utility industry whose services complement the Company's current offerings, thereby enabling the Company to market its existing services to the acquired company's client base and to market the acquired company's services to its own clients. The Company may also pursue vertical integration by acquiring businesses which it currently engages on a subcontractor basis to provide specialized technical skills in certain engagements.

Expand Service Offerings. The Company believes that in a more competitive marketplace, many electric utilities may seek to concentrate on their core business and delegate the operation of support functions to outside consulting firms. The Company is exploring the possibility of providing its electric utility clients with outsourcing services for certain information technology tasks and customer support operations.

SERVICES

The Company offers its consulting services in four principal areas: information technology, process/operations management, strategy, and marketing and sales. In order to understand the basic characteristics of a client, organizational unit or project, the Company generally performs more than 75% of the engagement at the client's site. This on-site presence helps avoid the development of conclusions drawn from limited exposure to company personnel, processes and facilities and enables Metzler consultants to be available to service further or expanded client needs as they may evolve. Although extensive time is spent on site, all Metzler consultants have portable computers running common software for word processing and tabular and graphic presentations, thereby allowing the project team to remain relatively independent of and non-intrusive into the client's daily business operations.

The table below provides examples of the Company's service offerings in each of these areas.

CATEGORY OF SERVICE	DESCRIPTION OF PROJECTS
INFORMATION TECHNOLOGY	. Total life cycle analysis and implementation of activity-based management systems, including process evaluation, activity definition, chart of accounts and system design, construction and implementation . Development of strategic information systems plans . Development of information systems such as activity-based management and marketing information systems . Development of information requirements and package evaluations for executive information systems, materials management systems and work management systems . Development of telecommunications systems, including integrated communications planning, communications market analysis, network traffic evaluation and customer operations process design
PROCESS/OPERATIONS MANAGEMENT	. Examination and reorganization of customer operations . Evaluation of distribution operations . Business process redesign of the material procurement and contract function . Consolidation options for transmission, distribution and customer service operations . Examination and restructuring of plant operations and maintenance functions . Consolidation and integration options for the marketing and customer services operations . Development of materials management programs . Materials management support for outages . Development of procurement strategies, policies and procedures . Examination of contract consolidation
STRATEGY	. Identification and evaluation of candidates for merger, consolidation or acquisition . Evaluation of alternative regulatory and legislative positions . Identification of how market clearing prices would respond to various strategic initiatives and activities within the marketplace . Development of non-regulated business plans and objectives, including investment and spending objectives . Examination of domestic and international energy market sectors and identification of opportunities for competitive leverage . Development of negotiation strategies for the client in the initiation and renewal of power commitment contracts . Independent evaluation of the planning process and products . Quantification and prioritization of operational and business strategies
MARKETING AND SALES	. Conduct of marketing analysis, market surveys, competitive assessments and profitability objectives . Detailed analysis of the marketplace including potential size and volume growth rates, customer preferences,

competitive strategies and market penetration options
- Market survey of industrial and commercial customers in response to proposed unbundled energy services
- Development of market strategies and marketing plans
- Restructuring of account management programs
- Restructuring and consolidation of distribution system networks to optimize service delivery
- Redesign and implementation of marketing and customer service functions

MARKETING AND SALES

The Company markets its services directly to senior executives of utilities from its headquarters near Chicago, Illinois. The Company employs a variety of business development and marketing techniques to communicate directly with current and prospective clients, including on-site presentations to senior utility executives, industry seminars featuring presentations by Metzler personnel and authoring of articles and other publications regarding the utility industry and the Company's methodologies.

A significant portion of new business arises from prior client engagements. Clients frequently expand the scope of engagements during delivery to include follow-on complementary activities. Also, the Company's on-site presence affords it the opportunity to become aware of, and to help define, additional project opportunities as they are identified by the client. The strong client relationships arising out of many engagements often facilitate the Company's ability to market additional capabilities to its clients in the future. In addition, the Metzler senior management team is actively engaged in meeting with utilities that have not yet engaged the Company and newly appointed senior managers in utilities where the Company has worked in the past to make them aware of the Company's capabilities.

CLIENTS AND REPRESENTATIVE SOLUTIONS

The Company has performed consulting assignments for more than 100 utility industry clients, principally investor-owned electric utilities. The Company's clients also include gas and water companies and other ownership structures such as holding companies, electric cooperatives, public power agencies and state regulatory commissions. The Company also serves independent power producers, co-generators and power marketers and suppliers to the utility industry.

Because of the nature and scope of many of the Company's projects, the Company derives a significant portion of its revenues from a relatively limited number clients that operate exclusively in the electric utility industry. For example, during 1995 and the first half of 1996, revenues from the Company's ten most significant clients accounted for approximately 80.5% and 76.3% of its revenues, respectively. In 1995, a group of affiliated clients and the Company's largest single client accounted for approximately 22.6% and 15.5% of the Company's revenues, respectively. The Company's largest clients typically engage the Company on consulting projects that span from twelve to eighteen months and thereafter the Company may not be rehired for a significant project for varying periods of time. This typical engagement cycle causes the Company's ten most significant clients, absent project carryovers, to change from year to year. For these reasons, the Company believes that it is not materially dependent on any particular client.

A list of representative clients is set forth below:

Allegheny Power System, Inc.	Gulf States Utilities Co.	Pennsylvania Power & Light Co.
Baltimore Gas & Electric Co.	Houston Industries Incorporated	
Carolina Power & Light Co.	Illinois Power Co.	Philadelphia Electric Co.

Centerior Energy Corp.
Central and South West Corp.
Cincinnati Gas & Electric Co.
CMS Energy Corp.
Commonwealth Edison Co.
Dominion Resources, Inc.
Entergy Corporation
General Public Utilities Corp.
Long Island Lighting Co.
New England Electric System
Niagara Mohawk Power Co.
Northeast Utilities
Northern States Power Co.
Ohio Edison Co.
Oklahoma Gas & Electric Co.
Pacific Gas & Electric Co.
Pinnacle West Capital Corp.
PSI Resources, Inc.
Public Service Enterprise Group, Inc.
Public Service of Colorado
San Diego Gas & Electric Co.
SCANA Corp.
SCEcorp.
Texas Utilities Company
Wisconsin Energy Corp.

Examples of Metzler's engagements include the following:

Strategic and Operations Planning. A start-up energy services company engaged Metzler to assist in its strategic and operations planning. The client was created from an acquisition by an electric utility company as part of the utility's diversification strategy in preparation for deregulation. Over the course of a multi-year

engagement, the Company performed regulatory, financial, marketing and product development studies to help develop and implement the energy service company's business strategy. During the two and one-half year period of the engagement, the client grew from a sales base of $20 million to over $100 million.

Business Strategy Implementation Planning. For a large east coast electric utility, Metzler jointly worked with a joint client team to complete a comprehensive analysis of its electric distribution business. This analysis identified specific strategies for the client to pursue in order to improve its competitive position. Using this analysis, Metzler led the development of a new business model for these operations, transitioning to the development of a separate power distribution entity. The new model focused on maximizing service levels while improving the cost competitiveness of the distribution business. The resulting implementation plan specified the procedures for the client to follow over the next three years in parallel to ongoing changes in the industry. The Company estimates that, as a result of implementing Metzler's recommendations, the client should realize approximately $5 million in annual cost savings by the year 2000.

Distribution Operations Redesign. Metzler worked with management of a major southwest electric utility to identify opportunities to redesign the service delivery network for metropolitan operations serving 1.2 million customers and involving 1,500 distribution personnel. The analysis involved developing a comprehensive operations model for the business and evaluating existing boundaries, facilities, and work practices. The resulting recommendations lead to the development of implementation teams to move forward in four key areas: (i) establishing a flexible organization that can respond to customer changes over time; (ii) implementing job site reporting for company construction personnel, improving service and reducing costs; (iii) redesigning trouble response operations to reduce outage times; and (iv) implementing new work day structures to increase utilization. The Company estimates that the client should realize $8 to $10 million in annual cost savings by the end of the third year.

HUMAN RESOURCES

As of July 1, 1996, the Company's personnel consisted of 52 employees, consisting of 44 full-time consultants and eight support personnel. The Company's success depends in large part on attracting, retaining and

motivating talented, creative and experienced professionals at all levels. See "Risk Factors--Attraction and Retention of Employees." In connection with its hiring efforts, the Company employs a full-time human resources coordinator, retains several executive search firms and relies on personal and business contacts to recruit professionals with significant utility industry or consulting experience. The Company's hiring focus is not on finding a large number of employees, but rather on identifying candidates who are well suited by background and temperament to serve the Company's utility client base. The Company's consultants are drawn from utility and related industries such as engineering, construction and telecommunications, and from accounting and other consulting organizations. The Company's fifteen senior most managers each average a total of fifteen years of utility industry and consulting experience. The Company has experienced consultant attrition of approximately 15% over each of the last two years, predominantly at the associate level.

The Company has developed mentoring programs to assist in training its employees, and intends to further enhance its focus on employee training in the future. The Company also develops its consultants through a training program, as well as review of precedent from prior Company engagements.

The Company promotes loyalty and continuity of its consultants by offering packages of base and incentive compensation and benefits that it believes are significantly more attractive than those offered by the consulting industry in general. In addition, to attract and retain consultants, the Company has established several employee benefit plans. See "Management--Long-Term Incentive Plan."

In addition to the employees discussed above, Metzler supplements its consultants on certain engagements with independent contractors, many of whom are former employees of the Company. The Company is responsible for selecting these individuals and integrating their work product into a total solution for the Company's utility client. The Company has 37 individuals on its current list of approved independent contractors,

of whom approximately ten to fifteen are working on engagements with Metzler at any given time. The Company believes that its practice of retaining independent contractors on a per-engagement basis provides it with greater flexibility in adjusting professional personnel levels in response to changes in demand for its services.

COMPETITION

The market for consulting services to electric utilities is intensely competitive, highly fragmented and subject to rapid change. The market includes a large number of participants from a variety of market segments, including general management consulting firms, the consulting practices of "Big Six" accounting firms, and local or regional firms specializing in utility services. Many information technology consulting firms also maintain significant practice groups devoted to the utility industry. Many of these companies are national and international in scope and have greater financial, technical and marketing resources than the Company. The Company believes that its experience, reputation, industry focus and broad range of services will enable it to compete effectively in its marketplace. See "Risk Factors--Competition."

FACILITIES

Metzler currently operates from 10,000 square feet of leased office space located in Deerfield, Illinois. The Company believes that additional space will be required as its business expands geographically and that it will be able to obtain suitable space as needed.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The Company's executive officers and directors and their respective ages and positions as of August 1, 1996, are as follows:

NAME	AGE	POSITION WITH THE COMPANY
Robert P. Maher	46	Chairman of the Board, President, Chief Executive Officer and Director
Gerald R. Lanz	48	Chief Operating Officer and Director
James F. Hillman	39	Chief Financial Officer and Treasurer
James T. Ruprecht	37	Senior Vice President and Director
James R. Blomberg	36	Senior Vice President
David J. Donovan	46	Senior Vice President
Stephen R. Goldfield	32	Senior Vice President
Richard J. Metzler	55	Senior Vice President

Robert P. Maher has served as a Director of the Company since April 1991. He has served as Chief Executive Officer and President since January 1996 and as Chairman of the Board since June 1996. From August 1990 to December 1995, Mr. Maher held various positions with the Company, most recently as a Senior Vice President working primarily in the information technology area. From 1988 to August 1990, he was a principal with the consulting practice of Ernst & Young LLP where he organized and directed information technology engagements for the regulated segment of the communications industry practice.

Gerald R. Lanz has served as a Director of the Company since January 1996 and as Chief Operating Officer since June 1996. From December 1994 to June 1996, Mr. Lanz held various management positions with the Company, most recently as a Senior Vice President working in the area of strategic and business practices. From July 1989 to June 1994, he was employed by Ameritech Corporation in a series of management positions, most recently as Vice President of Marketing and Business Development for its Small Business Services division.

James F. Hillman has served as the Chief Financial Officer and Treasurer since June 1996. From April 1996 to June 1996, Mr. Hillman served as a Principal Associate of the Company. From July 1988 to March 1996, he was employed by Ameritech Corporation, most recently as the Chief Financial Officer of Ameritech Monitoring Services, Inc.

James T. Ruprecht has served as a Director of the Company since December 1994 and as a Senior Vice President since January 1994. From April 1987 to January 1996, Mr. Ruprecht held various management positions with the Company, working primarily in the areas of business process re-engineering, customer operations and supply chain management. Prior to his employment at Metzler, he held various positions with the Northern Illinois Gas Company, most recently as an Area Manager of Operations.

James R. Blomberg has served as a Senior Vice President since January 1996. From May 1989 to January 1996, Mr. Blomberg held various management positions with the Company, working primarily in the areas of business process re-engineering, customer operations and marketing. He served as a Director of the Company from June 1995 to June 1996.

David J. Donovan has served as a Senior Vice President since April 1987, working in the areas of strategic marketing and energy planning. He served as a Director of the Company from April 1991 to June 1996.

Stephen R. Goldfield has served as a Senior Vice President since January 1996. From July 1990 to January 1996, Mr. Goldfield held various senior management positions with the Company. He served as Director of the Company from June 1995 to June 1996. Prior to his employment at the Company, Mr.

Goldfield was employed by the Philadelphia Electric Company.

Richard J. Metzler, the founder of the Company, has served as a Senior Vice President and Chairman Emeritus since June 1996. From January 1996 to June 1996 he served as Treasurer, and from July 1983 to December 1995 Mr. Metzler served as the President and Chairman of the Board of the Company. He served as a Director of the Company from July 1983 to June 1996.

The Company's executive officers are appointed annually by, and serve at the discretion of, the Board of Directors. Each executive officer is a full-time employee of the Company. All directors hold office until the next annual meeting of stockholders or until their successors are duly elected and qualified. The Board of Directors currently consists of three members. The Company expects to fill the two current vacancies on the Board with independent directors following the consummation of the offering. The Board of Directors is divided into three classes, each of whose members serve for a staggered three-year term. The Board is comprised of two Class I Directors (to be appointed within 90 days after the closing of this offering), two Class II Directors (Messrs. Lanz and Ruprecht) and one Class III Director (Mr. Maher). At each annual meeting of stockholders the appropriate number of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the Class I Directors, Class II Directors and Class III Directors will expire upon the election and qualification of successor directors at the annual meetings of stockholders held in calendar years 1997, 1998 and 1999, respectively. There are no family relationships between any director or executive officer of the Company.

BOARD COMMITTEES

The Audit Committee will be responsible for reviewing with management the financial controls, accounting and audit and reporting activities of the Company. The Committee will review the qualifications of the Company's independent auditors, make recommendations to the Board of Directors regarding the selection of independent auditors, review the scope, fees and results of any audit and review non-audit services and related fees provided by the independent auditors. The members of the Audit Committee have not yet been appointed. The Company intends to appoint the two independent directors to this committee.

The Compensation Committee will be responsible for the administration of all salary and incentive compensation plans for the officers and key employees of the Company, including bonuses. The Committee will also administer the Company's Long-Term Incentive Plan. The members of the Compensation Committee have not yet been appointed. The Company intends to appoint the two independent directors to this committee.

The Board of Directors does not have a nominating committee. The selection of nominees for the Board of Directors will be made by the entire Board of Directors.

DIRECTOR COMPENSATION

Directors who are not executive officers of the Company will be paid a fee of $1,000 for each board meeting attended in person and all directors will be reimbursed for travel expenses incurred in connection with attending board and committee meetings. Directors are not entitled to additional fees for serving on committees of the Board of Directors. Pursuant to the terms of the formula program of the Company's Long-Term Incentive Plan, each director of the Company appointed after the completion of this offering who is not otherwise employed by the Company automatically will be granted an option to purchase 3,000 shares of Common Stock for each year of the term to be served upon his or her initial election or re-election to the Board of Directors. The options will have an exercise price equal to the fair market value of the Common Stock on the date of grant, and will be exercisable in equal annual installments over the term to be served beginning on the first anniversary of the date of

grant.

EXECUTIVE COMPENSATION

The following table sets forth certain information with respect to the annual and long-term compensation earned for the fiscal year ended December 31, 1995 for the Company's Chief Executive Officer and the four most highly compensated executive officers other than the Chief Executive Officer (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION(1) SALARY	BONUS
Robert P. Maher President and Chief Executive Officer	$ 182,333	$414,505
Gerald R. Lanz Chief Operating Officer	175,000	599,230
James T. Ruprecht Senior Vice President	175,000	864,205
David J. Donovan Senior Vice President	175,000	678,011
Richard J. Metzler Senior Vice President	1,050,776	412,938

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(1) The Company did not issue any restricted stock or grant any stock appreciation rights or make any Long-Term Incentive Plan payouts to any of the Named Executive Officers in 1995.

Effective as of the date of this Prospectus, the Board of Directors has approved a new compensation program for the Named Executive Officers, which provides for initial annual base salaries ranging from $225,000 to $375,000. In addition to the base salaries, a bonus structure has been established under which bonuses ranging from 0% to 125% of the Named Executive Officer's annual base salary will be awarded based on the attainment of certain financial performance criteria. Under the compensation program, the Company's other senior managers will have annual base compensation and bonus arrangements similar to the Named Executive Officers.

LONG-TERM INCENTIVE PLAN

The Board of Directors has adopted The Metzler Group, Inc. Long-Term Incentive Plan (the "Long-Term Plan"). The Long-Term Plan is designed to enhance the long-term profitability and stockholder value of the Company by offering Common Stock, Common Stock-based, and other performance incentives to those individuals who are key to the growth and success of the Company, to attract and retain executives with experience and ability on a basis competitive with industry practice and to encourage executives to acquire and maintain stock ownership in the Company.

The Long-Term Plan is administered by the Compensation Committee, which, except for the formula program (the "Formula Program") noted below for non-employee directors, has exclusive authority to grant awards under the Long-Term Plan and to make all interpretations and determinations affecting the Long-Term Plan. The Compensation Committee has the discretion to determine the individuals to whom Awards (as defined below) are granted, the amount of such Award, any applicable vesting schedule and other terms of any Award.

Participation in the Long-Term Plan is limited to employees, consultants, advisors and independent contractors of the Company and its subsidiaries who are selected from time to time by the Compensation Committee. In addition, non-employee directors automatically participate in the Formula Program. Awards under the Long-Term Plan may be in the form of stock options (including both incentive stock options that meet the requirements of Section 422 of the Internal Revenue Code and nonqualified stock options), stock awards, restricted stock grants, stock appreciation rights ("SARs") and performance awards (collectively, "Awards"). Any Award issued under the Long-Term Plan that is forfeited, expired, canceled or terminated prior to vesting or exercise will again become available for grant under the Long-Term Plan.

The Long-Term Plan also includes the Formula Program. The Formula Program provides for the automatic grant of options to purchase shares of Common Stock to non-employee directors of the Company. Pursuant to the terms of the Formula Program, each director of the Company who is not otherwise employed by the Company automatically will be granted an option to purchase 3,000 shares of Common Stock for each year of the term to be served upon his or her initial election or re-election to the Board of Directors. The options will vest in equal annual installments over the term to be served beginning on the first anniversary of the option grant date.

The maximum number of shares of Common Stock that may be issued and sold under the Long-Term Plan is 1,300,000 shares. In the event of any stock dividend, stock split, recapitalization, merger, other change in the capitalization of the Company or similar corporate transaction or event affecting the Common Stock the Compensation Committee may make appropriate adjustments to the Awards. Alternatively, the Company may accelerate the timing of the exercise of any Awards or cancel any Award and provide instead for the payment to the participant in cash of the economic value of the Award at the time of cancellation.

On June 30, 1996, the Company granted options to purchase 355,666 shares at an exercise price of $12 per share, which was equal to the estimated fair market value of the Common Stock as of that date.

CERTAIN TRANSACTIONS

In December 1995, in connection with an ownership transition from Richard Metzler, the founder of the Company, to the existing stockholders, the Company and each of the Selling Stockholders entered into a shareholders agreement (the "Shareholders Agreement"), pursuant to which, among other things: (i) certain actions of the Company required the prior approval by a specified number of the stockholders; (ii) compensation levels and dividends were fixed; and (iii) certain restrictions relating to the transfer of the shares of Common Stock were established. In addition, under the terms of the Shareholders Agreement, Mr. Metzler was granted a "look-back" option pursuant to which, under certain circumstances including a public offering of Common Stock of the Company, Mr. Metzler was granted the right to repurchase from the existing stockholders certain shares of Common Stock. Immediately prior to this offering, Mr. Metzler exercised his "look-back" option to purchase from the other shareholders of the Company 257,143 shares from each of Messrs. Donovan, Goldfield, Lanz, Maher and Ruprecht and 171,428 shares from Mr. Blomberg and the Shareholder Agreement was terminated. Pursuant to a Redemption Agreement between the Company and Mr. Metzler effective as of the date of this Prospectus, the Company repurchased 1,714,285 shares from Mr. Metzler in exchange for a promissory note in the amount of $7,975,000.

During each of the Company's last three fiscal years, Richard Metzler, the founder of the Company and a director at the time, withdrew advances from the Company that were later converted to salary expense.

Richard Metzler borrowed $725,000 from the Company, as evidenced by a promissory note dated May 1, 1996 that bears interest at 6% and was due in three equal annual installments beginning on December 31, 1996. In July 1996,

this note was amended to be immediately due and payable in cash upon the closing of this offering.

During 1993 and 1994 the Company paid expenses and collected revenues on behalf of LORE Systems, Inc. ("LORE"), a company owned solely by Mr. Metzler. Amounts paid by the Company, net of amounts collected, were reimbursed by LORE. Expenses paid by the Company on behalf of LORE during the years ended December 31, 1993 and 1994 were $294,194 and $228,275, respectively.

In January 1996, the Company borrowed $500,000 from each of Messrs. Metzler and Maher for operating capital. The promissory notes bear interest at 10% per annum and are due on December 31, 1996.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of July 1, 1996, and as adjusted to reflect the sale of the shares offered hereby, by: (i) each person known by the Company to own beneficially more than five percent of the outstanding shares of Common Stock; (ii) each of the Company's directors; (iii) each of the Named Executive Officers; (iv) each Selling Stockholder; and (v) all directors and executive officers of the Company as a group. Each person named below has an address in care of the Company's principal executive offices. The Company believes that each person named below has sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by such holder, subject to community property laws where applicable.

	BENEFICIAL OWNERSHIP PRIOR TO OFFERING(1)		NUMBER OF SHARES BEING	BENEFICIAL OWNERSHIP AFTER OFFERING(1)	
NAME	NUMBER OF SHARES	PERCENT	OFFERED	NUMBER OF SHARES	PERCENT
David J. Donovan	1,200,000	15.0%	100,000	1,100,000	11.0%
Stephen R. Goldfield	1,200,000	15.0%	100,000	1,100,000	11.0%
Gerald R. Lanz	1,200,000	15.0%	100,000	1,100,000	11.0%
Robert P. Maher	1,200,000	15.0%	100,000	1,100,000	11.0%
Richard J. Metzler	1,200,000	15.0%	600,000	600,000	6.0%
James T. Ruprecht	1,200,000	15.0%	100,000	1,100,000	11.0%
James R. Blomberg	800,000	10.0%	100,000	700,000	7.0%
All Directors and Executive Officers as a group (8 persons)	8,000,000	100.0%	1,200,000	6,800,000	68.0%

- --------

(1) Applicable percentage of ownership as of July 1, 1996 is based upon 8,000,000 shares of Common Stock outstanding. Applicable percentage ownership after this offering is based upon 10,000,000 shares of Common Stock outstanding. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and includes voting and investment power with respect to the shares shown as beneficially owned.

DESCRIPTION OF CAPITAL STOCK

GENERAL

The authorized capital stock of the Company consists of 15,000,000 shares of

Common Stock, par value $.001 per share, and 3,000,000 shares of Preferred Stock, par value $.001 per share (the "Preferred Stock"). Prior to the consummation of the offering, the Company will have outstanding 8,000,000 shares of Common Stock and no shares of Preferred Stock. Upon completion of this offering, the Company will have outstanding 10,000,000 shares of Common Stock and no shares of Preferred Stock. As of July 1, 1996, there were seven record holders of Common Stock.

COMMON STOCK

Holders of Common Stock are entitled to one vote per share for the election of directors and all other matters submitted for stockholder vote, except matters submitted to the vote of another class or series of shares. Holders of Common Stock are not entitled to cumulative voting rights. Therefore, the holders of a majority of the shares voting for the election of directors can elect all of the directors if they choose to do so. The holders of Common Stock are entitled to dividends in such amounts and at such times, if any, as may be declared by the Board of Directors out of funds legally available therefor. The Company has not paid any dividends, other than dividends paid in connection with the Company's S-corporation status (see "S Corporation Dividend"), on its Common Stock and does not anticipate paying any cash dividends on such stock in the foreseeable future. See "Dividend Policy." Upon liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all net assets available for distribution to stockholders after payments to creditors. The Common Stock is not redeemable and has no preemptive or conversion rights.

The rights of the holders of Common Stock are subject to the rights of the holders of any Preferred Stock which may, in the future, be issued. All outstanding shares of Common Stock are, and the shares of Common Stock to be sold by the Company in this offering when issued will be, duly authorized, validly issued, fully paid and nonassessable.

PREFERRED STOCK

The Board of Directors has the authority to issue the Preferred Stock in one or more series and to fix the price, rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the stockholders and may adversely affect the voting and other rights of the holders of Common Stock. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of Common Stock, including the loss of voting control to others.

ANTITAKEOVER EFFECTS OF PROVISIONS OF THE CERTIFICATE OF INCORPORATION, BY-LAWS AND DELAWARE LAW

Certificate of Incorporation and By-Laws. The Company's Certificate of Incorporation provides that the Board of Directors will be divided into three classes of directors, each class constituting approximately one-third of the total number of directors and with the classes serving staggered three-year terms. The By-Laws provide that the Company's stockholders may call a special meeting of stockholders only upon a request of stockholders owning at least 50% of the Company's capital stock. These provisions of the Certificate of Incorporation and By-Laws could discourage potential acquisition proposals and could delay or prevent a change in control of the Company. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and in the policies formulated by the Board of Directors and to discourage certain types of transactions that may involve an actual or threatened change of control of the Company. These provisions are designed to reduce the vulnerability of the Company to an unsolicited acquisition proposal. The

provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for the Company's shares and, as a consequence, they also may inhibit fluctuations in the market price of the Company's shares that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in the management of the Company. See "Risk Factors--Certain Anti-Takeover Effects."

Delaware Takeover Statute. The Company is subject to Section 203 of the Delaware General Corporation Law ("Section 203"), which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder, unless: (i) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (a) by persons who are directors and also officers and (b) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to such plans will be tendered in a tender or exchange offer; or (iii) on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines business combination to include: (i) any merger or consolidation involving the corporation and the interested stockholder; (ii) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (iii) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (iv) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (v) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

LIMITATION OF LIABILITY AND INDEMNIFICATION

Limitation of Liability. As permitted by the Delaware General Corporation Law, the Company's Certificate of Incorporation provides that directors of the Company shall not be personally liable for monetary damages to the Company for certain breaches of their fiduciary duty as directors, unless they violated their duty of loyalty to the Company or its stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions, or derived an improper personal benefit from their action as directors. This provision would have no effect on the availability of equitable remedies or nonmonetary relief, such as an injunction or rescission for breach of the duty of care. In addition, the provision applies only to claims against a director arising out of his or her role as a director and not in any other capacity (such as an officer or employee of the Company). Further, liability of a director for violations of the federal securities laws will not be limited by this provision. Directors will, however, no longer be liable for monetary damages arising from decisions involving violations of the duty of care which could be deemed grossly negligent.

Indemnification. The Certificate of Incorporation provides that directors and officers of the Company shall be indemnified by the Company to the fullest

extent authorized by Delaware law, as it now exists or may in the future be amended, against all expenses and liabilities reasonably incurred in connection with service for or on behalf of the Company. The Certificate of Incorporation also authorizes the Company to enter into one or more agreements with any person that provide for indemnification greater or different from that provided in the Certificate of Incorporation. The Company has entered into indemnification agreements with all current members

of the Board of Directors and executive officers. The Company believes that these provisions and agreements are desirable to attract and retain qualified directors and officers. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is Harris Trust and Savings Bank.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, the Company will have 10,000,000 shares of Common Stock outstanding. Of these shares, the 3,200,000 shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares purchased by "affiliates" of the Company, as that term is defined under the Securities Act ("Affiliates"), may generally only be sold in compliance with the limitations of Rule 144 described below.

The remaining 6,800,000 shares of Common Stock are deemed "Restricted Shares" under Rule 144. The number of shares of Common Stock available for sale in the public market is limited by restrictions under the Securities Act and lock-up agreements under which the holders of such shares have agreed not to sell or otherwise dispose of any of their shares for a period of 180 days after the effective date of this offering (the "Lock-Up Period") without the prior written consent of the Representative. Because of these restrictions, on the date of this Prospectus, no shares other than the 3,200,000 shares offered hereby will be eligible for sale. Until October 1997, no Restricted Shares may become available for sale in the public market subject to Rule 144 and Rule 701 of the Securities Act.

In general, under Rule 144 of the Securities Act as currently in effect, beginning 90 days after this offering, a person (or persons whose shares are aggregated) who has beneficially owned "restricted" shares for at least two years, including a person who may be deemed an Affiliate of the Company, is entitled to sell within any three-month period a number of shares of Common Stock that does not exceed the greater of 1% of the then-outstanding shares of Common Stock of the Company (100,000 shares after giving effect to this offering) or the average weekly trading volume of the Common Stock as reported through the Nasdaq National Market during the four calendar weeks preceding such sale. Sales under Rule 144 of the Securities Act are subject to certain restrictions relating to manner of sale, notice and the availability of current public information about the Company. In addition, under Rule 144(k) of the Securities Act, a person who is not an Affiliate of the Company at any time 90 days preceding a sale, and who has beneficially owned shares for at least three years, would be entitled to sell such shares immediately following this offering without regard to the volume limitations, manner of sale provisions or notice or other requirements of Rule 144 of the Securities Act.

Rule 701 under the Securities Act provides that shares of Common Stock acquired on the exercise of outstanding options may be resold by persons other than Affiliates, beginning 90 days after the date of this Prospectus, subject

only to the manner of sale provisions of Rule 144, and by Affiliates, beginning 90 days after the date of this Prospectus, subject to all provisions of Rule 144 except its two-year minimum holding period. The Company intends to register on a registration statement on Form S-8, shortly after the date of this Prospectus, a total of 1,300,000 shares of Common Stock reserved for issuance under the Company's Long-Term Incentive Plan.

UNDERWRITING

Subject to certain terms and conditions of the Underwriting Agreement, the underwriters named below (the "Underwriters"), for whom Donaldson, Lufkin & Jenrette Securities Corporation is acting as Representative, have severally agreed to purchase from the Company and the Selling Stockholders, and the Company and the Selling Stockholders have agreed severally to sell to each of the Underwriters, the number of Shares set forth opposite their respective names at the initial public offering price per share less the underwriting discounts and commissions set forth on the cover of this Prospectus.

UNDERWRITERS	NUMBER OF SHARES
Donaldson, Lufkin & Jenrette Securities Corporation.....	
Total.....	3,200,000

The Underwriting Agreement provides that the obligations of the several Underwriters to purchase the Shares offered hereby are subject to approval of certain legal matters by their counsel and to certain other conditions. If any of the Shares are purchased by the Underwriters pursuant to the Underwriting Agreement, the Underwriters are obligated to purchase all Shares (other than those covered by the over-allotment option described below).

The Company and the Selling Stockholders have been advised by the Underwriters that they propose to offer the Shares to the public initially at the price to the public set forth on the cover page of this Prospectus and to certain dealers at such price, less a concession not in excess of $ per Share. The Underwriters may allow, and such dealers may re-allow, a concession not in excess of $ per Share to certain other dealers. After this offering, the offering price and other selling terms may be changed by the Underwriters.

Pursuant to the Underwriting Agreement, the Company and certain Selling Stockholders have granted to the Underwriters an option, exercisable not later than 30 calendar days from the date of the Underwriting Agreement, to purchase up to an aggregate of 480,000 additional Shares at the initial offering price set forth on the cover page of this Prospectus, less the underwriting discounts and commissions, solely to cover over-allotments. Up to 240,000 of the Shares covered by such option will be made available by the Company, and up to an additional 240,000 Shares in the aggregate will be made available equally by Messrs. Maher, Lanz, Ruprecht, Blomberg, Donovan and Goldfield.

To the extent that the Underwriters exercise such option, each of the Underwriters will have a firm commitment to purchase approximately the same percentage of the option shares as the number of Shares to be purchased by it shown in the above table bears to the total number of Shares shown in the above table, and the Selling Stockholders will be obligated, pursuant to the option, to sell such Shares to the Underwriters. The Underwriters may exercise such option only to cover over-allotments made in connection with the sale of the Shares offered hereby. If purchased, the Underwriters will sell such additional 480,000 Shares on the same terms as those on which the Shares are

being offered.

The Underwriting Agreement contains covenants of indemnity among the Underwriters, the Company and the Selling Stockholders against certain civil liabilities, including liabilities under the Securities Act.

The Company, the Selling Stockholders and the executive officers and directors of the Company have each agreed that during the 180-day period after the date of this Prospectus they will not, without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation, sell, offer to sell, contract to sell, grant any option to purchase or otherwise dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, other than the Shares, except that the Company may issue shares upon the exercise of stock options granted prior to the execution of the Underwriting Agreement, and may grant additional options under its Long-Term Incentive Plan, provided that, without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation, such options shall not be exercisable during such period.

The Representative has informed the Company and the Selling Stockholders that the Underwriters do not intend to confirm sales to any discretionary accounts without prior specific written approval of the customer.

Prior to this offering, there has been no public market for the shares of Common Stock. The initial public offering price will be negotiated among the Company, the Selling Stockholders and the Representative. Among the factors to be considered in determining the initial public offering price of the Common Stock, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Sachnoff & Weaver, Ltd., Chicago, Illinois. Certain legal matters in connection with the offering will be passed upon for the Underwriters by Winston & Strawn, Chicago, Illinois.

EXPERTS

The Financial Statements of the Company as of December 31, 1994 and 1995, and for each of the years in the three-year period ended December 31, 1995, have been included herein in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Commission, Washington, D.C. 20549, a Registration Statement, of which this Prospectus constitutes a part, on Form S-1 under the Securities Act with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules to the Registration Statement. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement and the exhibits and schedules filed as a part of the Registration Statement. Statements contained in this Prospectus concerning the contents of any contract or any other document referred to are not necessarily complete; reference is made in each instance to the copy of such contract or document filed as an exhibit to the Registration Statement. Each such statement is qualified in all respects by such reference to such exhibit. The Registration Statement, including exhibits and schedules thereto, may be inspected without charge at the Commission's principal office in Washington, D.C., and copies of

all or any part thereof may be obtained from such office after payment of fees prescribed by the Commission. The Registration Statement, including the exhibits and schedules thereto, is also available at the Commission's site on the World Wide Web at http:/www.sec.gov. Copies of reports, proxy and information statements and other information regarding the Company are also available at the Commission's Web site.

THE METZLER GROUP, INC.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

WHEN THE TRANSACTION REFERRED TO IN PARAGRAPH 1 OF NOTE 11 OF THE NOTES TO FINANCIAL STATEMENTS HAS BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING REPORT.

KPMG Peat Marwick LLP

The Stockholders and Board of Directors
The Metzler Group, Inc.:

We have audited the accompanying balance sheets of The Metzler Group, Inc. as of December 31, 1994 and 1995, and the related statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Metzler Group, Inc. as of December 31, 1994 and 1995, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1995 in conformity with generally accepted accounting principles.

Chicago, Illinois
July 23, 1996

except for paragraph 1 of Note 11,
which is as of , 1996

THE METZLER GROUP, INC.

BALANCE SHEETS

ASSETS

	DECEMBER 31,		JUNE 30, 1996
	1994	1995	(UNAUDITED)
Current assets:			
Cash	$ 63,631	$ 223,235	$ 226,200
Trade accounts receivable	2,004,241	2,288,878	4,315,355
Current portion of note receivable from officer	--	--	241,667
Prepaid expenses and other	10,616	7,939	144,431
Total current assets	2,078,488	2,520,052	4,927,653
Property and equipment, at cost:			
Office furniture and equipment	889,791	599,466	623,953
Computer software	107,044	55,109	58,729
Automobiles	53,846	64,471	64,471
	1,050,681	719,046	747,153
Less accumulated depreciation and amortization	(611,380)	(459,520)	(505,505)
Net property and equipment	439,301	259,526	241,648
Note receivable from officer, less current portion	--	--	483,333
Total assets	$2,517,789	$2,779,578	$5,652,634
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Note payable	355,740	405,740	--
Notes payable to officers	--	--	1,000,000
Current portion of obligation under capital lease	14,168	15,443	16,123
Accounts payable	44,205	177,576	140,560
Accrued compensation and related costs	879,889	1,659,290	1,426,553
Income taxes payable	--	14,859	25,000
Deferred income taxes	404,000	160,000	25,000
Other current liabilities	70,154	37,786	130,915
Total current liabilities	1,768,156	2,470,694	2,764,151
Obligations under capital lease, less current maturities	45,887	30,443	22,208
Deferred revenue	--	15,348	25,138
Deferred income taxes	49,000	20,000	155,000

Total liabilities	1,863,043	2,536,485	2,966,497
Stockholders' equity:			
Preferred stock, $.001 par value; 3,000,000 shares authorized; no shares issued or outstanding	--	--	--
Common stock, $.001 par value, 15,000,000 shares authorized; 9,519,999, 9,714,285, and 9,714,285 shares issued and outstanding in 1994, 1995, and June 30, 1996; respectively.	9,520	9,714	9,714
Additional paid-in capital	46,297	107,682	107,682
Retained earnings	598,929	125,697	2,568,741
Total stockholders' equity	654,746	243,093	2,686,137
Total liabilities and stockholders' equity	$2,517,789	$2,779,578	$5,652,634

See accompanying notes to financial statements.

THE METZLER GROUP, INC.

STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1993	1994	1995	1995	1996
				(UNAUDITED)	
Revenues	$10,379,915	$10,419,878	$13,459,725	$ 5,625,590	$ 10,856,647
Cost of services	5,797,297	5,262,922	6,421,560	2,840,445	5,313,835
Gross profit	4,582,618	5,156,956	7,038,165	2,785,145	5,542,812
Selling, general and administrative expenses	4,266,140	5,326,668	7,650,047	4,023,325	1,403,341
Operating income (loss).	316,478	(169,712)	(611,882)	(1,238,180)	4,139,471
Other expense (income):					
Interest expense	33,140	51,111	50,893	26,769	20,394
Interest income	(11,990)	(5,097)	(17,469)	(2,187)	(11,075)
Other, net	(5,870)	26,048	93,926	73,061	3,108
Total other expense (income)	15,280	72,062	127,350	97,643	12,427
Income (loss) before income tax expense (benefit)	301,198	(241,774)	(739,232)	(1,335,823)	4,127,044
Income tax expense (benefit)	147,000	(58,000)	(266,000)	(478,000)	84,000
Net income (loss)	$ 154,198	$ (183,774)	$ (473,232)	$ (857,823)	$ 4,043,044
Pro forma income data (unaudited) (note 2):					
Net income (loss) as reported			$ (473,232)		$ 4,043,044
Pro forma adjustments.			1,665,176		(2,178,494)
Pro forma net income			1,191,944		1,864,550
Pro forma net income per share			$ 0.12		$ 0.19

See accompanying notes to financial statements.

THE METZLER GROUP, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1993, 1994, 1995
AND THE SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	TOTAL STOCKHOLDERS'
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	EARNINGS	EQUITY
Balance at December 31, 1992	--	$ --	1,010	$1,010	$122,162	$ 628,505	$ 751,677
Retroactive restatement for a 9,714.285 for 1 stock split in the form of a common stock dividend effective September , 1996	--	--	9,810,418	9,810	(9,810)	--	--
As restated	--	--	9,811,428	9,811	113,361	628,505	751,677
Net income	--	--	--	--	--	154,198	154,198
Purchase of common stock	--	--	(194,286)	(194)	(45,988)	--	(46,182)
Balance at December 31, 1993	--	--	9,617,142	9,617	67,373	782,703	859,693
Net loss	--	--	--	--	--	(183,774)	(183,774)
Purchase of common stock	--	--	(485,714)	(486)	(140,662)	--	(141,148)
Issuance of common stock	--	--	388,571	389	119,586	--	119,975
Balance at December 31, 1994	--	--	9,519,999	9,520	46,297	598,929	654,746
Net loss	--	--	--	--	--	(473,232)	(473,232)
Issuance of common stock	--	--	194,286	194	61,385	--	61,579
Balance at December 31, 1995	--	--	9,714,285	9,714	107,682	125,697	243,093
Net income (unaudited)	--	--	--	--	--	4,043,044	4,043,044
S-Corporation distributions (unaudited)	--	--	--	--	--	(1,600,000)	(1,600,000)
Balance at June 30, 1996 (unaudited)	--	$ --	9,714,285	$9,714	$107,682	$2,568,741	$2,686,137

See accompanying notes to financial statements.

THE METZLER GROUP, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
1993	1994	1995	1995	1996

				(UNAUDITED)	
Cash flows from operating activities:					
Net income (loss).....	$154,198	$(183,774)	$(473,232)	$ (857,823)	$ 4,043,044
Adjustments to reconcile net income (loss) to net cash provided by operating expenses:					
Depreciation and amortization.....	195,678	186,297	136,024	47,775	49,571
Loss on sale of property and equipment.....	--	25,246	93,622	73,411	665
Deferred income taxes.....	118,000	(80,000)	(273,000)	(573,000)	--
Changes in assets and liabilities:					
Receivables.....	(719,972)	695,518	(284,637)	(802,623)	(2,026,477)
Prepaid expenses...	856	(10,616)	2,677	(215,969)	(136,492)
Salary advances to officer.....	(47,502)	57,502	--	--	--
Advances to affiliate.....	(72,842)	72,842	--	--	--
Accounts payable...	26,898	(19,726)	133,371	68,923	(37,016)
Accrued compensation and related costs.....	459,558	(474,210)	779,401	2,195,865	(232,737)
Other accrued liabilities.....	12,569	(15,330)	(17,509)	120,435	103,270
Deferred revenues..	(9,299)	--	15,348	1,550	9,790
Net cash provided by operating activities...	118,142	253,749	112,065	232,544	1,773,618
Cash flows from investing activities:					
Purchase of property and equipment.....	(58,101)	(45,081)	(51,329)	(27,565)	(32,358)
Proceeds from sale of property and equipment.....	--	20,500	1,458	1,458	--
Net cash used in investing activities...	(58,101)	(24,581)	(49,871)	(26,107)	(32,358)
Cash flows from financing activities:					
Sale (purchase) of common stock; net....	(46,182)	(21,173)	61,579	61,579	--
Issuance (repayment) of note payable.....	(10,000)	(134,260)	50,000	248,272	(405,740)
Issuance of notes payable to officers..	--	--	--	--	1,000,000
Note receivable from officer.....	--	--	--	--	(725,000)
Distributions to stockholders.....	--	--	--	--	(1,600,000)
Payments for obligation under capital lease.....	(2,809)	(12,999)	(14,169)	(6,932)	(7,555)
Net cash provided by (used in) financing activities.....	(58,991)	(168,432)	97,410	302,919	(1,738,295)
Net increase in cash....	1,050	60,736	159,604	509,356	2,965
Cash at beginning of year.....	1,845	2,895	63,631	63,631	223,235
Cash at end of year.....	$ 2,895	$ 63,631	$ 223,235	$ 572,987	$ 226,200
Noncash investing activities:					
Acquisition of equipment under capital lease.....	$ 75,863	$ --	$ --	$ --	$ --
Exchange of like-kind					

property.....	--	--	28,500	--	--
Noncash financing activity--issuance of long-term debt obligation for repurchase of common stock.....	$ 46,182	$ --	$ --	$ --	$ --
Supplemental information:					
Interest payments.....	$ 33,140	$ 48,435	$ 51,119	$ 28,992	$ 20,621
Income tax payments...	$ 11,454	$ 52,226	$ 7,830	$ 10,250	$ 2,400

See accompanying notes to financial statements.

THE METZLER GROUP, INC.

NOTES TO FINANCIAL STATEMENTS
(INFORMATION AS OF JUNE 30, 1996 AND FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND 1996 IS UNAUDITED.)

1. DESCRIPTION OF BUSINESS

The Metzler Group, Inc. (the "Company") is a leading nationwide provider of consulting services to electric utilities and other energy-related businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company recognizes revenues as the related services are performed.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives, ranging from three to seven years, of the various classes of property and equipment. Depreciation related to capital lease obligations is amortized over the shorter of their useful lives or the term of the related leases by use of the straight-line method.

Income Taxes

Income taxes, including pro forma calculations, are accounted for in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (Statement 109). Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Prior to January 1, 1996, the Company had operated as a C-corporation. Effective January 1, 1996, the stockholders of the Company elected to be taxed under Subchapter S of the Internal Revenue Code. Federal income taxes are the responsibility of the Company's stockholders as are certain state income taxes. As of the effective date of the election, the Company is responsible for Federal built-in-gain taxes to the extent applicable. Accordingly, the statement of earnings for the six months ended June 30, 1996 provides for such taxes. The S-corporation election will terminate in connection with the consummation of the proposed initial public offering of the Company's common

stock.

Prior to the consummation of its proposed initial public offering, the Company will declare a S-corporation dividend to its existing stockholders in an amount representing all undistributed earnings of the Company from January 1, 1996 through the termination of the Company's S-corporation status resulting from the initial public offering. The S-corporation dividend is estimated to be approximately $2,443,000 as of June 30, 1996.

In addition, at the effective date of termination of the S-corporation election, deferred income taxes of approximately $100,000 (unaudited) will be reinstated as a charge to earnings representing the tax effect of cumulative timing differences, primarily related to accrued compensation and differing depreciation methodologies at that time.

Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments approximates fair value because of the short maturity of those instruments.

Use of 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.

Interim Financial Information

The financial statements and related notes thereto as of June 30, 1996 and for the six months ended June 30, 1995 and 1996 are unaudited and have been prepared on the same basis as the audited financial statements included herein. In the opinion of management, such unaudited financial statements include all normal recurring adjustments necessary to present fairly the information set forth herein.

Pro Forma Net Income Per Share

Pro forma net income per common and common equivalent share is computed based on the weighted average of 9,763,267 common and common equivalent shares outstanding during the year ended December 31, 1995 and 9,785,418 common and common equivalent shares outstanding during the six month period ended June 30, 1996.

Net income (loss) per share is computed using the weighted average number of shares of common stock and dilutive common equivalent shares resulting from the grant of 355,666 common stock options on June 30, 1996 (using the treasury stock method). Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, common and common equivalent shares issued by the Company during the twelve-month period prior to the proposed initial public offering have been included in the calculation of common and common equivalent shares using the treasury stock method and the mid-point of the proposed initial public offering price per share as if they were outstanding for all periods presented.

The pro forma adjustments during the year ended December 31, 1995 and the six months ended June 30, 1996 reflect the impact of a compensation plan effective July 1, 1996. The pro forma adjustments for the year ended December 31, 1995 include a decrease to officer compensation expense of $1,665,176, net

of income tax expense of $1,110,117. The pro forma adjustments for the six months ended June 30, 1996 include an increase to officer compensation expense of $611,676, net of income tax benefits of $407,784.

The pro forma adjustments for the six months ended June 30, 1996 include federal and the additional state income tax expense of $1,159,034 that would have been required had the Company not made the S-corporation election effective January 1, 1996.

3. OTHER EXPENSE (INCOME)

Included in other expense (income) in the accompanying statements of operations are losses on sale of property and equipment of $25,246 and $93,622 during the years ended December 31, 1994 and 1995, respectively.

4. NOTE PAYABLE

The Company has a line of credit with a bank which provides for maximum borrowings limited to 65% of eligible accounts receivable. At December 31, 1994 and 1995 the line of credit had maximum borrowing of $800,000 and bore interest at the bank's prime rate (8.5% at December 31, 1994 and 1995) plus 1%. Outstanding borrowings under the line of credit were $355,740 and $405,740 at December 31, 1994 and 1995, respectively.

During 1996, the Company entered into a new line of credit which expires on December 31, 1996 and provides for maximum borrowings of $1,200,000. Borrowings are limited to 65% of eligible accounts receivable and bear interest at the bank's prime rate (8.25% at June 30, 1996) plus 0.5%.

Under its credit agreement, the Company is required to maintain tangible net worth, debt-to-equity and cash flow ratios. The Company's borrowings are secured by the Company's accounts receivable and equipment.

5. LEASE COMMITMENTS

The Company leases its office facilities and certain equipment under operating and capital lease arrangements which expire at various dates through January 31, 2002.

Operating Leases

The operating lease of the office facilities includes scheduled base rent increases over the term of the lease. The total amount of the base rent payments is being charged to expense on the straight-line method over the term of the lease. The Company has recorded a deferred credit to reflect the excess of rent expense over cash payments since the inception of the lease. The lease provides for monthly payments of real estate taxes, insurance and other operating expenses applicable to the property. In addition, the Company leases equipment under a noncancelable operating lease.

Future minimum annual lease payments, for the years subsequent to 1995 and in the aggregate, are as follows:

YEAR ENDING DECEMBER 31	AMOUNT
1996	$ 188,863
1997	194,207

1998	199,463
1999	205,353
2000	208,300
Thereafter	232,472
	$1,228,658

Rent expense for operating leases entered into by the Company and charged to operations amounted to the following:

PERIOD ENDED	AMOUNT
December 31, 1993	$ 155,444
December 31, 1994	155,542
December 31, 1995	155,598
June 30, 1995 (unaudited)	77,800
June 30, 1996 (unaudited)	90,431

Capital Lease

The Company leases equipment which is classified within the Company's financial statements as a capital lease. Included in the property, plant and equipment in the accompanying balance sheets is the following asset held under capital lease:

	DECEMBER 31,		JUNE 30,
	1994	1995	1996 (UNAUDITED)
Property and equipment	$75,863	$75,863	$75,863
Less accumulated amortization	22,759	37,932	45,518
Asset held under capital lease, net	$53,104	$37,931	$30,345

The future minimum annual lease payments under the noncancelable capital lease are as follows:

YEAR ENDING DECEMBER 31	AMOUNT
1996	$18,808
1997	18,808
1998	14,105
Net minimum rentals	51,721
Less interest portion	(5,835)

Present value of net minimum rentals at December 31, 1995..... $45,886

6. INCOME TAX EXPENSE (BENEFIT)

Income tax expense (benefit) consists of the following:

	DECEMBER 31,			JUNE 30,	
	1993	1994	1995	1995	1996
				(UNAUDITED)	
Federal:					
Current	$ 25,000	$ 9,000	$ --	$ --	$25,000
Deferred	94,000	(64,000)	(218,000)	(370,000)	--
Total	119,000	(55,000)	(218,000)	(370,000)	25,000
State:					
Current	4,000	13,000	7,000	7,000	59,000
Deferred	24,000	(16,000)	(55,000)	(115,000)	--
Total	28,000	(3,000)	(48,000)	(108,000)	59,000
Total federal and state income tax expense (benefit)	$147,000	$(58,000)	$(266,000)	$(478,000)	$84,000

Income tax expense (benefit) differs from the amounts estimated by applying the statutory income tax rates to income (loss) before income tax expense (benefit) as follows:

	DECEMBER 31,			JUNE 30,	
	1993	1994	1995	1995	1996
				(UNAUDITED)	
Federal tax (benefit) at statutory rate	$106,000	$(85,000)	$(258,000)	$(451,000)	$ --
State tax (benefit) at statutory rate	18,000	(2,000)	(35,000)	(75,000)	59,000
Effect of nondeductible expenses	14,000	29,000	27,000	15,000	--
Other	9,000	--	--	33,000	25,000
	$147,000	$(58,000)	$(266,000)	$(478,000)	$84,000

Deferred income taxes result from temporary differences between years in the recognition of certain expense items for income tax and financial reporting purposes. The source and income tax effect of these differences are as follows:

	DECEMBER 31,	
	1994	1995
Deferred tax assets:		
Items presented on an accrual basis for financial purposes reported on a cash basis for income tax purposes:		
Accounts payable	$ 18,000	71,000
Accrued expenses	352,000	664,000
Deferred revenues	--	6,000
Accrued rents	28,000	15,000
Total gross deferred tax assets	398,000	756,000
Less valuation allowance	--	--
Net deferred tax assets	398,000	756,000
Deferred tax liabilities;		
Depreciation--resulting from the difference between using straight-line and accelerated methods	49,000	20,000
Items presented on an accrual basis for financial purposes reported on a cash basis for tax purposes:		
Accounts receivable and accrued billings	802,000	916,000
Total gross deferred tax liabilities	851,000	936,000
Net deferred tax liability	$453,000	180,000

At June 30, 1996, the Company has net deferred tax liabilities of $180,000 (unaudited) related to built-in-gain taxes of the S-corporation.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based upon historical results of the Company's operations, management believes it is more likely than not that the Company will realize the benefits of the deductible differences.

7. EMPLOYEE BENEFIT PLANS

The Company has a Profit Sharing and Savings Plan and Trust ("Savings Plan"). The Savings Plan covers employees after the later of the completion of one year of service and reaching 21 years of age. Participants may contribute up to 15% of their eligible compensation. The Company, at its discretion, matches participant contributions as defined within the Savings Plan. In addition, the Company, at its discretion, makes profit sharing contributions. Company contributions to the Savings Plan which were charged to operations were the following:

PERIOD ENDED	TOTAL
December 31, 1993	$230,092
December 31, 1994	168,203
December 31, 1995	231,477

June 30, 1995 (unaudited)	72,981
June 30, 1996 (unaudited)	175,600

8. LONG-TERM INCENTIVE PLAN (UNAUDITED)

On June 30, 1996, the Company adopted a Long-Term Incentive Plan which provides for common stock, common stock-based, and other performance incentives to employees, consultants, directors, advisors, and independent contractors of the Company. The maximum number of shares of common stock which may be issued and sold under the plan is 1,300,000 shares. On June 30, 1996, the Company has granted 355,666 options at an exercise price of $12 per share which was equal to the estimated fair market value of common stock at the date of grant. As of June 30, 1996 no options were exercisable.

9. RELATED-PARTY TRANSACTIONS

During 1993 and 1994 the Company paid expenses and collected revenues on behalf of an affiliated company. Amounts paid by the Company, net of amounts collected, were reimbursed by the affiliate. The affiliate's sole shareholder was also a shareholder of the Company.

During January 1996, the Company entered into note payable agreements with two officers. The notes, each with a principal amount of $500,000, bear interest at a rate of 10% and mature on December 31, 1996.

During May 1996, the Company advanced an officer $725,000 as part of an employment agreement and entered into a note receivable agreement with the officer. The note receivable bears interest at a rate of 6% and the terms require payment in three equal annual installments beginning December 31, 1996. The note may be repaid in the form of services rendered to the Company by the officer.

10. REVENUES AND ACCOUNTS RECEIVABLE FROM SIGNIFICANT CUSTOMERS

The Company's customers are located throughout the United States and Canada. In 1993, 1994, and 1995, and for the six months ended June 30, 1995 (unaudited) and June 30, 1996 (unaudited), the Company's five largest clients accounted for approximately, 43%, 58%, 55%, 52% and 61% of the Company's total revenues, respectively. One customer accounted for 26%, 15%, and 29% of the Company's accounts receivable balance at December 31, 1994, 1995, and June 30, 1996 (unaudited), respectively.

11. SUBSEQUENT EVENTS

Board of Director Actions

The Board of Directors approved an effective 9,714.285 for 1 stock split of common stock to be effective not later than the effective date of the offering contemplated hereby, an increase in the number of authorized shares of the Company's common stock to 15,000,000 shares and authorized 3,000,000 shares of preferred stock of the Company. In addition, in conjunction with the initial public offering of the Company's common stock, the Company's Board of Directors approved a resolution to merge Metzler & Associates, Inc. with a newly formed subsidiary of The Metzler Group, Inc. After the effectiveness of the merger, Metzler & Associates, Inc. will be a wholly-owned subsidiary of The Metzler Group, Inc. The accompanying financial statements and notes thereto have been adjusted retroactively to give effect to the aforementioned actions.

Stock Redemption Agreement (unaudited)

During July 1996, the Company entered into an agreement with its founding shareholder to redeem 1,714,285 shares of the shareholder's common stock. The agreement is contingent upon the execution of an underwriting agreement in connection with the offering contemplated hereby ("Offering"). The agreement calls for the Company to issue the shareholder a promissory note for $7,975,000. The promissory note is to be repaid within thirty days after the effective date of the Offering.

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NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SHARES BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANYTIME SUBSEQUENT TO ITS DATE.

TABLE OF CONTENTS

UNTIL , 1996 (25 DAYS AFTER THE COMMENCEMENT OF THIS OFFERING), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN

ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

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3,200,000 SHARES

THE METZLER GROUP, INC.

COMMON STOCK

PROSPECTUS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

, 1996

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by the Company in connection with the sale of the Common Stock being registered hereby. All the amounts shown are estimated, except the SEC registration fee, the NASD filing fee and the Nasdaq National Market listing fee.

SEC registration fee	$ 20,303
NASD filing fee	6,388
Nasdaq National Market listing fee	42,500
Blue Sky filing fees and expenses	10,000
Printing expenses	120,000
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer Agent and Registrar fees and expenses	*
Officers and directors liability insurance premiums	*
Miscellaneous expenses	*
Total	$750,000

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* To be supplied by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company is a Delaware corporation, subject to the applicable indemnification provisions of the General Corporation Law of the State of Delaware (the "DGCL"). Section 145 of the DGCL empowers a Delaware corporation to indemnify, subject to the standards therein prescribed, any person in connection with any action, suit or proceeding brought or threatened because

such person is or was a director, officer, employee or agent of the corporation or was serving as such with respect to another corporation or other entity at the request of such corporation.

In accordance with Section 102(b)(7) of the DGCL, Article XIII of the Company's Amended and Restated Certificate of Incorporation provides that no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability except for liability: (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the DGCL, as the same exists or hereafter may be amended; or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize the further elimination or limitation of liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by a amended DGCL. Any repeal or modification of this Article XIII by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

The Company's Certificate of Incorporation contains provisions that require the Company to indemnify its directors and officers to the fullest extent permitted by Delaware law.

The Company has entered into indemnification agreements with each of its executive officers and directors in which the Company agrees to indemnify and hold harmless the officer or director to the fullest extent permitted by applicable law against any and all reasonable attorneys' fees and all other reasonable expense, cost, liability and loss (including a mandatory obligation by the Company to advance reimbursement of legal fees and

expenses) paid or reasonably incurred by such officer or director or on his or her behalf in connection with any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation not initiated by the officer or director that he or she believes in good faith might lead to a proceeding, inquiry or investigation (a "Proceeding"), relating to the fact that the officer or director is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of any action or inaction by the officer or director in such capacity. However, the Company's obligation to indemnify the officer or director is subject to a determination by: (i) the Company's Board of Directors, by vote of the majority of disinterested directors; (ii) under certain circumstances, independent legal counsel appointed by the Board of Directors in a written opinion; (iii) stockholders of the Company; or (iv) a court of competent jurisdiction in a final, nonappealable adjudication, that the officer or director acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, the officer or director acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, the officer or director had no reasonable cause to believe that his or her conduct was unlawful.

The Underwriting Agreement (Exhibit 1.1 hereto) provides for indemnification by the underwriters of the Company and its directors and executive officers in the offering of the Common Stock registered hereby, and each person, if any, who controls the Company, for certain liabilities, including liabilities arising under the Securities Act.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

The following information relates to securities of the Company issued or sold since June 30, 1993 which have been adjusted to reflect the Company's approximate 9,714-for-1 stock split effective June 30, 1996.

Since June 30, 1993, the Company has issued the following securities (as adjusted for the 9,714-for-1 stock split) that were not registered under the Securities Act:

On January 1, 1994, James T. Ruprecht purchased 194,280 shares of Common Stock at $0.28 per share for an aggregate purchase price of $54,899.

On October 1, 1994, Stephen R. Goldfield purchased 97,140 shares of Common Stock at approximately $0.33 per share for an aggregate purchase price of $32,538.

On October 1, 1994, James R. Blomberg purchased 97,140 shares of Common Stock at approximately $0.33 per share for an aggregate purchase price of $32,538.

On January 26, 1995, James T. Ruprecht purchased 97,140 shares of Common Stock at approximately $0.33 per share for an aggregate purchase price of $31,810.

On January 26, 1995, Gerald R. Lanz 97,140 shares of Common Stock at approximately $0.31 per share for an aggregate purchase price of $29,758.

On June 30, 1996, the Company approved the issuance of options to purchase 355,666 shares of Common Stock at an exercise price of $12.00 per share.

No underwriters were engaged in connection with the foregoing sales of securities. Such sales were made in reliance upon the exemption from registration set forth in Section 4(2) of the Securities Act for transactions not involving a public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
1.1	Form of Underwriting Agreement
2.1	Form of Merger Agreement Among The Metzler Group, Inc., Metzler Acquisition, Inc. and Metzler & Associates, Inc.
2.2	Form of Promissory Note of Metzler-Illinois to Richard J. Metzler in the amount of $7,975,000
3.1	Amended and Restated Certificate of Incorporation of the Company
3.2	By-Laws of the Company
4.1	Specimen Common Stock certificate*
5.1	Opinion of Sachnoff & Weaver, Ltd.*
10.1	Form of Indemnification Agreement between the Company and each of its directors and officers*
10.2	Long-Term Incentive Plan
10.3	Form of Stock Redemption Agreement among the Company, Richard J. Metzler, Robert P. Maher, David J. Donovan, James T. Ruprecht, James R. Blomberg, Stephen R. Goldfield and Gerald R. Lanz
10.4	Lease dated October 29, 1991 between Metzler-Illinois and American National Bank and Trust Company of Chicago, as Land Trustee, regarding the space at 520 Lake-Cook Road, Deerfield, Illinois (a/k/a Corporate 500 Centre), and the First Amendment to Lease dated February 28, 1992, and the Second Amendment to Lease dated

	April 17, 1996, and the Third Amendment to Lease dated May, 1996
10.5	Promissory Note of Metzler-Illinois to Robert P. Maher in the amount of $500,000 dated January 19, 1996
10.6	Promissory Note of Metzler-Illinois to Richard J. Metzler in the amount of $500,000 dated January 19, 1996
10.7	Promissory Note of Richard J. Metzler to the Company in the amount of $725,000 dated May 1, 1996, as amended July , 1996
10.8	Line of Credit Agreement between NBD Bank and Metzler & Associates, Inc. dated May 31, 1996 for $1,200,000
11.1	Subsidiaries of The Metzler Group, Inc.
23.1	Consent of KPMG Peat Marwick LLP
23.2	Consent of Sachnoff & Weaver, Ltd. (to be included in Exhibit 5.1)
24.1	Power of Attorney (included herein on signature page)
27.1	Financial Data Schedule

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* To be supplied by amendment.

(b) Financial Statement Schedule(s).

None

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liability (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the

Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The Company hereby undertakes that:

(1) The undersigned will provide the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(2) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it is declared effective.

(3) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on July 26, 1996.

THE METZLER GROUP, INC.

By /s/ Robert P. Maher
Robert P. Maher,
Chairman of the Board,
President and Chief Executive
Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, THAT EACH PERSON WHOSE SIGNATURE APPEARS BELOW CONSTITUTES AND APPOINTS ROBERT P. MAHER AND JAMES F. HILLMAN, AND EACH OF THEM SINGLY, AS HIS TRUE AND LAWFUL ATTORNEYS-IN-FACT AND AGENTS WITH FULL POWER OF SUBSTITUTION AND RESUBSTITUTION, FOR HIM AND IN HIS NAME, PLACE AND STEAD, IN ANY AND ALL CAPACITIES TO SIGN THE REGISTRATION STATEMENT FILED HEREWITH AND ANY OR ALL AMENDMENTS TO SAID REGISTRATION STATEMENT (INCLUDING POST-EFFECTIVE AMENDMENTS AND REGISTRATION STATEMENTS FILED PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT OF 1933, AND ANY OR ALL AMENDMENTS THERETO, AS AMENDED AND OTHERWISE), AND TO FILE THE SAME, WITH ALL EXHIBITS THERETO, AND OTHER DOCUMENTS IN CONNECTION THEREWITH, WITH THE SECURITIES AND EXCHANGE COMMISSION GRANTING UNTO SAID ATTORNEYS-IN-FACT AND AGENTS THE FULL POWER AND AUTHORITY TO DO AND PERFORM EACH AND EVERY ACT AND THING REQUISITE AND NECESSARY TO BE DONE IN AND ABOUT THE FOREGOING, AS FULL TO ALL INTENTS AND PURPOSES AS HE MIGHT OR COULD DO IN PERSON, HEREBY RATIFYING AND CONFIRMING ALL THAT SAID ATTORNEYS-IN-FACT AND AGENTS OR ANY OF THEM, OR HIS OR HER SUBSTITUTE, MAY LAWFULLY DO OR CAUSE TO BE DONE BY VIRTUE HEREOF.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities on the 26th day of July 1996.

SIGNATURE	TITLE
/s/ Robert P. Maher Robert P. Maher	Director, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ James F. Hillman James F. Hillman	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Gerald R. Lanz Gerald R. Lanz	Director
/s/ James T. Ruprecht James T. Ruprecht	Director

EXHIBIT INDEX

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* To be supplied by amendment.

3,200,000 Shares

THE METZLER GROUP, INC.

Common Stock

UNDERWRITING AGREEMENT

_____, 1996

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
As representative of the
several underwriters
named in Schedule I hereto
c/o Donaldson, Lufkin & Jenrette
Securities Corporation
277 Park Avenue
New York, New York 10172

Dear Sirs and Mesdames:

The Metzler Group, Inc., a Delaware corporation (the "Company"), and the stockholders of the Company named in Schedule II hereto, (collectively, the "Selling Stockholders"), severally propose to sell an aggregate of 3,200,000 shares of common stock, $.001 par value of the Company (the "Firm Shares"), to the several underwriters named in Schedule I hereto (the "Underwriters"). The Firm Shares consist of 2,000,000 shares to be issued and sold by

the Company and 1,200,000 outstanding shares to be sold by the Selling Stockholders. The Company and certain of the Selling Stockholders also propose to sell to the several Underwriters not more than 480,000 additional shares of common stock, $.001 par value of the Company (the "Additional Shares"), if requested by the Underwriters as provided in Section 2 hereof. The Firm Shares and the Additional Shares are herein collectively called the Shares. The shares of common stock of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the Common Stock. The Company and the Selling Stockholders are hereinafter collectively called the Sellers.

1. Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively called the "Act"), a registration statement on Form S-1 (File No. 333-____) including a prospectus relating to the Shares, which may be amended. The registration statement as amended at the time when it becomes effective, including a registration statement (if any) filed pursuant to Rule 462(b) under the Act increasing the size of the offering registered under the Act and information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Act, is hereinafter referred to as the Registration Statement; and the prospectus in the form first used to confirm sales of Shares is hereinafter referred as the Prospectus.

2. Agreements to Sell and Purchase. On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, (i) the Company agrees to issue and sell 2,000,000 Firm Shares, (ii) each Selling Stockholder agrees, severally and not jointly, to sell the number of Firm Shares set forth opposite such Selling Stockholder's name in Schedule II

hereto and (iii) each Underwriter agrees, severally and not jointly, to purchase from each Seller at a price per share of $_____ (the "Purchase Price") the number of Firm Shares (subject to such adjustments to eliminate fractional shares as you may determine) which bears the same proportion to the total number of Firm Shares to be sold by such Seller as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto bears to the total number of Firm Shares.

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, (i) the Company agrees to issue and sell up to 240,000 Additional Shares (ii) certain of the Selling Stockholders agree, severally and not jointly, to sell up to the number of Additional Shares set forth opposite such Selling Stockholder's name in Schedule II hereto and (iii) the Underwriters shall have the right to purchase, severally and not jointly, up to an aggregate 480,000 Additional Shares from the Company and those Selling Stockholders who have agreed to sell Additional Shares, at the Purchase Price. Additional Shares may be purchased solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. The Underwriters may exercise their right to purchase Additional Shares in whole or in part from time to time by giving written notice thereof to the Company within 30 days after the date of this Agreement. You shall give any such notice on behalf of the Underwriters and such notice shall specify the aggregate number of Additional Shares to be purchased pursuant to such exercise and the date for payment and delivery thereof. The date specified in any such notice shall be a business day (i) no earlier than the Closing Date (as hereinafter defined), (ii) no later than ten business days after such notice has been given and (iii) no earlier than two business days after such notice has been given. The maximum number of Additional Shares to be purchased from each such Selling Stockholder is set forth on Schedule II hereto. If less than the maximum number of Additional Shares are to be purchased hereunder, each of the Company and such Selling Stockholders, severally and not jointly, agrees to sell to the Underwriters the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) which bears the same proportion to the total number of Additional Shares to be purchased by the Underwriters as the maximum number of Additional Shares to be sold by each of the Company or such Selling Stockholders bears to the total number of Additional Shares. If any Additional Shares are to be purchased, each Underwriter, severally and not jointly, agrees to purchase from the Company and such Selling Stockholders the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) which bears the same proportion to the total number of Additional Shares to be purchased from the Company and such Selling Stockholders as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I bears to the total number of Firm Shares.

The Sellers hereby agree, severally and not jointly, and the Company shall, concurrently with the execution of this Agreement, deliver an agreement executed by (i) each of the directors and officers of the Company who is not a Selling Stockholder and (ii) each stockholder of the Company who is not a Selling Stockholder, pursuant to which each such person agrees not to offer, sell, contract to sell, pledge, grant any option to purchase, or otherwise dispose of any common stock of the Company or any securities convertible into or exercisable or exchangeable for such common stock or in any other manner transfer all or a portion of the economic consequences associated with the ownership of any such common stock, except to the Underwriters pursuant to this Agreement, for a period of 180 days after the date of the Prospectus without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation. Notwithstanding the foregoing, during such period (i) the Company may grant stock options pursuant to the Company's existing stock option plan described in the Prospectus and (ii) the Company may issue shares of its common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof.

3. Terms of Public Offering. The Sellers are advised by you that the Underwriters propose (i) to make a public offering of their respective portions of the Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Shares upon the terms set forth in the Prospectus.

4. Delivery and Payment. Delivery to the Underwriters of and payment for the Firm Shares shall be made at 10:00 A.M., New York City time, on the third or fourth business day unless otherwise permitted by the Commission pursuant to Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")(the "Closing Date") following the date of the initial public offering, at such place outside the State of New York as you shall designate. The Closing Date and the location of delivery of and the form of payment for the Firm Shares may be varied by agreement between you and the Sellers.

Delivery to the Underwriters of and payment for any Additional Shares to be purchased by the Underwriters shall be made at such place as you shall designate at 10:00 A.M., New York City time, on the date specified in the applicable exercise notice given by you pursuant to Section 2 (an "Option Closing Date"). Any such

Option Closing Date and the location of delivery of and the form of payment for such Additional Shares may be varied by agreement between you and the Company.

Certificates for the Shares shall be registered in such names and issued in such denominations as you shall request in writing not later than two full business days prior to the Closing Date or an Option Closing Date, as the case may be. Such certificates shall be made available to you for inspection not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date or an Option Closing Date, as the case may be. Certificates in definitive form evidencing the Shares shall be delivered to you on the Closing Date or an Option Closing Date, as the case may be, with any transfer taxes thereon duly paid by the respective Sellers, for the respective accounts of the several Underwriters, against payment of the Purchase Price therefor by wire transfer of same day funds to the order of the applicable Sellers.

5. Agreements of the Company. The Company and Metzler & Associates, Inc., an Illinois corporation (the "Operating Company"), each, jointly and severally, agrees with you:

(a) To use its best efforts to cause the Registration Statement to become effective at the earliest possible time.

(b) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when the Registration Statement has become effective and when any post-effective amendment to it becomes effective, (ii) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Shares for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (iv) of the happening of any event during the period referred to in paragraph (e) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the

effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the

earliest possible time.

(c) To furnish to you, without charge, two (2) signed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits, and to furnish to you and each Underwriter designated by you such number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits, as you may reasonably request.

(d) Not to file any amendment or supplement to the Registration Statement, whether before or after the time when it becomes effective, or to make any amendment or supplement to the Prospectus of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any amendment to the Registration Statement or supplement to the Prospectus which may be necessary or advisable in connection with the distribution of the Shares by you, and to use its best efforts to cause the same to become promptly effective.

(e) Promptly after the Registration Statement becomes effective, and from time to time thereafter for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish to each Underwriter and dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as such Underwriter or dealer may reasonably request.

(f) If during the period specified in paragraph (e) any event shall occur as a result of which, in the opinion of counsel for the Underwriters it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not in the light of the circumstances when

it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request.

(g) Prior to any public offering of the Shares, to cooperate with you and counsel for the Underwriters in connection with the registration or qualification of the Shares for offer and sale by the several Underwriters and by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Shares and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification.

(h) To mail and make generally available to its stockholders as soon as reasonably practicable an earnings statement covering a period of at least twelve months after the effective date of the Registration Statement (but in no event commencing later than 90 days after such date) which shall satisfy the provisions of Section 11(a) of the Act, and to advise you in writing when such statement has been so made available.

(i) During the period of five years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of its Common Stock a financial report of the Company and its subsidiaries on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated

statement of operations, a consolidated statement of cash flows and a consolidated statement of stockholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period,

and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(j) During the period referred to in paragraph (i), to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the holders of Common Stock or filed with the Commission and such other publicly available information concerning the Company and its subsidiaries as you may reasonably request.

(k) To pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Act of the Registration Statement (including financial statements and exhibits), each preliminary prospectus and all amendments and supplements to any of them prior to or during the period specified in paragraph (e), (ii) the printing and delivery of the Prospectus and all amendments or supplements to it during the period specified in paragraph (e), (iii) the printing and delivery of this Agreement, the Preliminary and Supplemental Blue Sky Memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection with the offering of the Shares (including in each case any disbursements of counsel for the Underwriters relating to such printing and delivery), (iv) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the several states (including in each case the fees and disbursements of counsel for the Underwriters relating to such registration or qualification and memoranda relating thereto), (v) filings and clearance with the National Association of Securities Dealers, Inc. in connection with the offering (including the fees and disbursements of counsel for the Underwriters relating to such filings and clearance), (vi) the listing of the Shares on the Nasdaq National Market, (vii) furnishing such copies of the Registration Statement, the Prospectus and all amendments and supplements thereto as may be requested for use in connection with the offering or sale of the Shares by the Underwriters or by dealers to whom Shares may be sold and (viii) the performance by the Sellers of their other obligations under this Agreement.

(l) To use its best efforts to maintain the inclusion of the Common Stock in the Nasdaq National Market (or on a national securities exchange) for a period of five years after the effective date of the Registration Statement.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date or any Option Closing Date, as the case may be, and to satisfy all conditions precedent to the delivery of the Shares.

6. Representations and Warranties of the Company and the Operating Company. The Company and the Operating Company, jointly and severally, represent and warrant to each Underwriter that:

(a) The Registration Statement has become effective; no stop order

suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph (b) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the

Act, and each Registration Statement filed pursuant to Rule 462(b) under the Act, if any, complied when so filed in all material respects with the Act; and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Each of the Company and the Operating Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as it is currently being conducted and to own, lease and operate its properties, and each is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and the Operating Company, taken as a whole.

(e) All of the outstanding shares of capital stock of, or other ownership interests in, the Operating Company have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature.

(f) All the outstanding shares of capital stock of the Company (including the Shares to be sold by the Selling Stockholders) have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights; and the Shares to be issued and sold by the Company hereunder have been duly authorized and, when issued and delivered to the Underwriters against payment therefor as provided by this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights.

(g) The authorized capital stock of the Company, including the Common Stock, conforms as to legal matters to the description thereof contained in the Prospectus.

(h) Neither the Company nor the Operating Company is in violation of its respective charter or by-laws or in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and the Operating Company, taken as a whole, to which the Company or the Operating Company is a party or by which either of them or their respective property is bound.

(i) The execution, delivery and performance of this Agreement, compliance by the Company and the Operating Company with all the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or the Operating Company or any agreement, indenture or other instrument to which either of them is a party or by which either of them or their respective property is bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company, the Operating Company or their respective property.

(j) Except as otherwise set forth in the Prospectus, there are no material legal or governmental proceedings pending to which the Company or the Operating Company is a party or of which any of their respective property is the subject, and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated. No contract or document of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement is not so described or filed as required.

(k) Neither the Company nor the Operating Company has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), nor any federal or state law relating to discrimination in the

hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole.

(l) Each of the Company and the Operating Company has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business; each of the Company and the Operating Company has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or the Operating Company.

(m) Except as otherwise set forth in the Prospectus or such as are not material to the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole, each of the Company and the Operating Company has good and marketable title, free and clear of all liens, claims, encumbrances and restrictions except

liens for taxes not yet due and payable, to all property and assets described in the Registration Statement as being owned by it. All leases to which the Company or the Operating Company is a party are valid and binding and no default has occurred or is continuing thereunder, which might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company and the Company and the Operating Company enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or the Operating Company.

(n) Each of the Company and the Operating Company maintains reasonably adequate insurance.

(o) KPMG Peat Marwick LLP are independent public accountants with respect to the Company as required by the Act.

(p) Each of the Company and the Operating Company owns or possesses adequate rights with respect to the use of all trade secrets, know-how, propriety techniques, including processes and substances, trademarks, service marks, trade names and copyrights (collectively, "Intellectual Property") described or referred to in the Prospectus as owned or used by it, or which are necessary for the conduct of its business as described in the Prospectus, other than Intellectual Property the lack of which would not reasonably be expected to result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole and no such rights as are material to the business and prospectus of the Company and the Operating Company expire or are subject to termination at the election of another party without cause or the Company's or the Operating Company's consent at a time or under circumstances which would result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole. Neither the Company or the Operating Company has received any notice of infringement of or conflict with asserted rights of others with respect to any patents, patent rights, inventions, trade secrets, know-how, proprietary techniques, including processes and substances, trademarks, service marks, trade names or copyrights which would result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole.

(q) Neither the Company or the Operating Company is involved in any labor dispute which, either individually or in the aggregate, would reasonably be expected to result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole, nor, to the knowledge of the Company, is any such dispute threatened.

(r) The financial statements, together with related schedules and notes forming part of the Registration Statement

and the Prospectus (and any amendment or supplement thereto), present fairly the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries on the basis stated in the Registration Statement at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) is, in all

material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company. The pro forma financial statements and data set forth in the Prospectus presents fairly in all material respects the information shown therein, has been prepared in accordance with the Commission's rules and guidelines with respect to pro forma information, has been properly compiled on the pro forma basis described therein, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate under the circumstances.

(s) Each of the Company and the Operating Company has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits") as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus, subject to such qualifications as may be set forth in the Prospectus; each of the Company and the Operating Company has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or the Operating Company.

(t) The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(u) No holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company.

(v) The Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida).

(w) The Company has filed a registration statement pursuant to Section 12(g) of the Exchange Act, to register the Common Stock, has filed an application to list the Shares on the Nasdaq National Market, and has received notification that the listing has been approved, subject to notice of issuance.

(x) There are no outstanding subscriptions, rights, warrants, options, calls, convertible securities, commitments of sale or liens related to or entitling any person to purchase or otherwise to acquire any shares of the capital stock of, or other ownership interest in, the Company or any subsidiary thereof except as otherwise disclosed in the Registration Statement.

(y) Except as disclosed in the Prospectus, there are no business relationships or related party transactions required to be disclosed therein by Item 404 of Regulation S-K of the Commission.

(z) Each of the Company and the Operating Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(aa) All material tax returns required to be filed by each of the

Company and the Operating Company in any

jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or the Operating Company have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

7. Representations and Warranties of the Selling Stockholders. Each Selling Stockholder severally represents and warrants to each Underwriter that:

(a) Such Selling Stockholder is the lawful owner of the Shares to be sold by such Selling Stockholder pursuant to this Agreement and has, and on the Closing Date (and Option Closing Date, if applicable) will have, good and clear title to such Shares, free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever.

(b) Upon delivery of and payment for such Shares pursuant to this Agreement, good and clear title to such Shares will pass to the Underwriters, free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever.

(c) Such Selling Stockholder has, and on the Closing Date will have, full legal right, power and authority to enter into this Agreement and the Custody Agreement between the Selling Stockholders and _____, as Custodian (the "Custody Agreement") and to sell, assign, transfer and deliver such Shares in the manner provided herein and therein, and this Agreement and the Custody Agreement have been duly authorized, executed and delivered by such Selling Stockholder and each of this Agreement and the Custody Agreement is a valid and binding agreement of such Selling Stockholder enforceable in accordance with its terms, except as rights to indemnity and contribution hereunder may be limited by applicable law.

(d) The power of attorney signed by such Selling Stockholder appointing _____ and _____, or either one of them, as his attorney-in-fact to the extent set forth therein with regard to the transactions contemplated hereby and by the Registration Statement and the Custody

Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder and is a valid and binding instrument of such Selling Stockholder enforceable in accordance with its terms, and, pursuant to such power of attorney, such Selling Stockholder has authorized _____ and _____, or either one of them, to execute and deliver on his behalf this Agreement and any other document necessary or desirable in connection with transactions contemplated hereby and to deliver the Shares to be sold by such Selling Stockholder pursuant to this Agreement.

(e) Such Selling Stockholder has not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, the Selling Stockholder has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Shares.

(f) The execution, delivery and performance of this Agreement by such Selling Stockholder, compliance by such Selling Stockholder with all

the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the Act, state securities laws or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, organizational documents of such Selling Stockholder, if not an individual, or any agreement, indenture or other instrument to which such Selling Stockholder is a party or by which such Selling Stockholder or property of such Selling Stockholder is bound, or violate or conflict with any laws, administrative regulation or ruling or court decree applicable to such Selling Stockholder or property of such Selling Stockholder.

(g) (i) To the knowledge of such Selling Stockholder, each of the Registration Statement and Prospectus does not contain an untrue statement of a material fact or omit to

state a material fact required to be stated therein or necessary to make the statements therein not misleading and the preliminary prospectus does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) such parts of the Registration Statement under the caption "Principal and Selling Stockholders" which specifically relate to such Selling Stockholder do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading.

(h) At any time during the period described in paragraph 5(e) hereof, if there is any change in the information referred to in paragraph 7(g) above, the Selling Stockholders will immediately notify you of such change.

8. Indemnification. (a) The Company, the Operating Company and each Selling Stockholder, jointly and severally, agree to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from and against any and all losses, claims, damages, liabilities and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriters furnished in writing to the Company by or on behalf of any Underwriter through you expressly for use therein. Notwithstanding the foregoing, the aggregate liability of any Selling Stockholder pursuant to the provisions of this paragraph shall be limited to an amount equal to the aggregate purchase price received by such Selling Stockholder from the sale of such Selling Stockholder's Shares

hereunder; provided, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages and liabilities and judgments purchased Shares, or any person controlling such Underwriter, if a copy of the Prospectus (as then amended or supplemented if the

Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Shares to such person, and if the Prospectus (as so amended and supplemented) would have cured the defect giving rise to such loss, claim, damage, liability or judgment.

(b) In case any action shall be brought against any Underwriter or any person controlling such Underwriter, based upon any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto and with respect to which indemnity may be sought against the Company, the Operating Company and the Selling Stockholders, such Underwriter shall promptly notify the Company, the Operating Company and the Selling Stockholders in writing and the Company, the Operating Company and the Selling Stockholders shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses. Any Underwriter or any such controlling person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the employment of such counsel has been specifically authorized in writing by the Company, (ii) the Company, the Operating Company and the Selling Stockholders shall have failed to assume the defense and employ counsel or (iii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Company, the Operating Company or any Selling Stockholder, as the case may be, and such Underwriter or such controlling person shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company, the Operating Company or the Selling Stockholders, as the case may be (in which case the

Company, the Operating Company and the Selling Stockholders shall not have the right to assume the defense of such action on behalf of such Underwriter or such controlling person, it being understood, however, that the Company, the Operating Company and the Selling Stockholders shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all such Underwriters and controlling persons, which firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation and that all such fees and expenses shall be reimbursed as they are incurred). A Seller or the Operating Company shall not be liable for any settlement of any such action effected without the written consent of such Seller or the Operating Company but if settled with the written consent of such Seller or the Operating Company, such Seller or and the Operating Company agrees to indemnify and hold harmless any Underwriter and any such controlling person from and against any loss or liability by reason of such settlement. Notwithstanding the immediately preceding sentence, if in any case where the fees and expenses of counsel are at the expense of the indemnifying party and an indemnified party shall have requested the indemnifying party to reimburse the indemnified party for such fees and expenses of counsel as incurred, such indemnifying party agrees that it shall be liable for any settlement of any action effected without its written consent if (i) such settlement is entered into more than ten business days after the receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall have failed to reimburse the indemnified party in accordance with such request for reimbursement prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(c) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, any person controlling the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, the Operating Company and each person controlling the Operating Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, each Selling Stockholder and each person, if any, controlling such Selling Stockholder within the meaning of Section 15 of the Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Sellers to each Underwriter but only with reference to information relating to such Underwriter furnished in writing by or on behalf of such Underwriter through you expressly for use in the Registration Statement, the Prospectus or any preliminary prospectus. In case any action shall be brought against the Company, any of its directors, any such officer or any person controlling the Company, the Operating Company or any person controlling the Operating Company, or any Selling Stockholder or any person controlling such Selling Stockholder based on the Registration Statement, the Prospectus or any preliminary prospectus and in respect of which indemnity may be sought against any Underwriter, the Underwriter shall have the rights and duties given to the Sellers and the Operating Company (except that if any Seller or the Operating Company shall have assumed the defense thereof) such Underwriter shall not be required to do so, but may employ separate counsel therein and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such Underwriter), and the Company, its directors, any such officers and any person controlling the Company, the Operating Company or any person controlling the Operating Company, and the Selling Stockholders and any person controlling such Selling Stockholders shall have the rights and duties given to the Underwriter, by Section 8(b) hereof.

(d) If the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits

received by the Sellers on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Sellers and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Sellers and the Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Sellers, and the total underwriting discounts and commissions received by the Underwriters, bear to the total price to the public of the Shares, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Sellers and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company, the Operating Company, the Selling Stockholders or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Sellers, the Operating Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section

8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to

pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective number of Shares purchased by each of the Underwriters hereunder and not joint.

(e) Each Seller and the Operating Company hereby designates Metzler & Associates, Inc., 520 Lake Cook Road, Deerfield, Illinois 60015 (a Delaware corporation), as its authorized agent, upon which process may be served in any action, suit or proceeding which may be instituted in any state or federal court in the State of New York by any Underwriter or person controlling an Underwriter asserting a claim for indemnification or contribution under or pursuant to this Section 8, and each Seller and the Operating Company will accept the jurisdiction of such court in such action, and waives, to the fullest extent permitted by applicable law, any defense based upon lack of personal jurisdiction or venue. A copy of any such process shall be sent or given to such Seller and the Operating Company, at the address for notices specified in Section 13 hereof.

9. Conditions of Underwriters' Obligations. The several obligations of the Underwriters to purchase the Firm Shares under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company and the Operating Company contained in this Agreement shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date.

(b) The Registration Statement shall have become effective not later than 5:00 P.M.(and in the case of a Registration Statement filed under Rule 462(b) of the Act, not later than 10:00 p.m.), New York City time, on the date of this Agreement or at such later date and time as you may approve in writing, and at the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose

shall have been commenced or shall be pending before or contemplated by the Commission.

(c)(i) Since the date of the latest balance sheet included in the Registration Statement and the Prospectus, there shall not have been any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, affairs or business prospects, whether or not arising in the ordinary course of business, of the Company, (ii) since the date of the

latest balance sheet included in the Registration Statement and the Prospectus there shall not have been any change, or any development involving a prospective material adverse change, in the capital stock or in the long-term debt of the Company from that set forth in the Registration Statement and Prospectus, (iii) the Company and its subsidiaries shall have no liability or obligation, direct or contingent, which is material to the Company and its subsidiaries, taken as a whole, other than those reflected in the Registration Statement and the Prospectus and (iv) on the Closing Date you shall have received a certificate dated the Closing Date, signed by Robert P. Maher and James Hillman, in their capacities as the Chairman of the Board, President and Chief Executive Officer and Chief Financial Officer and Treasurer of each of the Company and the Operating Company, confirming the matters set forth in paragraphs (a), (b), and (c) of this Section 9.

(d) All the representations and warranties of the Selling Stockholders contained in this Agreement shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date and you shall have received a certificate to such effect, dated the Closing Date, from each Selling Stockholder.

(e) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Sachnoff & Weaver, Ltd. counsel for the Company, the Operating Company and the Selling Stockholders, to the effect that:

(i) each of the Company and the Operating Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of its

jurisdiction of incorporation and has the corporate power and authority required to carry on its business as it is currently being conducted and to own, lease and operate its properties;

(ii) each of the Company and the Operating Company is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the Company and the Operating Company, taken as a whole;

(iii) all of the outstanding shares of capital stock of, or other ownership interests in, the Operating Company have been duly and validly authorized and issued and are fully paid and non-assessable, and are owned by the Company, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature;

(iv) all the outstanding shares of Common Stock (including the Shares to be sold by the Selling Stockholders) have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights;

(v) the Shares to be issued and sold by the Company hereunder have been duly authorized, and when issued and delivered to the Underwriters against payment therefor as provided by this Agreement, will have been validly issued and will be fully paid and non-assessable, and the issuance of such Shares is not subject to any preemptive or similar rights;

(vi) this Agreement has been duly authorized, executed and delivered by the Company, the Operating Company and each of the Selling Stockholders and is a valid and binding agreement of the Company, the Operating Company and each Selling Stockholder enforceable in accordance with its terms (except as rights to

indemnity and contribution hereunder may be limited by applicable law);

(vii) the authorized capital stock of the Company, including the Common Stock, conforms as to legal matters to the description thereof contained in the Prospectus;

(viii) the Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the knowledge of such counsel, pending before or contemplated by the Commission;

(ix) the statements under the captions "Risk Factors - Certain Anti-Takeover Effects, and - Shares Eligible for Future Sale", "Management - Compensation Plans", "Description of Capital Stock", "Shares Eligible for Future Sale", and "Underwriting" in the Prospectus and Items 14 and 15 of Part II of the Registration Statement insofar as such statements constitute a summary of legal matters documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings;

(x) neither the Company nor the Operating Company is in violation of its respective charter or by-laws and, to the best of such counsel's knowledge after due inquiry, neither the Company nor the Operating Company is in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other agreement, indenture or instrument material to the conduct of the business of the Company and the Operating Company taken as a whole, to which the Company or the Operating Company is a party or by which either of them or their respective property is bound;

(xi) the execution, delivery and performance of this Agreement by the Company, the Operating Company and each Selling Stockholder, compliance by the Company, the Operating Company and each Selling Stockholder with all the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under

the Act or other securities or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or the Operating Company or the organizational documents of any Selling Stockholder that is not an individual or any agreement, indenture or other instrument to which the Company or the Operating Company or any Selling Stockholder is a party or by which the Company or the Operating Company or any Selling Stockholder or their respective properties are bound, or violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Company or the Operating Company or any Selling Stockholder or their respective properties;

(xii) after due inquiry, such counsel does not know of any legal or governmental proceeding pending or threatened to which the Company or the Operating Company is a party or to which any of their respective property is subject which is required to be described in the Registration Statement or the Prospectus and is not so described, or of any contract or other document which is required to be described

in the Registration Statement or the Prospectus or is required to be filed as an exhibit to the Registration Statement which is not described or filed as required;

(xiii) to the best of such counsel's knowledge, after due inquiry, neither the Company nor the Operating Company has violated any Environmental Laws, nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company, taken as a whole;

(xiv) each of the Company and the Operating Company has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("permits"), including, without limitation, under any applicable

Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus; to the best of such counsel's knowledge, after due inquiry, the Company and each of its subsidiaries has fulfilled and performed all of its material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such permits contain no restrictions that are materially burdensome to the Company or the Operating Company;

(xv) the Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended;

(xvi) to the best of such counsel's knowledge, after due inquiry, no holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company;

(xvii) to the best of such counsel's knowledge, after due inquiry, all leases to which the Company or the Operating Company is a party are valid and binding and no default has occurred or is continuing thereunder, which might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Operating Company taken as a whole, and the Company and the Operating Company enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Company or the Operating Company;

(xviii) (1) the Registration Statement (including any Registration Statement filed under 462(b) of the Act, if any) and the Prospectus and any supplement or amendment thereto (except for financial statements as to which no opinion need be expressed) comply as to form in all

material respects with the Act, and (2) such counsel believes that (except for financial statements, as aforesaid) the Registration Statement and the prospectus included therein at the time the

Registration Statement became effective did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that the Prospectus, as amended or supplemented, if applicable (except for financial statements, as aforesaid) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xix) the Custody Agreement has been duly authorized, executed and delivered by each Selling Stockholder and is a valid and binding agreement of such Selling Stockholder enforceable in accordance with its terms;

(xx) each Selling Stockholder has full legal right, power and authority, and any approval required by law (other than any approval imposed by the applicable state securities and Blue Sky laws) to sell, assign, transfer and deliver the Shares to be sold by him in the manner provided in this Agreement and the Custody Agreement;

(xxi) each Selling Stockholder has good and clear title to the certificates for the Shares to be sold by him and upon delivery thereof, pursuant hereto and payment therefor, good and clear title will pass to the Underwriters, severally, free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever; and

(xxii) the power of attorney signed by each Selling Stockholder appointing _____ and _____, or either of them, as his attorney-in-fact to the extent set forth therein with regard to the transactions contemplated hereby and by the Registration Statement has been duly authorized, executed and delivered by or on behalf of each Selling Stockholder and are valid and binding instruments of such Selling Stockholder enforceable in accordance with its terms, and pursuant to

such power of attorney, each of the Selling Stockholders has authorized _____ and _____, or either of them, to execute and deliver on their behalf this Agreement and any other document necessary or desirable in connection with transactions contemplated hereby and to deliver the Shares to be sold by them pursuant to this Agreement.

In giving such opinion with respect to the matters covered by clause (xviii) such counsel may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification except as specified.

The opinion of Sachnoff & Weaver, Ltd. described in paragraph (e) above shall be rendered to you at the request of the Company or one or more of the Selling Stockholders, as the case may be, and shall so state therein.

(f) You shall have received on the Closing Date an opinion, dated the Closing Date, of Winston & Strawn, counsel for the Underwriters, as to the matters referred to in clauses (v), (vi) (but only with respect to the Company), (viii), (ix) (but only with respect to the statements under the captions "Description of Capital Stock" and "Underwriting") and (xviii) of the foregoing paragraph (e). In giving such opinion with respect to the matters covered by clause (xvii) such counsel may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without

independent check or verification except as specified.

(g) You shall have received a letter on and as of the Closing Date, in form and substance satisfactory to you, from KPMG Peat Marwick LLP, independent public accountants, with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus and substantially in the form and substance of the letter delivered to you by KPMG Peat Marwick LLP on the date of this Agreement.

(h) The Company, the Operating Company and the Selling Stockholders shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company, the Operating Company and the Selling Stockholders at or prior to the Closing Date.

(i) You shall have received on the Closing Date, a certificate of each Selling Stockholder who is not a U.S. Person to the effect that such Selling Stockholder is not a U.S. Person (as defined under applicable U.S. federal tax legislation), which certificate may be in the form of a properly completed and executed United States Treasury Department Form W-8 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

The several obligations of the Underwriters to purchase any Additional Shares hereunder are subject to the delivery to you on the applicable Option Closing Date of such documents as you may reasonably request with respect to the good standing of the Company, the due authorization and issuance of such Additional Shares and other matters related to the issuance of such Additional Shares.

10. Effective Date of Agreement and Termination. This Agreement shall become effective upon the later of (i) execution of this Agreement and (ii) when notification of the effectiveness of the Registration Statement has been released by the Commission.

This Agreement may be terminated at any time prior to the Closing Date by you by written notice to the Sellers and the Operating Company if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or development involving a prospective material adverse change in the condition, financial or otherwise, of the Company and the Operating Company, taken as a whole, or the earnings, affairs, or business prospects of the Company and the Operating Company, taken as a whole, whether or not arising in the ordinary course of business, which would, in your judgment, make it impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus, (ii) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United

States or elsewhere that, in your judgment, is material and adverse and would, in your judgment, make it impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus, (iii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market or limitation on prices for securities on any such exchange or the Nasdaq National Market, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects, or will materially and adversely affect, the business or operations of the Company or the Operating Company, (v) the declaration of a banking moratorium by either federal or New York State authorities or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in

your opinion has a material adverse effect on the financial markets in the United States.

If on the Closing Date or on an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase the Firm Shares or Additional Shares, as the case may be, which it or they have agreed to purchase hereunder on such date and the aggregate number of Firm Shares or Additional Shares, as the case may be, which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the total number of Shares to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the number of Firm Shares set forth opposite its name in Schedule I bears to the total number of Firm Shares which all the non-defaulting Underwriters, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Firm Shares or Additional Shares, as the case may be, which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase on such date; provided that in no event shall the number of Firm Shares or Additional Shares, as the case may be, which any Underwriter has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 10 by an amount in excess of one-ninth of such number of Firm Shares or Additional Shares, as the case may be, without the written consent of such Underwriter. If on the Closing Date or on an Option Closing Date, as the case may be, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares, or Additional Shares, as the case may be, and the aggregate

number of Firm Shares or Additional Shares, as the case may be, with respect to which such default occurs is more than one-tenth of the aggregate number of Shares to be purchased on such date by all Underwriters and arrangements satisfactory to you and the applicable Sellers for purchase of such Shares are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the applicable Sellers. In any such case which does not result in termination of this Agreement, either you or the Sellers shall have the right to postpone the Closing Date or the applicable Option Closing Date, as the case may be, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

11. Agreements of the Selling Stockholders. Each Selling Stockholder severally agrees with you and the Company:

(a) To pay or to cause to be paid all transfer taxes with respect to the Shares to be sold by such Selling Stockholder; and

(b) To take all reasonable actions in cooperation with the Company and the Underwriters to cause the Registration Statement to become effective at the earliest possible time, to do and perform all things to be done and performed under this Agreement prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Shares pursuant to this Agreement.

12. Miscellaneous. Notices given pursuant to any provision of this Agreement shall be addressed as follows: (a) if to the Company or the Operating Company, to Robert P. Maher, c/o The Metzler Group, Inc., 520 Lake Cook Road, Deerfield, Illinois 60015 (b) if to the Selling Stockholders, to [NAME OF ATTORNEY-IN-FACT] c/o [ADDRESS OF ATTORNEY-IN-FACT] and (c) if to any Underwriter or to you, to you c/o Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Selling Stockholders, the Operating Company, the Company, its officers and directors and of the several Underwriters set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Shares, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or by or on behalf of the Sellers, the officers or directors of the Company or the Operating Company or any controlling person of the Sellers, (ii) acceptance of the Shares and payment for them hereunder and (iii) termination of this Agreement.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Sellers or the Operating Company to comply with the terms or to fulfill any of the conditions of this Agreement, the Sellers and the Operating Company agree to reimburse the several Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them.

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Sellers, the Operating Company, the Underwriters, any controlling persons referred to herein and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Shares from any of the several Underwriters merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Please confirm that the foregoing correctly sets forth the agreement between the Company, the Operating Company, the Selling Stockholders and the several Underwriters.

Very truly yours,

THE METZLER GROUP, INC.

By_____
Title:

METZLER & ASSOCIATES, INC.

By_____
Title:

THE SELLING STOCKHOLDERS NAMED
IN SCHEDULE II HERETO

By_____
Attorney-in-fact

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

Acting severally on behalf of
themselves and the several
Underwriters named in
Schedule I hereto

By DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By_____

SCHEDULE I

Underwriter	Number of Firm Shares to be Purchased
Donaldson, Lufkin & Jenrette Securities Corporation	
Total	3,200,000

SCHEDULE II

Selling Stockholders

Name	Number of Firm Shares Being Sold	Maximum Number of Additional Shares Subject to Sale
Richard T. Metzler	600,000	---
Robert P. Maher	100,000	40,000
David J. Donovan	100,000	40,000
James T. Ruprecht	100,000	40,000
James R. Blomberg	100,000	40,000
Stephen R. Goldfield	100,000	40,000
Gerald R. Lanz	100,000	40,000

Total	1,200,000	240,000

MERGER AGREEMENT

AMONG

THE METZLER GROUP, INC., METZLER ACQUISITION, INC.

AND

METZLER & ASSOCIATES, INC.

September ___, 1996

This Agreement is entered into as of September __, 1996, by and among THE METZLER GROUP, INC., a Delaware corporation (the "ACQUIROR"), METZLER ACQUISITION, INC. an Illinois corporation and a wholly-owned Subsidiary of the Acquiror (the "TRANSITORY SUBSIDIARY"), and METZLER & ASSOCIATES, INC., an Illinois corporation (the "TARGET"). The Acquiror, the Transitory Subsidiary, and the Target are referred to collectively herein as the "PARTIES."

This Agreement contemplates a transaction in which the Acquiror will acquire all of the outstanding capital stock of the Target through a reverse subsidiary merger of the Transitory Subsidiary with and into the Target. The Target Stockholders will receive the capital stock of the Acquiror in exchange for their capital stock in the Target. Immediately after the merger, the Target Shareholders shall be the sole Shareholders of Acquiror. It is intended that the transaction quality as a tax-free reorganization pursuant to Code (SS) 368 (a)(1)(A) and 368(a)(2)(E).

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

1. Definitions.

"ACQUIROR" has the meaning set forth in the preface above.

"ARTICLES OF MERGER" has the meaning set forth in (S)2(c) below.

"CLOSING" has the meaning set forth in (S)2(b) below.

"CLOSING DATE" has the meaning set forth in (S)2(b) below.

"EFFECTIVE TIME" has the meaning set forth in (S)2(d)(i) below.

"ILLINOIS BUSINESS CORPORATION ACT" means the Business Corporation Act of Illinois, as amended.

"MERGER" has the meaning set forth in (S)2(a) below.

"PARTY" has the meaning set forth in the preface above.

"PERSON" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"SUBSIDIARY" means any corporation with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors.

"SURVIVING CORPORATION" has the meaning set forth in (S)2(a) below.

"TARGET" has the meaning set forth in the preface above.

"TARGET SHARE" means any share of the Common Stock, no par value, of the Target.

"TARGET SHAREHOLDER" means any Person who or which holds any Target Shares.

"TRANSITORY SUBSIDIARY" has the meaning set forth in the preface above.

2. Basic Transaction.

(a) The Merger. On and subject to the terms and conditions of this Agreement, the Transitory Subsidiary will merge with and into the Target (the "MERGER") at the Effective Time. The Target shall be the corporation surviving the Merger (the "SURVIVING CORPORATION").

(b) The Closing. The closing of the transactions contemplated by this Agreement (the "CLOSING") shall take place at the offices of Sachnoff & Weaver, Ltd. in Chicago, Illinois, commencing at 9:00 a.m. local time on the day of the execution of an underwriting agreement with Donaldson, Lufkin and Jenrette Securities Corporation with respect to an initial public offering of shares of the Acquiror (the "UNDERWRITING AGREEMENT") or such other date as the Parties may mutually determine (the "CLOSING DATE").

(c) Actions at the Closing. At the Closing, the Target and the Transitory Subsidiary will file with the Secretary of State of the State of Illinois Articles of Merger in the form attached hereto as Exhibit A (the "ARTICLES OF MERGER").

(d) Effect of Merger.

(i) General. The Merger shall become effective at the time (the "EFFECTIVE TIME") the Target and the Transitory Subsidiary file the Certificate of Merger with the Secretary of State of the State of Illinois. The Merger shall have the effect set forth in the Illinois Business Corporation Act. The Surviving Corporation may, at any time after the Effective Time, take any action (including executing and delivering any document) in the name and on behalf of either the Target or the Transitory Subsidiary in order to carry out and effectuate the transactions contemplated by this Agreement.

(ii) Conversion of Target Shares. At and as of the Effective Time, each Target Share shall be converted into the right to receive One (1) Acquiror Share. After the Effective Time, no Target Share shall be deemed to be outstanding or to have any rights other than those set forth above in this (S)2(d)(ii).

(iii) Conversion of Capital Stock of the Transitory Subsidiary. At and as of the Effective Time, each share of Common Stock, no par value per share, of the Transitory Subsidiary shall be converted into one share of Common Stock, no par value, of the Surviving Corporation.

(iv) Certificate of Incorporation. The Certificate of Incorporation of the Target in effect at and as of the Effective Time will remain the Certificate of Incorporation of the Surviving Corporation without any modification or amendment in the Merger.

(v) Bylaws. The Bylaws of the Target in effect at and as of the

Effective Time will remain the Bylaws of the Surviving Corporation without any modification or amendment in the Merger.

(vi) Directors and Officers. The directors and officers of the Target in office at and as of the Effective Time will remain the directors and officers of the Surviving Corporation (retaining their respective positions and terms of office).

(e) Exchange of Certificates. At the Closing, each Target Shareholder shall surrender to the Surviving Corporation for exchange a certificate or certificates, duly endorsed in blank or accompanied by duly executed stock powers, representing all of the Target Shares held by the Target Shareholder. In exchange therefor, the Surviving Corporation shall issue to the Target Shareholders a certificate or certificates representing the shares of Acquiror Stock to be issued pursuant to Section 2(d)(ii). Surrendered certificates shall forthwith be canceled. The Surviving Corporation shall not be obligated to deliver the Acquiror Shares to which the Target

Shareholder is entitled as a result of the Merger until such holder surrenders his certificate or certificates representing shares of Target Shares for exchange as provided in this Section 2(e). Until so surrendered and exchanged, each such certificate shall represent solely the right to receive the certificate representing Acquiror Shares to be issued pursuant to Section 2(d)(ii) into which the shares it theretofore represented shall have been converted pursuant to Section 2(d)(ii), and the Surviving Corporation shall not be required to issue the Acquiror Shares to which the Target Shareholder otherwise would be entitled; provided, that procedures allowing for payment against lost or destroyed certificates upon receipt of customary and appropriate certifications and indemnities shall be provided.

(f) Rights of the Target Shareholders. From and after the Effective Time, the Target Shareholders shall have no rights with respect to his shares of Target Shares other than to surrender the certificate or certificates representing such shares pursuant to

(g) Long-Term Incentive Time. From and after the Effective Time, the Acquiror shall assume the Long-Term Incentive Plan (as adapted by the Target on June 30, 1996), and all award agreements entered into thereunder and the Acquiror shall be substituted for the Target as the "Company" and shall assume and be vested with all the powers, duties, rights, privileges, discretions and obligations as the Company thereunder. All award agreements shall continue subject to their terms and conditions and the shares subject to option thereunder shall be and become shares of the Acquiror.

3. Termination of Agreement. This Agreement shall terminate if the Underwriting Agreement is not executed on or before December 31, 1996.

4. Miscellaneous.

(a) No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns; provided, however, that the provisions in (S)2 above concerning payment of the Merger Consideration are intended for the benefit of the Target Shareholders.

(b) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(c) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its

rights, interests, or obligations hereunder without the prior written approval of the other Parties.

(d) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(e) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF ILLINOIS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ILLINOIS.

(g) Amendments and Waivers. The Parties may mutually amend any provision of this Agreement at any time prior to the Effective Time with the prior authorization of their respective boards of directors; provided, however, that any amendment effected subsequent to shareholder approval will be subject to the restrictions contained in the Illinois Business Corporation Act. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(h) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(i) Construction. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context otherwise requires. The word "including" shall mean including without limitation.

(j) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

*****

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

THE METZLER GROUP, INC.

By:_____
Title:_____

METZLER ACQUISITION, INC.

By:_____
Title:_____

METZLER & ASSOCIATES, INC.

By:_____
Title:_____

PROMISSORY NOTE

$7,975,000 ,1996
Deerfield, Illinois

FOR VALUE RECEIVED, the undersigned, METZLER & ASSOCIATES, INC., promises to pay to the order of RICHARD J. METZLER on or before _____, 199_, the principal sum of Seven Million Nine Hundred Seventy Five Thousand and No/100ths Dollars ($7,975,000).

All payments of principal and interest hereunder shall be made to the legal holder at 120 Woodley Road, Winnetka, Illinois 60093, or at such other place as the legal holder may from time to time designate in writing to the undersigned.

The legal holder of this Note shall be entitled to recover all of its costs of collection, court costs, legal expenses and reasonable attorneys' fees in collecting or enforcing this Note or the collection of any sums due hereunder.

No delay on the part of the holder of this Note in the exercise of any right or remedy shall operate as a waiver thereof or the exercise of any other right or remedy. The undersigned hereby waives presentment for payment, notice of dishonor and protest.

This Note shall be governed, construed and enforced in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the day and year first above written.

METZLER & ASSOCIATES, INC.

By:_____
Its President

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
THE METZLER GROUP, INC.

The Metzler Group, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify that this Restated Certificate of Incorporation of the Corporation set forth below has been duly adopted:

ARTICLE I.

The name of the corporation is The Metzler Group, Inc.

ARTICLE II.

The address of the Corporation's registered office in the State of Delaware is 32 Lookerman Square, Suite L-100, City of Dover, County of Kent, State of Delaware 19801. The name of its registered agent at such address is Prentice Hall Corporation System, Inc.

ARTICLE III.

The nature of the business to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV.

A. The Corporation shall have authority to issue the following classes of stock, in the number of shares and at the par value as indicated opposite the name of the class:

CLASS	NUMBER OF SHARES AUTHORIZED	PAR VALUE PER SHARE
Common Stock	15,000,000	$.001
Preferred Stock	3,000,000	$.001

B. The designations and the powers, preferences and relative, participating, optional or other rights of the capital stock and the qualifications, limitations or restrictions thereof are as follows:

1. Common Stock.

(a) Voting Rights: Except as otherwise required by law or expressly provided herein, the holders of shares of Common Stock shall be entitled to one vote per share on each matter submitted to a vote of the stockholders of the Corporation.

(b) Dividends: Subject to the rights of the holders, if any, of Preferred Stock, the holders of Common Stock shall be entitled to receive dividends at such times and in such amounts as may be determined by the Board of Directors of the Corporation.

(c) Liquidation Rights: In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and the preferential amounts to which the holders of any outstanding shares of Preferred Stock shall be entitled upon dissolution, liquidation or winding up, the assets of the Corporation available for distribution to stockholders shall be distributed ratably among the holders of the shares of Common Stock.

1. Preferred Stock.

Preferred Stock may be issued from time to time in one or more series. Subject to the other provisions of this Amended and Restated Certificate of Incorporation, the Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of and issue shares of the Preferred Stock in series, and by filing a certificate pursuant to the laws of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of any Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the certificate or certificates establishing such series of Preferred Stock.

ARTICLE V.

The name and the mailing address of the sole incorporator is as follows:

Name	Mailing Address
Barry S. Cain, Esq.	Sachnoff & Weaver, Ltd. South Wacker Drive Suite 2900 Chicago, Illinois 60606

ARTICLE IV.

The business and affairs of the Corporation shall be managed by or under the direction of a board of directors consisting of not less than five (5) nor more than nine (9) directors. The exact number shall be determined from time to time by resolution adopted by the affirmative vote of a majority of the directors in office at the time of adoption of such resolution. The directors shall be divided into three classes, Class I, Class II and Class III. The initial term of office of the Class I, Class II and Class III directors shall expire at the annual meeting of stockholders in 1997, 1998 and 1999, respectively. The number of directors shall be apportioned among the classes by the Board of Directors so as to maintain the number of directors in each class as nearly equal as reasonably possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. Beginning in 1997, at each annual meeting of stockholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. In no case will a decrease in the number of directors shorten the term of any incumbent director even though such decrease may result in an inequality of the classes until the expiration of such term. A director shall hold office until the annual meeting of the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement or removal from office. Any director may be removed, with or without cause, by the holders

of a majority of the shares entitled to vote at an election of directors. Except as required by law or the provisions of this Amended and Restated Certificate of Incorporation, all vacancies on the Board of Directors and newly created directorships shall be filled by the Board of Directors. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorship shall be governed by the terms

of this Amended and Restated Certificate of Incorporation and any resolutions of the Board of Directors applicable thereto, and such directors so elected shall not be divided into class pursuant to this Article VI. Notwithstanding anything to the contrary contained in this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds of the voting power of the shares entitled to vote generally in the election of directors shall be required to amend, alter or repeal, or to adopt any provision inconsistent with, this Article VI.

ARTICLE VII.

(a) WRITTEN CONSENT. ANY ACTION REQUIRED TO BE TAKEN AT ANY ANNUAL OR SPECIAL MEETING OF THE STOCKHOLDERS, OR ANY OTHER ACTION WHICH MAY BE TAKEN AT ANY ANNUAL OR SPECIAL MEETING OF THE STOCKHOLDERS, MAY BE TAKEN WITHOUT A MEETING, WITHOUT PRIOR NOTICE AND WITHOUT A VOTE, IF A CONSENT 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. PROMPT NOTICE OF THE TAKING OF THE CORPORATE ACTION WITHOUT A MEETING BY LESS THAN UNANIMOUS WRITTEN CONSENT SHALL BE GIVEN TO THOSE STOCKHOLDERS WHO HAVE NOT CONSENTED IN WRITING.

(b) Special Meeting. Special meetings of stockholders of the Corporation may be called upon not less than ten nor more than 60 days' written notice by the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors or at the request in writing of the stockholders owning at least FIFTY PERCENT (50%) of the entire capital stock of the corporation issued and outstanding and entitled to vote.

(c) Amendment. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least two-thirds of the shares entitled to vote generally in the election of directors shall be required to amend, alter or repeal, or to adopt any provision inconsistent with, this Article VII.

ARTICLE VIII.

In furtherance and not in limitation of the power conferred by statute, the Board of Directors is expressly authorized to make, alter, amend or repeal the By-Laws of the Corporation. The By-Laws of the Corporation may be altered, amended, or repealed, or new By-Laws may be adopted, by the Board of Directors in accordance with the preceding sentence or by the vote of the holders of at least two-thirds of the voting power of the shares of the Corporation entitled to be cast generally in the election of directors at an annual or special meeting of stockholders, provided that if such alteration, amendment, repeal or adoption of new By-Laws is effected at a

duly called special meeting, notice of such alteration, amendment, repeal or adoption of new By-Laws is contained in the notice of such special meeting.

ARTICLE XI.

No stockholder of the Corporation shall by reason of holding shares of any class of stock have any cumulative voting right.

ARTICLE X.

A director of the Corporation shall not, in the absence of fraud, be disqualified by his or her office from dealing or contracting with the Corporation either as a vendor, purchaser or otherwise, nor in the absence of fraud shall a director of the Corporation be liable to account to the Corporation for any profit realized by the director from or through any transaction or contract of the Corporation by reason of the fact that the director, or any firm of which he or she is a member or any corporation of which he or she is an officer, director or stockholder, was interested in such transaction or contract if such transaction or contract has been authorized, approved or ratified in a manner provided in the DGCL for authorization, approval or ratification of transactions or contracts between the Corporation and one or more of its directors or officers or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest.

ARTICLE XI.

Meetings of stockholders may be held within or without the State of Delaware as the By-Laws may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors of the Corporation or in the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws of the Corporation so provide.

ARTICLE XII.

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of

Section 291 of the DGCL or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the DGCL order a meeting of the creditors or class of creditors and/or the stockholders or class of stock of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing two-thirds the value of the creditors or class of creditors and/or the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement or to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement of the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ARTICLE XIII.

A. Indemnification of Officers and Directors: The Corporation shall:

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

(b) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer, or is or was serving at the request of the Corporation as a

director, officer, employee or agent of another corporation, joint venture, trust or other enterprise, or if such person has previously been designated for indemnification by the resolution of the Board of Directors, an officer, employee or agent of the Corporation, against expenses (including attorneys' fees) actually and reasonably incurred by each person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper; and

(c) indemnify any director, or, if such person has previously been designated for indemnification by the resolution of the Board of Directors, an officer, employee or agent against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, to the extent that such director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Article XIII.A. (a) and (b), or in defense of any claim, issue or matter therein; and

(d) make any indemnification under Article XIII.A. (a) and (b) (unless ordered by a court) only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such director, officer, employee or agent has met the applicable standard of conduct set forth in Article XIII.A. (a) and (b). Such determination shall be made (1) by the

Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders of the Corporation; and

(e) pay expenses incurred by a director or officer in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article XIII. Notwithstanding the foregoing, the Corporation shall not be obligated to pay expenses incurred by a director or officer with respect to any threatened, pending, or completed claim, suit or action, whether civil, criminal, administrative, investigative or otherwise ("Proceedings") initiated or brought voluntarily by a director or officer and not by way of defense (other than Proceedings brought to establish or enforce a right to indemnification under the provisions of this Article XIII unless a court of competent jurisdiction determines that each of the material assertions made by the director or officer in such

proceeding were not made in good faith or were frivolous). The Corporation shall not be obligated to indemnify the director or offer for any amount paid in settlement of a Proceeding covered hereby without the prior written consent of the Corporation to such settlement; and

(f) not deem the indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Article XIII exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such director's or officer's official capacity and as to action in another capacity while holding such office; and

(g) have the right, authority and power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article XIII; and

(h) deem the provisions of this Article XIII to be a contract between the Corporation and each director, or appropriately designated officer, employee or agent who serves in such capacity at any time while this Article XIII is in effect and any repeal or modification of this Article XIII shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon such state of facts. The provisions of this Article XIII not be deemed to be a contract between the Corporation and any directors, officers, employees or agents of any other Corporation (the "Second Corporation") which shall merge into or consolidate with this Corporation when this Corporation shall be the surviving or resulting Corporation, and any such directors, officers, employees or agents of the Second Corporation shall be indemnified to the extent required under the DGCL only at the discretion of the Board of Directors of this Corporation; and

(i) continue the indemnification and advancement of expenses provided by, or granted pursuant to, this Article XIII, unless otherwise provided when authorized or ratified, as to a person who has ceased to be a director, officer, employee or agent of the Corporation and such rights

shall inure to the benefit of the heirs, executors and administrators of such a person.

B. Elimination of Certain Liability of Directors: No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty

to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize the further elimination or limitation of liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by an amended DGCL. Any repeal or modification of this Article XIII by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE XIV.

The Board of Directors of the Corporation may adopt a resolution proposing to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute.

IN WITNESS WHEREOF, I have hereunto set my hand on _____, ____.

_____

THE METZLER GROUP, INC.,
A DELAWARE CORPORATION

BY-LAWS

ARTICLE
1.

OFFICES

1.1. Registered Office. The registered office shall be in the City of Dover, County of Kent, State of Delaware.

1.2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE
2.

MEETINGS OF STOCKHOLDERS

2.1. Place of Meeting. All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated by the Board of Directors in the notice of the meeting or in a duly executed waiver of notice thereof.

2.2. Voting Lists. The officer who has charge of the ledger of the Corporation shall prepare and make available, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting on such issue, 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 (10) 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 produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

2.3. Time of Annual Meeting. Annual meetings of all stockholders shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which stockholders shall elect directors to hold office for the term provided in Section 3.2 of these By-Laws, and conduct such other business as shall be considered in accordance with this Section 2.3.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (i) by or at the direction of the Board of Directors, or (ii) by any stockholder of the Corporation who complies with the notice procedures set forth in Section 2.3 of these By-Laws, in the time herein provided. For business to be properly brought before an annual meeting by a stockholder, the stockholders must deliver written notice to, or mail such written notice so that it is received by, the secretary of the Corporation, at the principal executive offices of the Corporation, not less than one hundred twenty (120) nor more than one hundred fifty (150) days

prior to the first anniversary of the date of the Corporation's consent solicitation or proxy statement released to stockholders in connection with the previous year's election of directors or meeting of stockholders, except that if no annual meeting of stockholders or election by consent was held in the previous year, a proposal shall be received by the Corporation within ten (10) days after the Corporation has "publicly disclosed" the date of the meeting in the manner provided in Section 2.3 below. The stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. No matter which is not a proper matter for stockholder consideration shall be brought before the meeting. For purposes of these By-Laws, "publicly disclosed" or "public disclosure" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, or a comparable national news service or in a document filed by the Corporation with the Securities and Exchange Commission.

2.4. Notice of Annual Meetings. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, or in the case of a merger or consolidation not less than twenty nor more than sixty days before the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the records of the Corporation, with postage thereon prepaid.

2.5. Director Nominations. Only persons who are nominated in accordance with the following procedure shall be eligible to serve as directors. Nominations of persons for election to the Board of Directors of the Corporation at a meeting of stockholders may be made (i) by or at the direction of the Board of Directors, or (ii) by any stockholder of the Corporation entitled to

vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.5. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the secretary of the Corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received by, the secretary of the Corporation at the principal executive offices of the Corporation not less than one hundred twenty (120) nor more than one hundred fifty (150) days prior to the meeting; provided, however, that if the Corporation has not "publicly disclosed" (in the manner provided in the last sentence of Section 2.3) the date of the meeting at least seventy (70) days prior to the meeting date, notice may be timely made by a stockholder under this Section if received by the secretary of the Corporation not later than the close of business on the tenth day following the day on which the Corporation "publicly disclosed" the meeting date. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (ii) as to the stockholder giving notice (A) the name and address, as they appear on the Corporation's books, of such stockholder, and (B) the class and number of shares of the Corporation which are beneficially owned by such stockholder. At the request of the Board of Directors any person nominated by the Board of Directors for election as a director shall furnish to the secretary of the Corporation that information required to be set forth in a

stockholder's notice of nomination which pertains to the nominee. No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedure set forth herein. The presiding officer shall, if the facts so warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the By-Laws, and if such officer should so determine, such officer shall so declare to the meeting and the defective nomination shall be disregarded.

2.6. Special Meetings of the Stockholders. Special meetings of all of the stockholders of the Corporation, may be called only by the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors, or at the request in writing of stockholders owning at least fifty percent (50%) of the entire capital stock of the Corporation issued and outstanding and entitled to vote. The business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice for the meeting transmitted to stockholders.

2.7. Notice of Special Meetings. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given by the secretary of the Corporation not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting.

2.8. Quorum and Adjournments. The holders of a majority of the voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of

business, except as otherwise provided by statute or the Corporation's Certificate of Incorporation. If, however, such quorum shall not be present or represented at any such meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented; provided that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed by the directors for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

2.9. Fixing of Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or stockholders entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the Board of Directors of the Corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the stock transfer books shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten (10) days, or in the case of a merger or consolidation, at least twenty (20) days, immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) days and, for a meeting of stockholders, not less than ten (10) days, or in the case of a merger or consolidation, not less than twenty (20) days, immediately preceding such meeting. If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders.

2.10. Vote Required. When a quorum is present at any meeting of all

stockholders, the affirmative vote of holders of a majority of the voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of law or of the Certificate of Incorporation requires a different vote in which case such express provision shall govern and control the decision of such question.

2.11. Voting Rights. Unless otherwise provided in the Certificate of Incorporation, each stockholder having voting power shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three (3) years from its date, unless the proxy provides for a longer period. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law flied in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or

transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided that, such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. All voting, including the election of directors but except where otherwise required by law, may be by a voice vote; provided, however, that upon demand by a stockholder entitled to vote or by his or her proxy, a stock vote shall be taken. Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. Such inspector may be an officer, director or employee of the Corporation. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

2.12. Meeting Leadership. The chairman of the board of directors shall preside at all meetings of the stockholders. In the absence or inability to act as the chairman, the chief executive officer, the president, the chief financial officer or an executive vice president (in that order) shall preside, and in their absence or inability to act another person designated by one of them shall preside. The chairman of the meeting shall appoint a person who need not be a stockholder to act as secretary of the meeting.

2.13. Order. Meetings of the stockholders need not be governed by any prescribed rules of order. The presiding officer's rulings on procedural matters shall be final. The presiding officer is authorized to impose time limits on the remarks of individual stockholders and may take such steps as such officer may deem necessary or appropriate, in his or her sole discretion, to assure that the business of the meeting is conducted in an orderly manner.

ARTICLE 3.

DIRECTORS

3.1. General Powers. The business of the Corporation shall be managed

by or under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not required by statute, by the Certificate of Incorporation or by these By-Laws to be done by the stockholders. Directors need not be residents of the State of Delaware or stockholders of the Corporation.

3.2. Election. Directors shall be elected as specified in the Certificate of Incorporation, and each director elected shall hold office during the term for which he or she is elected and until his or her successor is elected and qualified. Any director may be removed, with or without cause, by the holders of a majority of the shares entitled to vote at an election of directors.

3.3. Vacancies. Any vacancies occurring in the Board of Directors and newly created directorships shall be filled as provided in the Certificate of Incorporation of the Corporation.

3.4. Place of Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. The first meeting of each newly elected Board of Directors may be held immediately following the adjournment of the annual meeting of the stockholders at the same place as such annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time and place, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

3.5. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

3.6. Special Meetings. Special meetings of the Board of Directors may be called by the chairman or the chief executive officer on at least one days' notice to each director, either personally, or by courier, telephone, facsimile, mail or telegram. Special meetings shall be called by the chairman, the chief executive officer, the president or the chief financial officer in like manner and on like notice at the written request of one-half or more of the directors comprising the Board of Directors stating the purpose or purposes for which such meeting is requested. Notice of any meeting of the Board of Directors for which a notice is required may be waived in writing signed by the person or persons entitled to such notice, whether before or after the time of such meeting, and such waiver shall be equivalent to the giving of such notice. Attendance of a director at any such meeting shall constitute a waiver of notice thereof, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because such meeting is not lawfully convened. Neither the business to be transacted at nor the purpose of any meeting of the Board of Directors for which a notice is required need be specified in the notice, or waiver of notice, of such meeting. The chairman shall preside at all meetings of the Board of Directors. In the absence or inability to act of the chairman, the chief executive officer, the president, the chief financial officer or an executive vice president (in that order) shall preside, and in their absence or inability to act another director designated by one of them shall preside.

3.7. Quorum; No Action on Certain Matters. At all meetings of the Board of Directors, a majority of the then duly elected directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be

present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.8. Resignations. Any director of the Corporation may resign at any time by giving written notice to the Board of Directors, the chairman, the chief executive officer, the president, the chief financial officer or the secretary of the Corporation. Such resignation shall take effect at the time specified therein and, unless tendered to take effect upon acceptance thereof, the acceptance of such resignation shall not be necessary to make it effective.

3.9. Informal Action. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing.

3.10. Participation by Conference Telephone. Members of the Board of Directors, or any committee designated by such board, may participate in a meeting of such board, or committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.11. Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.12. Compensation. In the discretion of the Board of Directors, the directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors, may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director, and may be able to participate in certain benefit plans of the Corporation, including stock option plans. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE 4.

COMMITTEES OF DIRECTORS

4.1. Appointment and Powers. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one 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. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent

authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in subsection (a) of Section 151 of the Delaware General Corporation Law, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), and if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide, such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

4.2. Committee Minutes. Each committee shall keep regular minutes of its meetings and shall file such minutes and all written consents with the Secretary of the Corporation. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE 5.

NOTICES

5.1. Manner of Notice. Whenever under applicable law or the Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, unless otherwise provided in the Certificate of Incorporation or these By-Laws, such notice may be given in writing, delivered personally or by courier or mail, addressed to such director or stockholder, at his or her address as it appears on the records of the Corporation, with freight or postage thereon prepaid. If delivered personally, such notice shall be deemed delivered upon receipt. If notice is given by courier, such notice shall be deemed to be delivered one business day following deposit with the courier. If mailed, such notice shall be deemed to be delivered two days following deposit in the United States mail. Notice to directors may also be given by telegram, mailgram, telex or telecopier. If such notice is given by telegram or mailgram, such notice shall be deemed to be delivered on day following delivery of the telegram or mailgram to the telegraph company or post office. If notice is given by telex or telecopier, such notice shall be deemed to be delivered on the day of transmission if transmitted during the recipient's normal business hours or one business day following transmission if transmitted after business hours.

5.2. Waiver. Whenever any notice is required to be given under the provisions of law or of the Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE 6.

OFFICERS

6.1. Number and Qualifications. The officers of the Corporation shall

be chosen by the Board of Directors and shall be a chairman of the board, a chief executive officer, a president, a chief financial officer, and a secretary. The Board of Directors may also choose additional co-chairman, one or more vice-presidents, a treasurer, one or more assistant secretaries and assistant treasurers and such additional officers as the Board of Directors may deem necessary or appropriate from time to time. Membership on the board shall not be a prerequisite to the holding of any other office. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these By-Laws otherwise provide.

6.2. Election. The Board of Directors at its first meeting after each annual meeting of stockholders shall elect a chairman of the board, a chief executive officer, a president, a chief financial officer and a secretary, and may choose a treasurer, one or more vice-presidents, one or

more assistant secretaries and assistant treasurers and such other officers as the Board of Directors shall deem desirable.

6.3. Other Officers and Agents. The Board of Directors may choose such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

6.4. Salaries. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

6.5. Term of Office. The officers of the Corporation shall hold office until their successors are chosen and qualify or until their earlier resignation or removal. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

6.6. The Chairman of the Board. The chairman of the board shall preside at all meetings of the stockholders and of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried into effect. The chairman of the board shall perform such duties as may be assigned to him by the Board of Directors.

6.7. The Chief Executive Officer. The chief executive officer shall be the principal executive officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation, unless otherwise provided by the Board of Directors. He or she shall preside at all meetings of the stockholders and of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried into effect. He or she may sign bonds, mortgages, certificates for shares and all other contracts and documents whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation. He or she shall have general powers of supervision and shall be the final arbiter of all differences between officers of the Corporation and his or her decision as to any matter affecting the Corporation shall be final and binding as between the officers of the Corporation subject only to its Board of Directors.

6.8. The President. In the absence of the chief executive officer, the president shall perform the duties of the chief executive officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chief executive officer. He or she shall have concurrent power with the chief executive officer to sign bonds, mortgages, certificates for shares and other contracts and documents, whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation. In general, he or she shall perform all duties incident to the office of president and such other duties as the chief executive officer or the Board of Directors may from time to time prescribe.

6.9. The Chief Operating Officer. The Board of Directors shall designate whether the president or some other party shall be the chief operating officer of the Corporation. If the president has not been designated as chief operating officer, the chief operating officer shall have such duties and responsibilities, under the general supervision of the chief executive officer, as the chief executive officer or Board of Directors may from time to time prescribe.

6.10. The Chief Financial Officer. The chief financial officer shall be the principal accounting and financial officer of the Corporation. He or she shall: (i) have charge of and be responsible for the maintenance of adequate books of account for the Corporation; (ii) have charge and custody of all funds and securities of the Corporation, and be responsible therefor and for the receipt and disbursement thereof; and (iii) perform all the duties incident to the office of the chief financial officer and such other duties as from time to time may be assigned to him by the chief executive officer or by the Board of Directors. If required by the Board of Directors, the chief financial officer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors may determine.

6.11. The Vice-Presidents. In the absence of the president or in the event of his or her inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the executive vice-president and then the other vice-president or vice-presidents shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

6.12. The Secretary. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the chief executive officer, under whose supervision he or she shall be. He or she shall have custody of the corporate seal of the Corporation and he or she, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. Any other officer shall also have the authority to affix the seal of the Corporation and to attest the affixing by his or her signature.

6.13. The Treasurer. In the absence of the chief financial officer or in the event of his or her inability or refusal to act, the treasurer shall perform the duties of the chief financial officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chief financial officer. The treasurer shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

6.14. The Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

6.15. The Assistant Treasurer. The assistant treasurer, or if there shall be more than one, the assistant treasurers shall, in the absence of the

treasurer or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the chief executive officer or the Board of Directors may from time to time prescribe.

ARTICLE 7.

CERTIFICATES OF STOCK, TRANSFERS AND RECORD DATES

7.1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the chairman of the Board of Directors, the chief executive officer, the president, the chief financial officer, a vice-president, the treasurer, an assistant treasurer, the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him or her in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designation, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or fights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Subject to the foregoing, certificates for stock of the Corporation shall be in such form as the Board of Directors may from time to time prescribe.

7.2. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors.

7.3. Lost Certificates. The Board of Directors or the Corporation's executive officers may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors or the Corporation's executive officers may, in its, his or her discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnifying against any claim that may be made against the Corporation or its transfer agent or registrar with respect to the certificate alleged to have been lost, stolen or destroyed.

7.4. Transfers of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer and evidence of compliance with applicable law, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto cancel the old certificate and record the transaction upon its books.

7.5. Registered Stockholders. The Corporation shall be entitled to

recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE 8.

GENERAL PROVISIONS

8.1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock or rights to acquire same, subject to the provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

8.2. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

8.3. Fiscal Year. The fiscal year of the Corporation shall end on the thirty-first (31st) day of December of each year unless otherwise fixed by resolution of the Board of Directors.

8.4. Seal. The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise set forth on any document or instrument.

8.5. Stock in Other Corporations. Shares of any other corporation which may from time to time be held by this Corporation may be represented and voted at any meeting of shareholders of such corporation by the chairman of the board, the chief executive officer, the president, the chief financial officer or a vice president, or by any proxy appointed in writing by the chairman of the board, the chief executive officer, the president, the chief financial officer or a vice-president of the Corporation, or by any other person or persons thereunto authorized by the Board of Directors. Shares represented by certificates standing in the name of the Corporation may be endorsed for sale or transfer in the name of the Corporation by the chairman of the board, the chief executive officer, the president, the chief financial officer or any vice-president or by any other officer or officers thereunto authorized by the Board of Directors. Shares belonging to the Corporation need not stand in the name of the Corporation, but may be held for the benefit of the Corporation in the individual name of the chief financial officer or of any other nominee designated for the purpose of the Board of Directors.

ARTICLE 9.

AMENDMENTS

These By-Laws may be altered, amended or repealed or new By-Laws may be adopted only in the manner provided in the Corporation's Certificate of Incorporation.

ARTICLE 10.

CONFLICT OF INTERESTS

10.1. General. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other Corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or

officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if:

(a) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders.

10.2. Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

THE METZLER GROUP, INC.

LONG-TERM INCENTIVE PLAN

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THE METZLER GROUP, INC.
LONG-TERM INCENTIVE PLAN

I. PURPOSE

The Metzler Group, Inc. Long-Term Incentive Plan is adopted June 30, 1996. The Plan is designed to attract and retain selected Key Employees and Key Non-Employees of the Company and its Affiliates, and reward them for making major contributions to the success of the Company and its Affiliates. These objectives are accomplished by making long-term incentive awards under the Plan that will offer Participants an opportunity to have a greater proprietary interest in, and closer identity with, the Company and its Affiliates and their financial success.

The Awards may consist of:

(i) Incentive Options;

(ii) Nonstatutory Options;

(iii) Formula Options;

(iv) Restricted Stock;

(v) Rights;

(vi) Performance Awards; or

(vii) Cash Awards

or any combination of the foregoing, as the Committee may determine.

The Plan is intended to qualify certain compensation awarded under the Plan for tax deductibility under Section 162(m) of the Code to the extent deemed appropriate by the Committee. The Plan and the grant of Awards hereunder are expressly conditioned upon the Plan's approval by the stockholders of the Company. If such approval is not obtained, then this Plan and all Awards hereunder shall be null and void ab initio.

II. DEFINITIONS

A. AFFILIATE means any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that, for purposes of Section 422 of the Code, is a parent or subsidiary of the Company, direct or indirect.

B. AWARD means the grant to any Key Employee or Key Non-Employee of any form of Option, Restricted Stock, Right, Performance Award, or Cash Award, whether granted

singly, in combination, or in tandem, and pursuant to such terms, conditions, and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

C. AWARD AGREEMENT means an agreement entered into between the Company and a Participant under which an Award is granted and which sets forth the terms, conditions, and limitations applicable to the Award.

D. BOARD means the Board of Directors of the Company.

E. CASH AWARD means an Award of cash, subject to the requirements of Article XII and such other restrictions as the Committee deems appropriate or desirable.

F. CODE means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto.

G. COMMITTEE means the committee to which the Board delegates the power to act under or pursuant to the provisions of the Plan, or the Board if no committee is selected. If the Board delegates powers to a committee, and if the Company is or becomes subject to Section 16 of the Exchange Act, then, if necessary for compliance therewith, such committee shall consist initially of not less than two (2) members of the Board, each member of which must be a "non-employee director," within the meaning of the applicable rules promulgated pursuant to the Exchange Act. If the Company is or becomes subject to Section 16 of the Exchange Act, no member of the Committee shall receive any Award pursuant to the Plan or any similar plan of the Company or any Affiliate while serving on the Committee, unless the Board determines that the grant of such an Award satisfies the then current Rule 16b-3 requirements under the Exchange Act. Notwithstanding anything herein to the contrary, and insofar as it is necessary in order for compensation recognized by Participants pursuant to the Plan to be fully deductible to the Company for federal income tax purposes, each member of the Committee also shall be an "outside director" (as defined in regulations or other guidance issued by the Internal Revenue Service under Code Section 162(m)).

H. COMMON STOCK means the common stock of the Company.

I. COMPANY means, on the date the Plan is adopted, Metzler & Associates, Inc., an Illinois corporation, provided, however, that The Metzler Group, Inc. shall become the Company upon, or as soon as practicable after, the effective date of the reorganization of the Company (pursuant to which reorganization Metzler & Associates, Inc. shall become a one hundred percent (100%) subsidiary of The Metzler Group, Inc.). For all purposes hereunder, Company includes any successor or assignee corporation or corporations into which the Company may be merged, changed, or consolidated; any corporation for whose securities the securities of the Company shall be exchanged; and any assignee of or successor to substantially all of the assets of the Company.

J. DISABILITY or DISABLED means a permanent and total disability as defined in Section 22(e)(3) of the Code.

K. EXCHANGE ACT means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto.

L. FAIR MARKET VALUE means, if the Shares are listed on any national securities exchange, the closing sales price, if any, on the largest such exchange on the valuation date, or, if none, on the most recent trade date immediately prior to the valuation date provided such trade date is no more than thirty (30) days prior to the valuation date. If the Shares are not then listed on any such exchange, the fair market value of such Shares shall be the closing sales price if such is reported, or otherwise the mean between the closing "Bid" and the closing "Ask" prices, if any, as reported in the National Association of Securities Dealers Automated Quotation System ("NASDAQ") for the valuation date, or if none, on the most recent trade date immediately prior to the valuation date provided such trade date is no more than thirty (30) days prior to the valuation date. If the Shares are not then either listed on any such exchange or quoted in NASDAQ, or there has been no trade date within such thirty (30) day period, the fair market value shall be the mean between the average of the "Bid" and the average of the "Ask" prices, if any, as reported in the National Daily Quotation System for the valuation date, or, if none, for the most recent trade immediately prior to the valuation date provided such trade date is no more than thirty (30) days prior to the valuation date. If the fair market value cannot be determined under the preceding three sentences, it shall be determined in good faith by the Committee.

M. FORMULA OPTION means a Nonstatutory Option granted automatically to a Non-Employee Board Member upon his or her initial election, and any subsequent re-election, as a Non-Employee Board Member.

N. INCENTIVE OPTION means an Option that, when granted, is intended to be an "incentive stock option," as defined in Section 422 of the Code.

O. KEY EMPLOYEE means an employee of the Company or of an Affiliate who is designated by the Committee as being eligible to be granted one or more Awards under the Plan.

P. KEY NON-EMPLOYEE means a Non-Employee Board Member, consultant, advisor or independent contractor of the Company or of an Affiliate who is designated by the Committee as being eligible to be granted one or more Awards under the Plan.

Q. NON-EMPLOYEE BOARD MEMBER means a director of the Company who is not an employee of the Company or any of its Affiliates.

R. NONSTATUTORY OPTION means an Option that, when granted, is not intended to be an "incentive stock option," as defined in Section 422 of the Code.

S. OPTION means a right or option to purchase Common Stock, including Restricted Stock if the Committee so determines.

T. PARTICIPANT means a Key Employee or Key Non-Employee to whom one or more Awards are granted under the Plan.

U. PERFORMANCE AWARD means an Award subject to the requirements of Article XI, and such performance conditions as the Committee deems appropriate or desirable.

V. PLAN means The Metzler Group, Inc. Long-Term Incentive Plan, as amended from time to time.

W. RESTRICTED STOCK means an Award made in Common Stock or denominated in units of Common Stock and delivered under the Plan, subject to the requirements of Article IX, such other restrictions as the Committee deems appropriate or desirable, and as awarded in accordance with the terms of the Plan.

X. RIGHT means a stock appreciation right delivered under the Plan, subject to the requirements of Article X and as awarded in accordance with the terms of the Plan.

Y. SHARES means the following shares of the capital stock of the Company as to which Options or Restricted Stock have been or may be granted under the Plan and upon which Rights or units of Restricted Stock may be based: treasury or authorized but unissued Common Stock, no par value, of the Company (or, following the reorganization of the Company, treasury or authorized but unissued Common Stock, $.01 par value, of the Company), or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Article XVIII of the Plan.

III. SHARES SUBJECT TO THE PLAN

The aggregate number of Shares as to which Awards may be granted from time to time shall be one million, three hundred thousand (1,300,000) Shares (subject to adjustment for stock splits, stock dividends, and other adjustments described in Article XVIII hereof); provided, however, that the number of Shares available for issuance under the Plan shall automatically increase on the first trading day of each calendar year by an amount equal to ten percent (10%) of the increase, if any, in the number of shares of the capital stock of the Company outstanding on December 31 of the preceding calendar year over the number of shares of the capital stock of the Company outstanding on January 1 of the preceding calendar year. No Incentive Options may be granted on the basis of the additional Shares resulting from such annual increases.

In accordance with Code Section 162(m), if applicable, the aggregate number of Shares as to which Awards may be granted in any one calendar year to any one Key Employee shall not exceed three hundred thousand (300,000) Shares (subject to adjustment for stock splits, stock dividends, and other adjustments described in Article XVIII hereof).

From time to time, the Committee and appropriate officers of the Company shall take whatever actions are necessary to file required documents with governmental authorities and stock exchanges so as to make Shares available for issuance pursuant to the Plan. Shares subject to Awards that are forfeited, terminated, expire unexercised, canceled by agreement of the Company and the Participant, settled in cash in lieu of Common Stock or in such manner that all or some of the Shares covered by such Awards are not issued to a Participant, or are exchanged for Awards that do not involve Common Stock, shall immediately become available for Awards. Awards payable in cash shall not reduce the number of Shares available for Awards under the Plan.

Except as otherwise set forth herein, the aggregate number of Shares as to which Awards may be granted shall be subject to change only by means of an amendment of the Plan duly adopted by the Company and approved by the stockholders of the Company within one year before or after the date of the adoption of the amendment.

IV. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum at any meeting thereof (including by telephone conference) and the acts of a majority of the members present, or acts approved in writing by a majority of the entire Committee without a meeting, shall be the acts of the Committee for purposes of this Plan. The Committee may authorize one or more of its members or an officer of the Company to execute and deliver documents on behalf of the Committee. A member of the Committee shall not exercise any discretion respecting himself or herself under the Plan. The Board shall have the authority to remove, replace or fill any vacancy of any member of the Committee upon notice to the Committee and the affected member. Any member of the Committee may resign upon notice to the Board. The Committee may allocate among one or more of its members, or may delegate to one or more of its agents, such duties and responsibilities as it determines. Subject to the provisions of the Plan, the Committee is authorized to:

A. Interpret the provisions of the Plan and any Award or Award Agreement, and make all rules and determinations that it deems necessary or advisable to the administration of the Plan;

B. Determine which employees of the Company or an Affiliate shall be designated as Key Employees and which of the Key Employees shall be granted Awards;

C. Determine the Key Non-Employees to whom Awards, other than Incentive Options and Performance Awards for which Key Non-Employees shall not be eligible, shall be granted;

D. Determine whether an Option to be granted shall be an Incentive Option or Nonstatutory Option;

E. Determine the number of Shares for which an Option or Restricted Stock shall be granted;

F. Determine the number of Rights, the Cash Award or the Performance Award to be granted;

G. Provide for the acceleration of the right to exercise any Award,

other than an Award for Formula Options, which may not be accelerated; and

H. Specify the terms, conditions, and limitations upon which Awards may be granted;

provided, however, that with respect to Incentive Options, all such interpretations, rules, determinations, terms, and conditions shall be made and prescribed in the context of preserving the tax status of the Incentive Options as incentive stock options within the meaning of Section 422 of the Code.

The Committee may delegate to the chief executive officer and to other senior officers of the Company or its Affiliates its duties under the Plan pursuant to such conditions or limitations as the Committee may establish, except that only the Committee may select, and grant Awards to, Participants who are subject to Section 16 of the Exchange Act. All determinations of the Committee shall be made by a majority of its members. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

The Committee shall have the authority at any time to cancel Awards for reasonable cause and to provide for the conditions and circumstances under which Awards shall be forfeited.

Any determination made by the Committee pursuant to the provisions of the Plan shall be made in its sole discretion, and in the case of any determination relating to an Award, may be made at the time of the grant of the Award or, unless in contravention of any express term of the Plan or an Agreement, at any time thereafter. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and the Participants. No determination shall be subject to de novo review if challenged in court.

V. ELIGIBILITY FOR PARTICIPATION

Awards may be granted under this Plan only to Key Employees and Key Non-Employees of the Company or its Affiliates. The foregoing notwithstanding, each Participant receiving an Incentive Option must be a Key Employee of the Company or of an Affiliate at the time the Incentive Option is granted.

The Committee may at any time and from time to time grant one or more Awards to one or more Key Employees or Key Non-Employees and may designate the number of Shares,

if applicable, to be subject to each Award so granted, provided, however that no Incentive Option shall be granted after the expiration of ten (10) years from the earlier of the date of the adoption of the Plan by the Company or the approval of the Plan by the stockholders of the Company, and provided further, that the Fair Market Value of the Shares (determined at the time the Option is granted) as to which Incentive Options are exercisable for the first time by any Key Employee during any single calendar year (under the Plan and under any other incentive stock option plan of the Company or an Affiliate) shall not exceed One Hundred Thousand Dollars ($100,000). To the extent that the Fair Market Value of such Shares exceeds One Hundred Thousand Dollars ($100,000), the Shares subject to Option in excess of One Hundred Thousand Dollars ($100,000) shall, without further action by the Committee, automatically be converted to Nonstatutory Options.

Notwithstanding any of the foregoing provisions, the Committee may authorize the grant of an Award to a person not then in the employ of, or engaged by, the Company or of an Affiliate, conditioned upon such person becoming eligible to be granted an Award at or prior to the execution of the Award Agreement evidencing the actual grant of such Award.

VI. AWARDS UNDER THIS PLAN

As the Committee may determine, the following types of Awards may be granted under the Plan on a stand alone, combination, or tandem basis:

A. INCENTIVE OPTION

An Award in the form of an Option that shall comply with the requirements of Section 422 of the Code. Subject to adjustments in accordance with the provisions of Article XVIII, the aggregate number of Shares that may be subject to Incentive Options under the Plan shall not exceed one million three hundred thousand (1,300,000).

B. NONSTATUTORY OPTION

An Award in the form of an Option that shall not be intended to comply with the requirements of Section 422 of the Code.

C. FORMULA OPTION

An Award in the form of an Option granted to a Non-Employee Board Member at the time of his or her initial election to the Board, or any subsequent re-election.

D. RESTRICTED STOCK

An Award made to a Participant in Common Stock or denominated in units of Common Stock, subject to future service and such other restrictions and conditions as may be established by the Committee, and as set forth in the Award Agreement, including but not limited to

continuous service with the Company or its Affiliates, achievement of specific business objectives, increases in specified indices, attaining growth rates, and other measurements of Company or Affiliate performance.

E. STOCK APPRECIATION RIGHT

An Award in the form of a Right to receive the excess of the Fair Market Value of a Share on the date the Right is exercised over the Fair Market Value of a Share on the date the Right was granted.

F. PERFORMANCE AWARDS

An Award made to a Participant that is subject to performance conditions specified by the Committee, including but not limited to continuous service with the Company or its Affiliates, achievement of specific business objectives, increases in specified indices, attaining growth rates, and other measurements of Company or Affiliate performance.

G. CASH AWARDS

An Award made to a Participant and denominated in cash, with the eventual payment subject to future service and such other restrictions and conditions as may be established by the Committee, and as set forth in the Award Agreement.

Each Award under the Plan shall be evidenced by an Award Agreement. Delivery of an Award Agreement to each Participant shall constitute an agreement between the Company and the Participant as to the terms and conditions of the Award.

VII. TERMS AND CONDITIONS OF INCENTIVE OPTIONS AND NONSTATUTORY OPTIONS

Each Option shall be set forth in an Award Agreement, duly executed on behalf of the Company and by the Participant to whom such Option is granted. Except for the setting of the Option price under Paragraph A, no Option shall be granted and no purported grant of any Option shall be effective until such Award Agreement shall have been duly executed on behalf of the Company and by the Participant. Each such Award Agreement shall be subject to at least the

following terms and conditions:

A. OPTION PRICE

The purchase price of the Shares covered by each Option granted under the Plan shall be determined by the Committee. The Option price per share of the Shares covered by each Nonstatutory Option shall be at such amount as may be determined by the Committee in its sole discretion on the date of the grant of the Option. In the case of an Incentive Option, if the Participant owns directly or by reason of the applicable attribution rules ten percent (10%) or less

of the total combined voting power of all classes of share capital of the Company, the Option price per share of the Shares covered by each Incentive Option shall be not less than the Fair Market Value of the Shares on the date of the grant of the Incentive Option. In all other cases of Incentive Options, the Option price shall be not less than one hundred ten percent (110%) of the Fair Market Value on the date of grant.

B. NUMBER OF SHARES

Each Option shall state the number of Shares to which it pertains.

C. TERM OF OPTION

Each Incentive Option shall terminate not more than ten (10) years from the date of the grant thereof, or at such earlier time as the Award Agreement may provide, and shall be subject to earlier termination as herein provided, except that if the Option price is required under Paragraph A of this Article VII to be at least one hundred ten percent (110%) of Fair Market Value, each such Incentive Option shall terminate not more than five (5) years from the date of the grant thereof, and shall be subject to earlier termination as herein provided. The Committee shall determine the time at which a Nonstatutory Option shall terminate.

D. DATE OF EXERCISE

Upon the authorization of the grant of an Option, or at any time thereafter, the Committee may, subject to the provisions of Paragraph C of this Article VII, prescribe the date or dates on which the Option becomes exercisable, and may provide that the Option become exercisable in installments over a period of years, or upon the attainment of stated goals.

E. MEDIUM OF PAYMENT

The Option price shall be payable upon the exercise of the Option, as set forth in Paragraph I. It shall be payable in such form (permitted by Section 422 of the Code in the case of Incentive Options) as the Committee shall, either by rules promulgated pursuant to the provisions of Article IV of the Plan, or in the particular Award Agreement, provide.

F. TERMINATION OF EMPLOYMENT

1. A Participant who ceases to be an employee or Key Non-Employee of the Company or of an Affiliate for any reason other than death, Disability, or termination "for cause," as defined in subparagraph (2) below, may exercise any Option granted to such Participant, to the extent that the right to purchase Shares thereunder has become exercisable on the date of such termination, but only within three (3) months after such date, or, if earlier, within the originally prescribed term of the Option. A Participant's employment shall not be deemed terminated by reason of a transfer to another employer that is the Company or an Affiliate.

2. A Participant who ceases to be an employee or Key Non-Employee of the Company or of an Affiliate "for cause" shall, upon such termination, cease to have any right to exercise any Option. For purposes of this Plan, cause shall mean (i) a Participant's theft or embezzlement, or attempted theft or embezzlement, of money or property of the Company, a Participant's perpetration or attempted perpetration of fraud, or a Participant's participation in a fraud or attempted fraud, on the Company or a Participant's unauthorized appropriation of, or a Participant's attempt to misappropriate, any tangible or intangible assets or property of the Company; (ii) any act or acts of disloyalty, dishonesty, misconduct, moral turpitude, or any other act or acts by a Participant injurious to the interest, property, operations, business or reputation of the Company; (iii) a Participant's commission of a felony or any other crime the commission of which results in injury to the Company; or (iv) any violation of any restriction on the disclosure or use of confidential information of the Company or on competition with the Company or any of its businesses as then conducted. The determination of the Committee as to the existence of cause shall be conclusive and binding upon the Participant and the Company.

3. A Participant who is absent from work with the Company or an Affiliate because of temporary disability (any disability other than a Disability), or who is on leave of absence for any purpose permitted by any authoritative interpretation (i.e., regulation, ruling, case law, etc.) of Section 422 of the Code, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated his or her employment or relationship with the Company or with an Affiliate, except as the Committee may otherwise expressly provide or determine.

4. Paragraph F(1) shall control and fix the rights of a Participant who ceases to be an employee or Key Non-Employee of the Company or of an Affiliate for any reason other than Disability, death, or termination "for cause," and who subsequently becomes Disabled or dies. Nothing in Paragraphs G and H of this Article VII shall be applicable in any such case except that, in the event of such a subsequent Disability or death within the three (3) month period after the termination of employment or, if earlier, within the originally prescribed term of the Option, the Participant or the Participant's estate or personal representative may exercise the Option permitted by this Paragraph F within twelve (12) months after the date of Disability or death of such Participant, but in no event beyond the originally prescribed term of the Option.

G. TOTAL AND PERMANENT DISABILITY

A Participant who ceases to be an employee or Key Non-Employee of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant (i) to the extent that the right to purchase Shares thereunder has become exercisable on or before the date such Participant becomes Disabled as determined by the Committee, and (ii) if the Option becomes exercisable periodically, to the extent of any additional rights that would have become

exercisable had the Participant not become so Disabled until after the close of business on the next periodic exercise date.

A Disabled Participant shall exercise such rights, if at all, only within a period of not more than twelve (12) months after the date that the Participant became Disabled as determined by the Committee (notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become Disabled) or, if earlier, within the originally prescribed term of the Option.

H. DEATH

In the event that a Participant to whom an Option has been granted ceases to be an employee or Key Non-Employee of the Company or of an Affiliate by reason of such Participant's death, such Option, to the extent that the right is exercisable but not exercised on the date of death, may be exercised by the Participant's estate or personal representative within twelve (12) months after the date of death of such Participant or, if earlier, within the originally prescribed term of the Option, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant were alive and had continued to be an employee or Key Non-Employee of the Company or of an Affiliate.

I. EXERCISE OF OPTION AND ISSUANCE OF STOCK

Options shall be exercised by giving written notice to the Company. Such written notice shall: (i) be signed by the person exercising the Option, (ii) state the number of Shares with respect to which the Option is being exercised, (iii) contain the warranty required by paragraph M of this Article VII, if applicable, and (iv) specify a date (other than a Saturday, Sunday or legal holiday) not less than five (5) nor more than ten (10) days after the date of such written notice, as the date on which the Shares will be purchased. Such tender and conveyance shall take place at the principal office of the Company during ordinary business hours, or at such other hour and place agreed upon by the Company and the person or persons exercising the Option. On the date specified in such written notice (which date may be extended by the Company in order to comply with any law or regulation that requires the Company to take any action with respect to the Option Shares prior to the issuance thereof), the Company shall accept payment for the Option Shares in cash, by bank or certified check, by wire transfer, or by such other means as may be approved by the Committee and shall deliver to the person or persons exercising the Option in exchange therefor an appropriate certificate or certificates for fully paid nonassessable Shares or undertake to deliver certificates within a reasonable period of time. In the event of any failure to take up and pay for the number of Shares specified in such written notice on the date set forth therein (or on the extended date as above provided), the right to exercise the Option shall terminate with respect to such number of Shares, but shall continue with respect to the remaining Shares covered by the Option and not yet acquired pursuant thereto.

If approved in advance by the Committee, payment in full or in part also may be made (i) by delivering Shares already owned by the Participant having a total Fair Market Value on

the date of such delivery equal to the Option price; (ii) by the execution and delivery of a note or other evidence of indebtedness (and any security agreement thereunder) satisfactory to the Committee; (iii) by authorizing the Company to retain Shares that otherwise would be issuable upon exercise of the Option having a total Fair Market Value on the date of delivery equal to the Option price; (iv) by the delivery of cash or the extension of credit by a broker-dealer to whom the Participant has submitted a notice of exercise or otherwise indicated an intent to exercise an Option (in accordance with part 220, Chapter II, Title 12 of the Code of Federal Regulations, a so-called "cashless" exercise); or (v) by any combination of the foregoing.

J. RIGHTS AS A STOCKHOLDER

No Participant to whom an Option has been granted shall have rights as a stockholder with respect to any Shares covered by such Option except as to such Shares as have been registered in the Company's share register in the name of such Participant upon the due exercise of the Option and tender of the full Option price.

K. ASSIGNABILITY AND TRANSFERABILITY OF OPTION

Unless otherwise permitted by the Code and by Rule 16b-3 of the

Exchange Act, if applicable, and approved in advance by the Committee, an Option granted to a Participant shall not be transferable by the Participant and shall be exercisable, during the Participant's lifetime, only by such Participant or, in the event of the Participant's incapacity, his guardian or legal representative. Except as otherwise permitted herein, such Option shall not be assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment, or similar process and any attempted transfer, assignment, pledge, hypothecation or other disposition of any Option or of any rights granted thereunder contrary to the provisions of this Paragraph K, or the levy of any attachment or similar process upon an Option or such rights, shall be null and void.

L. OTHER PROVISIONS

The Award Agreement for an Incentive Option shall contain such limitations and restrictions upon the exercise of the Option as shall be necessary in order that such Option can be an "incentive stock option" within the meaning of Section 422 of the Code. Further, the Award Agreements authorized under the Plan shall be subject to such other terms and conditions including, without limitation, restrictions upon the exercise of the Option, as the Committee shall deem advisable and which, in the case of Incentive Options, are not inconsistent with the requirements of Section 422 of the Code.

M. PURCHASE FOR INVESTMENT

If Shares to be issued upon the particular exercise of an Option shall not have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended, the Company shall be under no obligation to issue the Shares covered by such exercise unless and

until the following conditions have been fulfilled. The person who exercises such Option shall warrant to the Company that, at the time of such exercise, such person is acquiring his or her Option Shares for investment and not with a view to, or for sale in connection with, the distribution of any such Shares, and shall make such other representations, warranties, acknowledgements, and affirmations, if any, as the Committee may require. In such event, the person acquiring such Shares shall be bound by the provisions of the following legend (or similar legend) which shall be endorsed upon the certificate(s) evidencing his or her Option Shares issued pursuant to such exercise.

> "The shares represented by this certificate have been acquired for investment and they may not be sold or otherwise transferred by any person, including a pledgee, in the absence of an effective registration statement for the shares under the Securities Act of 1933 or an opinion of counsel satisfactory to the Company that an exemption from registration is then available."
>
> "The shares of stock represented by this certificate are subject to all of the terms and conditions of a certain Stockholders' Agreement dated as of _____, 199__, among the Company and certain of its stockholders. A copy of the Agreement is on file in the office of the Secretary of the Company. The Agreement provides, among other things, for restrictions upon the holder's right to transfer the shares represented hereby, and for certain prior rights to purchase and certain obligations to sell the shares of common stock evidenced by this certificate at a designated purchase price determined in accordance with certain procedures. Any attempted transfer of these shares other than in compliance with the Agreement shall be void and of no effect. By accepting the shares of stock evidenced by this certificate, any permitted transferee agrees to be bound by all of the terms and conditions of said Agreement."

Without limiting the generality of the foregoing, the Company may delay issuance

of the Shares until completion of any action or obtaining any consent that the Company deems necessary under any applicable law (including without limitation state securities or "blue sky" laws).

VIII. FORMULA OPTIONS

A. Each Non-Employee Board Member shall be granted automatically a Formula Option to purchase nine thousand (9,000) Shares upon his or her initial election and qualification for a three (3) year term as a Non-Employee Board Member, and, thereafter, shall be granted automatically a Formula Option to purchase nine thousand (9,000) Shares upon each re-election

and qualification as a Non-Employee Board Member. The foregoing notwithstanding, and in lieu thereof, each Non-Employee Board Member whose election is for a term of less than three (3) years shall be granted automatically a Formula Option to purchase three thousand (3,000) Shares for each year of his or her term.

B. The purchase price of the Shares subject to the Formula Option shall be equal to one hundred percent (100%) of the Fair Market Value as of the date of grant.

C. The Shares subject to the Formula Option granted to a Non-Employee Board Member shall become exercisable cumulatively, in accordance with the following schedule:

Years Elapsed Since Date of Grant	Cumulative Number of Shares for Which Formula Option May be Exercised
Less than 1	0
1	3,000
2	6,000
3 or more	9,000

The foregoing schedule notwithstanding, if a Non-Employee Board Member shall cease to be a director of the Company because of death or Disability, all Shares for which a Formula Option has been granted shall become immediately exercisable and shall be exercisable in accordance with Paragraphs G and H of Article VII. If a Non-Employee Board Member ceases to be a director of the Company for any reason other than death or Disability, his or her right to exercise the Formula Option, and the timing of such exercise, shall be governed by the applicable provisions of Paragraph F of Article VII.

D. Formula Options shall be evidenced by an Award Agreement which shall conform to the requirements of the Plan, and may contain such other provisions not inconsistent therewith, as the Committee shall deem advisable. The provisions of Article VII governing Nonstatutory Options, and the exercise and issuance thereof, shall apply to Formula Options to the extent such provisions are not inconsistent with this Article VIII.

IX. REQUIRED TERMS AND CONDITIONS OF RESTRICTED STOCK

A. The Committee may from time to time grant an Award in Shares of Common Stock or grant an Award denominated in units of Common Stock, for such consideration, if any, as the Committee deems appropriate (which amount may be less than the Fair Market Value of the Common Stock on the date of the Award), and subject to such restrictions and conditions and other terms as the Committee may determine at the time of the Award (including, but not limited

to, continuous service with the Company or its Affiliates, achievement of specific business objectives, increases in specified indices, attaining growth rates, and other measurements of Company or Affiliate performance), and subject further to the general provisions of the Plan, the applicable Award Agreement, and the following specific rules.

B. If Shares of Restricted Stock are awarded, such Shares cannot be assigned, sold, transferred, pledged, or hypothecated prior to the lapse of the restrictions applicable thereto, and, in no event, prior to six (6) months from the date of the Award. The Company shall issue, in the name of the Participant, stock certificates representing the total number of Shares of Restricted Stock awarded to the Participant, as soon as may be reasonably practicable after the grant of the Award, which certificates shall be held by the Secretary of the Company as provided in Paragraph G.

C. Restricted Stock issued to a Participant under the Plan shall be governed by an Award Agreement that shall specify whether Shares of Common Stock are awarded to the Participant, or whether the Award shall be one not of Shares of Common Stock but one denominated in units of Common Stock, any consideration required thereto, and such other provisions as the Committee shall determine.

D. Subject to the provisions of Paragraphs B and E hereof and the restrictions set forth in the related Award Agreement, the Participant receiving an Award of Shares of Restricted Stock shall thereupon be a stockholder with respect to all of the Shares represented by such certificate or certificates and shall have the rights of a stockholder with respect to such Shares, including the right to vote such Shares and to receive dividends and other distributions made with respect to such Shares. All Common Stock received by a Participant as the result of any dividend on the Shares of Restricted Stock, or as the result of any stock split, stock distribution, or combination of the Shares affecting Restricted Stock, shall be subject to the restrictions set forth in the related Award Agreement.

E. Restricted Stock awarded to a Participant pursuant to the Plan will be forfeited, and any Shares of Restricted Stock or units of Restricted Stock sold to a Participant pursuant to the Plan may, at the Company's option, be resold to the Company for an amount equal to the price paid therefor, and in either case, such Restricted Stock shall revert to the Company, if the Company so determines in accordance with Article XIV or any other condition set forth in the Award Agreement, or, alternatively, if the Participant's employment with the Company or its Affiliates terminates, other than for reasons set forth in Article XIII, prior to the expiration of the forfeiture or restriction provisions set forth in the Award Agreement.

F. The Committee, in its discretion, shall have the power to accelerate the date on which the restrictions contained in the Award Agreement shall lapse with respect to any or all Restricted Stock awarded under the Plan.

G. The Secretary of the Company shall hold the certificate or certificates representing Shares of Restricted Stock issued under the Plan, properly endorsed for transfer, on

behalf of each Participant who holds such Shares, until such time as the Shares of Restricted Stock are forfeited, resold to the Company, or the restrictions lapse. Any Restricted Stock denominated in units of Common Stock, if not previously forfeited, shall be payable in accordance with Article XV as soon as practicable after the restrictions lapse.

H. The Committee may prescribe such other restrictions, conditions, and terms applicable to Restricted Stock issued to a Participant under the Plan that are neither inconsistent with nor prohibited by the Plan or the Award Agreement, including, without limitation, terms providing for a lapse of the

restrictions of this Article or any Award Agreement in installments.

X. REQUIRED TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

If deemed by the Committee to be in the best interests of the Company, a Participant may be granted a Right. Each Right shall be granted subject to such restrictions and conditions and other terms as the Committee may specify in the Award Agreement at the time the Right is granted, subject to the general provisions of the Plan, and the following specific rules.

A. Rights may be granted, if at all, either singly, in combination with another Award, or in tandem with another Award. At the time of grant of a Right, the Committee shall specify the base price of Common Stock to be used in connection with the calculation described in Paragraph B below, provided that the base price shall not be less than one hundred percent (100%) of the Fair Market Value of a Share of Common Stock on the date of grant, unless approved by the Board.

B. Upon exercise of a Right, which shall be not less than six (6) months from the date of the grant, the Participant shall be entitled to receive in accordance with Article XV, and as soon as practicable, the excess of the Fair Market Value of one Share of Common Stock on the date of exercise over the base price specified in such Right, multiplied by the number of Shares of Common Stock then subject to the Right, or the portion thereof being exercised.

C. Notwithstanding anything herein to the contrary, if the Award granted to a Participant allows him or her to elect to cancel all or any portion of an unexercised Option by exercising an additional or tandem Right, then the Option price per Share of Common Stock shall be used as the base price specified in Paragraph A to determine the value of the Right upon such exercise and, in the event of the exercise of such Right, the Company's obligation with respect to such Option or portion thereof shall be discharged by payment of the Right so exercised. In the event of such a cancellation, the number of Shares as to which such Option was canceled shall become available for use under the Plan, less the number of Shares, if any, received by the Participant upon such cancellation in accordance with Article XV.

D. A Right may be exercised only by the Participant (or, if applicable under Article XIII, by a legatee or legatees of such Right, or by the Participant's executors, personal representatives, or distributees).

XI. PERFORMANCE AWARDS

A. A Participant may be granted an Award that is subject to performance conditions specified by the Committee. The Committee may use business criteria and other measures of performance it deems appropriate in establishing any performance conditions (including, but not limited to, continuous service with the Company or its Affiliates, achievement of specific business objectives, increases in specified indices, attaining growth rates, and other measurements of Company or Affiliate performance), and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except as otherwise limited under Paragraphs C and D, below, in the case of a Performance Award intended to qualify under Code Section 162(m).

B. Any Performance Award will be forfeited if the Company so determines in accordance with Article XIV or any other condition set forth in the Award Agreement, or, alternatively, if the Participant's employment with the Company or its Affiliates terminates, other than for reasons set forth in Article XIII, prior to the expiration of the time period over which the performance conditions are to be measured.

C. If the Committee determines that a Performance Award to be granted to a Key Employee should qualify as "performance-based compensation" for purposes of Code Section 162(m), the grant and/or settlement of such Performance

Award shall be contingent upon achievement of preestablished performance goals and other terms set forth in this Paragraph C.

1. Performance Goals Generally. The performance goals for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to such criteria, as specified by the Committee consistent with this Paragraph C. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m), including the requirement that the level or levels of performance targeted by the Committee result in the performance goals being "substantially uncertain." The Committee may determine that more than one performance goal must be achieved as a condition to settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

2. Business Criteria. One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified Affiliates or business units of the Company (except with respect to the total stockholder return and earnings per share criteria), shall be used exclusively by the Committee in establishing performance goals for such Performance Awards: (1) total stockholder return; (2) such total stockholder return as compared to the total return (on a comparable basis) of a publicly available index such as, but not limited to, the Standard & Poor's 500 or the Nasdaq-U.S. Index; (3) net income; (4) pre-tax earnings; (5) EBITDA; (6) pre-tax operating earnings after interest expense and before bonuses, service fees, and extraordinary or special items; (7) operating margin; (8) earnings per share; (9) return on equity;

(10) return on capital; (11) return on investment; (12) operating income, excluding the effect of charges for acquired in-process technology and before payment of executive bonuses; (13) earnings per share, excluding the effect of charges for acquired in-process technology and before payment of executive bonuses; (14) working capital; and (15) total revenues. The foregoing business criteria also may be used in establishing performance goals for Cash Awards granted under Article XII hereof.

3. Compensation Limitation. No Key Employee may receive a Performance Award in excess of $2,400,000 for any three (3) year period.

D. Achievement of performance goals in respect of such Performance Awards shall be measured over such periods as may be specified by the Committee. Performance goals shall be established on or before the dates that are required or permitted for "performance-based compensation" under Code Section 162(m).

E. Settlement of Performance Awards may be in cash or Shares, or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable in respect of a Performance Award subject to Code Section 162(m).

XII. REQUIRED TERMS AND CONDITIONS OF CASH AWARDS

A. The Committee may from time to time authorize the award of cash payments under the Plan to Participants, subject to such restrictions and conditions and other terms as the Committee may determine at the time of authorization (including, but not limited to, continuous service with the Company or its Affiliates, achievement of specific business objectives, increases in specified indices, attaining growth rates, and other measurements of Company or Affiliate performance), and subject to the general provisions of the Plan, the applicable Award Agreement, and the following specific rules.

B. Any Cash Award will be forfeited if Company so determines in accordance with Article XIV or any other condition set forth in the Award Agreement, or, alternatively, if the Participant's employment with the Company or its Affiliates terminates, other than for reasons set forth in Article XIII, prior to the attainment of any goals set forth in the Award Agreement or prior to the expiration of the forfeiture or restriction provisions set forth in the Award Agreement, whichever is applicable.

C. The Committee, in its discretion, shall have the power to change the date on which the restrictions contained in the Award Agreement shall lapse, or the date on which goals are to be measured, with respect to any Cash Award.

D. Any Cash Award, if not previously forfeited, shall be payable in accordance with Article XV as soon as practicable after the restrictions lapse or the goals are attained.

E. The Committee may prescribe such other restrictions, conditions, and terms applicable to the Cash Awards issued to a Participant under the Plan that are neither inconsistent with nor prohibited by the Plan or the Award Agreement, including, without limitation, terms providing for a lapse of the restrictions, or a measurement of the goals, in installments.

XIII. TERMINATION OF EMPLOYMENT

Except as may otherwise be (i) provided in Article VII for Options, (ii) provided for under the Award Agreement, or (iii) permitted pursuant to Paragraphs A through C of this Article XIII (subject to the limitations under the Code for Incentive Options), if the employment of a Participant terminates, all unexpired, unpaid, unexercised, or deferred Awards shall be canceled immediately.

A. RETIREMENT UNDER A COMPANY OR AFFILIATE RETIREMENT PLAN. When a Participant's employment terminates as a result of retirement as defined under a Company or Affiliate retirement plan, the Committee may permit Awards to continue in effect beyond the date of retirement in accordance with the applicable Award Agreement, and/or the exercisability and vesting of any Award may be accelerated.

B. RESIGNATION IN THE BEST INTERESTS OF THE COMPANY OR AN AFFILIATE. When a Participant resigns from the Company or an Affiliate and, in the judgment of the chief executive officer or other senior officer designated by the Committee, the acceleration and/or continuation of outstanding Awards would be in the best interests of the Company, the Committee may (i) authorize, where appropriate, the acceleration and/or continuation of all or any part of Awards granted prior to such termination and (ii) permit the exercise, vesting, and payment of such Awards for such period as may be set forth in the applicable Award Agreement, subject to earlier cancellation pursuant to Article XIV or at such time as the Committee shall deem the continuation of all or any part of the Participant's Awards are not in the Company's or its Affiliate's best interests.

C. DEATH OR DISABILITY OF A PARTICIPANT

1. In the event of a Participant's death, the Participant's estate or beneficiaries shall have a period up to the earlier of (i) the expiration date specified in the Award Agreement, or (ii) the expiration date specified in Paragraph H of Article VII, within which to receive or exercise any outstanding Awards held by the Participant under such terms as may be specified in the applicable Award Agreement. Rights to any such outstanding Awards shall pass by will or the laws of descent and distribution in the following order: (a) to beneficiaries so designated by the Participant; (b) to a legal representative of the Participant; or (c) to the persons entitled thereto as determined by a court of competent jurisdiction. Awards so passing shall be made at such times and in such manner as if the Participant were living.

2. In the event a Participant is determined by the Company to be Disabled, and subject to the limitations of Paragraph G of Article VII, Awards may be paid to, or exercised by, the Participant, if legally competent, or by a legally designated guardian or other representative if the Participant is legally incompetent by virtue of such Disability.

3. After the death or Disability of a Participant, the Committee may in its sole discretion at any time (i) terminate restrictions in Award Agreements; (ii) accelerate any or all installments and rights; and/or (iii) instruct the Company to pay the total of any accelerated payments in a lump sum to the Participant, the Participant's estate, beneficiaries or representative, notwithstanding that, in the absence of such termination of restrictions or acceleration of payments, any or all of the payments due under the Awards ultimately might have become payable to other beneficiaries.

XIV. CANCELLATION AND RESCISSION OF AWARDS

Unless the Award Agreement specifies otherwise, the Committee may cancel any unexpired, unpaid, unexercised, or deferred Awards at any time if the Participant is not in compliance with the applicable provisions of the Award Agreement, the Plan, or with the following conditions:

A. A Participant shall not breach any protective agreement entered into between him or her and the Company or any Affiliates, or render services for any organization or engage directly or indirectly in any business which, in the judgment of the chief executive officer of the Company or other senior officer designated by the Committee, is or becomes competitive with the Company, or which organization or business, or the rendering of services to such organization or business, is or becomes otherwise prejudicial to or in conflict with the interests of the Company. For a Participant whose employment has terminated, the judgment of the chief executive officer shall be based on terms of the protective agreement, if applicable, or on the Participant's position and responsibilities while employed by the Company or its Affiliates, the Participant's post-employment responsibilities and position with the other organization or business, the extent of past, current, and potential competition or conflict between the Company and other organization or business, the effect of the Participant's assuming the post-employment position on the Company's or its Affiliate's customers, suppliers, investors, and competitors, and such other considerations as are deemed relevant given the applicable facts and circumstances. A Participant may, however, purchase as an investment or otherwise, stock or other securities of any organization or business so long as they are listed upon a recognized securities exchange or traded over-the-counter, and such investment does not represent a substantial investment to the Participant or a greater than one percent (1%) equity interest in the organization or business.

B. A Participant shall not, without prior written authorization from the Company, disclose to anyone outside the Company or its Affiliates, or use in other than the Company's or Affiliate's business, any confidential information or materials relating to the business of the

Company or its Affiliates, acquired by the Participant either during or after employment with the Company or its Affiliates.

C. A Participant shall disclose promptly and assign to the Company all right, title, and interest in any invention or idea, patentable or not, made or conceived by the Participant during employment with the Company or an Affiliate, relating in any manner to the actual or

anticipated business, research, or development work of the Company or its Affiliates, and shall do anything reasonably necessary to enable the Company or its Affiliates to secure a patent, trademark, copyright, or other protectable interest where appropriate in the United States and in foreign countries.

Upon exercise, payment, or delivery pursuant to an Award, the Participant shall certify on a form acceptable to the Committee that he or she is in compliance with the terms and conditions of the Plan, including the provisions of Paragraphs A, B or C of this Article XIV. Failure to comply with the provisions of Paragraphs A, B or C of this Article XIV prior to, or during the one (1) year period after, any exercise, payment, or delivery pursuant to an Award shall cause such exercise, payment, or delivery to be rescinded. The Company shall notify the Participant in writing of any such rescission within two (2) years after such exercise, payment, or delivery. Within ten (10) days after receiving such a notice from the Company, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment, or delivery pursuant to the Award. Such payment shall be made either in cash or by returning to the Company the number of Shares of Common Stock that the Participant received in connection with the rescinded exercise, payment, or delivery.

XV. PAYMENT OF RESTRICTED STOCK, RIGHTS, PERFORMANCE AWARDS AND CASH AWARDS

Payment of Restricted Stock, Rights, Performance Awards and Cash Awards may be made, as the Committee shall specify, in the form of cash, Shares of Common Stock, or combinations thereof; provided, however, that a fractional Share of Common Stock shall be paid in cash equal to the Fair Market Value of the fractional Share of Common Stock at the time of payment.

XVI. WITHHOLDING

Except as otherwise provided by the Committee,

A. The Company shall have the power and right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes required by law to be withheld with respect to any grant, exercise, or payment made under or as a result of this Plan; and

B. In the case of payments of Awards, or upon any other taxable event hereunder, a Participant may elect, subject to the approval in advance by the Committee, to satisfy the

withholding requirement, if any, in whole or in part, by having the Company withhold Shares of Common Stock that would otherwise be transferred to the Participant having a Fair Market Value, on the date the tax is to be determined, equal to the minimum marginal tax that could be imposed on the transaction. All elections shall be made in writing and signed by the Participant.

XVII. SAVINGS CLAUSE

This Plan is intended to comply in all respects with applicable law and regulations, including, (i) with respect to those Participants who are officers or directors for purposes of Section 16 of the Exchange Act, Rule 16b-3 of the Securities and Exchange Commission, if applicable, and (ii) with respect to executive officers, Code Section 162(m). In case any one or more provisions of this Plan shall be held invalid, illegal, or unenforceable in any respect under applicable law and regulation (including Rule 16b-3 and Code Section 162(m)), the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal, or unenforceable provision shall be deemed null and void; however, to the extent permitted by law, any provision that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Plan to be construed in compliance with all applicable law (including Rule 16b-3 and Code

Section 162(m)) so as to foster the intent of this Plan. Notwithstanding anything herein to the contrary, with respect to Participants who are officers and directors for purposes of Section 16 of the Exchange Act, if applicable, and if required to comply with rules promulgated thereunder, no grant of, or Option to purchase, Shares shall permit unrestricted ownership of Shares by the Participant for at least six (6) months from the date of grant or Option, unless the Board determines that the grant of, or Option to purchase, Shares otherwise satisfies the then current Rule 16b-3 requirements.

XVIII. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION; CORPORATE TRANSACTIONS

In the event that the outstanding Shares of the Company are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation by reason of any reorganization, merger, consolidation, recapitalization, reclassification, change in par value, stock split-up, combination of shares or dividends payable in capital stock, or the like, appropriate adjustments to prevent dilution or enlargement of the Awards granted to, or available for, Participants shall be made in the manner and kind of Shares for the purchase of which Awards may be granted under the Plan, and, in addition, appropriate adjustment shall be made in the number and kind of Shares and in the Option price per share subject to outstanding Options. The foregoing notwithstanding, no such adjustment shall be made in an Incentive Option which shall, within the meaning of Section 424 of the Code, constitute such a modification, extension, or renewal of an Option as to cause it to be considered as the grant of a new Option.

Notwithstanding anything herein to the contrary, the Company may, in its sole discretion, accelerate the timing of the exercise provisions of any Award in the event of a tender offer for the Company's Shares, the adoption of a plan of merger or consolidation under which

a majority of the Shares of the Company would be eliminated, or a sale of all or any portion of the Company's assets or capital stock. Alternatively, the Company may, in its sole discretion, cancel any or all Awards upon any of the foregoing events and provide for the payment to Participants in cash of an amount equal to the value or appreciated value, whichever is applicable, of the Award, as determined in good faith by the Committee, at the close of business on the date of such event. The preceding two sentences of this Article XVIII notwithstanding, the Company shall be required to accelerate the timing of the exercise provisions of any Award if (i) any such business combination is to be accounted for as a pooling-of-interests under APB Opinion 16 and (ii) the timing of such acceleration does not prevent such pooling-of-interests treatment.

Upon a business combination by the Company or any of its Affiliates with any corporation or other entity through the adoption of a plan of merger or consolidation or a share exchange or through the purchase of all or substantially all of the capital stock or assets of such other corporation or entity, the Board or the Committee may, in its sole discretion, grant Options pursuant hereto to all or any persons who, on the effective date of such transaction, hold outstanding options to purchase securities of such other corporation or entity and who, on and after the effective date of such transaction, will become employees or directors of, or consultants or advisors to, the Company or its Affiliates. The number of Shares subject to such substitute Options shall be determined in accordance with the terms of the transaction by which the business combination is effected. Notwithstanding the other provisions of this Plan, the other terms of such substitute Options shall be substantially the same as or economically equivalent to the terms of the options for which such Options are substituted, all as determined by the Board or by the Committee, as the case may be. Upon the grant of substitute Options pursuant hereto, the options to purchase securities of such other corporation or entity for which such Options are substituted shall be cancelled immediately.

XIX. DISSOLUTION OR LIQUIDATION OF THE COMPANY

Upon the dissolution or liquidation of the Company other than in connection with a transaction to which Article XVIII is applicable, all Awards granted hereunder shall terminate and become null and void; provided, however, that if the rights of a Participant under the applicable Award have not otherwise terminated and expired, the Participant may, if the Committee, in its sole discretion, so permits, have the right immediately prior to such dissolution or liquidation to exercise any Award granted hereunder to the extent that the right thereunder has become exercisable as of the date immediately prior to such dissolution or liquidation.

XX. TERMINATION OF THE PLAN

The Plan shall terminate (10) years from the earlier of the date of its adoption by the Board or the date of its approval by the stockholders. The Plan may be terminated at an earlier date by vote of the stockholders or the Board; provided, however, that any such earlier termination shall not affect any Award Agreements executed prior to the effective date of such termination. Notwithstanding anything in this Plan to the contrary, any Options granted prior to the effective date of the Plan's termination may be exercised until the earlier of (i) the date set forth in the

Award Agreement, or (ii) in the case of an Incentive Option, ten (10) years from the date the Option is granted; and the provisions of the Plan with respect to the full and final authority of the Committee under the Plan shall continue to control.

XXI. AMENDMENT OF THE PLAN

The Plan may be amended by the Board and such amendment shall become effective upon adoption by the Board; provided, however, that any amendment that (i) increases the numbers of Shares that may be granted under this Plan, other than as provided by Article XVIII, (ii) materially modifies the requirements as to eligibility to participate in the Plan, (iii) materially increases the benefits to Participants, (iv) extends the period during which Incentive Options may be granted or exercised, or (v) changes the designation of the class of employees eligible to receive Incentive Options, or otherwise causes the Incentive Options to no longer qualify as "incentive stock options" as defined in Section 422 of the Code, also shall be subject to the approval of the stockholders of the Company within one (1) year either before or after such adoption by the Board, subject to the requirements of Article XVII of the Plan.

XXII. EMPLOYMENT RELATIONSHIP

Nothing herein contained shall be deemed to prevent the Company or an Affiliate from terminating the employment of a Participant, nor to prevent a Participant from terminating the Participant's employment with the Company or an Affiliate.

XXIII. INDEMNIFICATION OF COMMITTEE

In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and reasonably incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken by them as directors or members of the Committee and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Board) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that the director or Committee member is liable for gross negligence or willful misconduct in the performance of his or her duties. To receive such indemnification, a director or Committee member must first offer in writing to the Company the opportunity, at its own expense, to defend any such action, suit or proceeding.

XXIV. UNFUNDED PLAN

Insofar as it provides for payments in cash in accordance with Article XV, or otherwise, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are entitled to cash, Common Stock, or rights thereto under the Plan, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required

to segregate any assets that may at any time be represented by cash, Common Stock, or rights thereto, nor shall the Plan be construed as providing for such segregation, nor shall the Company, the Board, or the Committee be deemed to be a trustee of any cash, Common Stock, or rights thereto to be granted under the Plan. Any liability of the Company to any Participant with respect to a grant of cash, Common Stock, or rights thereto under the Plan shall be based solely upon any contractual obligations that may be created by the Plan and any Award Agreement; no such obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by the Plan.

XXV. MITIGATION OF EXCISE TAX

If any payment or right accruing to a Participant under this Plan (without the application of this Article XXV), either alone or together with other payments or rights accruing to the Participant from the Company or an Affiliate, would constitute a "parachute payment" (as defined in Section 280G of the Code and regulations thereunder), such payment or right shall be reduced to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under the Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code. The determination of whether any reduction in the rights or payments under this Plan is to apply shall be made by the Company. The Participant shall cooperate in good faith with the Company in making such determination and providing any necessary information for this purpose.

XXVI. EFFECTIVE DATE

This Plan shall become effective upon adoption by the Board, provided that the Plan is approved by the stockholders of the Company before or at the Company's next annual meeting, but in no event shall stockholder approval be sought more than one (1) year after such adoption by the Board.

XXVII. GOVERNING LAW

This Plan shall be governed by the laws of the State of Illinois and construed in accordance therewith.

Adopted this 30th day of June, 1996.

STOCK REDEMPTION AGREEMENT

This Stock Redemption Agreement ("AGREEMENT") is made and entered into as of this _____ day of _____, 1996, by and among James R. Blomberg ("BLOMBERG"), David J. Donovan ("DONOVAN"), Stephen R. Goldfield ("GOLDFIELD"), Gerald R. Lanz ("LANZ"), Robert P. Maher ("MAHER"), and James T. Ruprecht ("RUPRECHT") (Blomberg, Donovan, Goldfield, Lanz, Maher are sometimes hereinafter referred to individually as a "SELLER" and collectively as "SELLERS"), Richard J. Metzler ("METZLER") (the Sellers and Metzler are sometimes hereinafter referred to as the "SHAREHOLDERS") and Metzler & Associates, Inc., an Illinois corporation (the "COMPANY").

WITNESSETH:

WHEREAS, the Shareholders, in the aggregate, own all of the outstanding shares of common stock, no par value ("COMMON STOCK") of the Company;

WHEREAS, each Seller acquired Common Stock (the "PURCHASED SHARES") from Metzler on January 1, 1996 pursuant to a Stock Purchase Agreement dated as of December 15, 1995 ("Stock Purchase Agreement");

WHEREAS, the Shareholders and the Company entered into an agreement (the "SHAREHOLDERS' AGREEMENT") made as of January 1, 1996, by which the parties intended to provide for the harmonious management of the affairs of the Company as well as certain rights and obligations of the parties under circumstances therein provided;

WHEREAS, on June 30, 1996, the Board of Directors and Shareholders of the Company approved a 9,714 and 2/7 to 1 split of the Common Stock in anticipation of the Company successfully completing an initial public offering ("IPO") of shares of Common Stock of a newly formed Delaware parent corporation on or before December 31, 1996 (the "TERMINATION DATE");

WHEREAS, pursuant to Section 6 of the Shareholders' Agreement, the Sellers collectively granted Metzler the option to reacquire from the Sellers, immediately prior to the occurrence of certain transactions, shares representing fifteen percent (15%) of the Common Stock at an aggregate price of One dollar ($1) (the "OPTION");

WHEREAS, Metzler believes that he is entitled, and desires to exercise the Option immediately prior to the IPO, provided that the IPO is scheduled to occur on or prior to the Termination Date;

WHEREAS, a dispute has arisen between the Sellers and Metzler as to whether Metzler is entitled to exercise the Option in the event of an IPO (the "DISPUTE");

WHEREAS, in settlement of the Dispute and to permit the IPO to be completed, the Sellers have agreed to allow Metzler to exercise the Option provided that immediately thereafter, Metzler permits the Company to redeem for an aggregate consideration of $7,975,000 that

number of Metzler's shares of Common Stock necessary to reduce his percentage ownership of the Company's shares of Common Stock prior to completion of the IPO to fifteen percent (15%) (the "REDEMPTION") as originally contemplated by the Stock Purchase Agreement; and

WHEREAS, in settlement of the Dispute, Metzler has agreed to the Redemption.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements of the parties hereinafter contained, each of the parties hereto hereby agrees as follows:

1. Incorporation of Recitals. The Recitals above set forth are incorporated herein and constitute covenants, representations and warranties of the parties to this Agreement.

2. Closing. The transactions contemplated herein shall take place sequentially immediately prior to the execution of an underwriting agreement with Donaldson, Lufkin and Jenrette Securities Corporation (the "Closing").

3. Exercise of Option.

a. To exercise the Option, at Closing each Seller shall deliver to Metzler certificate(s) representing the number of (post-split) shares of Common Stock set forth opposite such Seller's name on Exhibit A hereto, which certificate(s) shall be duly endorsed on the reverse side thereof or accompanied by duly executed assignments separate from certificate in transferable form.

b. Each Seller represents, warrants and covenants that he is now and will at the Closing be the record and beneficial owner of and has and will have good and marketable title to the shares to be transferred by him hereunder, free and clear of any lien, pledge, charge, security interest, title retention agreement, adverse claim, option or any other encumbrance, and that Metzler shall acquire valid title to such shares upon delivery of and payment for such shares.

c. At Closing, Metzler shall deliver to each Seller the dollar amount set forth opposite such Seller's name on Exhibit A hereto in the form of cash or a certified, cashier's or bank check or wire transfer.

4. Redemption.

a. Immediately following exercise of the Option, at Closing the Company shall execute in favor or Metzler a promissory note in the form attached hereto as Exhibit B in the principal amount of $7,975,000.

b. At Closing, Metzler shall surrender to the Company certificate(s) representing, in the aggregate, 1,714,285 5/7 shares, which certificates shall be duly endorsed on the reverse side thereof or accompanied by duly executed assignments separate from certificate in transferable form.

c. Metzler represents, warrants and covenants that he will be at Closing of the Redemption the record and beneficial owner of and will then have good and marketable title to the shares to be redeemed free and clear of any lien, pledge, charge, security interest, title retention agreement, adverse claim, option or any other encumbrance, and that the Company will acquire valid title to such shares upon delivery of and payment for such shares.

5. Termination. This Agreement shall terminate if the Company does not successfully complete the IPO on or before December 31, 1996.

6. Settlement of Dispute. The parties hereto acknowledge that the execution of this Agreement and the completion of the transactions contemplated herein shall be considered full resolution of the Dispute and the related matters and issues contained herein.

7. Entire Agreement; Amendment. This Agreement contains the entire agreement between the parties with respect to the subject matter contemplated herein, and supersedes all prior agreements and understandings between the parties relating to the subject matter hereof. Unless otherwise provided herein, this Agreement may be altered or amended only by an instrument in writing signed by each of the parties hereto.

8. Governing Law; Exclusive Jurisdiction. This Agreement shall be

construed and enforced in accordance with and interpreted by the internal laws of the State of Illinois. The parties hereby consent to service of process and to the exclusive jurisdiction of any appropriate court located in Cook County, Illinois in any action to enforce the provisions of this Agreement.

9. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

10. Headings. The captions and headings herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Agreement or the intent of any provision thereof.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same

instrument.

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

Metzler and Associates, Inc.

By:

Its President	James R. Blomberg

Attest:

By:

Its Secretarty	David J. Donovan

Stephen R. Goldfield	Gerald R. Lanz
Robert P. Maher	Richard J. Metzler

EXHIBIT A

	Number of Shares	Consideration
James R. Blomberg	171,428 4/7	$0.10
David J. Donovan	257,142 6/7	$0.18
Stephen R. Goldfield	257,142 6/7	$0.18
Gerald R. Lanz	257,142 6/7	$0.18
Robert P. Maher	257,142 6/7	$0.18
James T. Ruprecht	257,142 6/7	$0.18

EXHIBIT B

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

$7,975,000 , 1996
Deerfield, Illinois

FOR VALUE RECEIVED, the undersigned, METZLER & ASSOCIATES, INC., promises to pay to the order of RICHARD J. METZLER on or before _____, 199_, the principal sum of Seven Million Nine Hundred Seventy Five Thousand and No/100ths Dollars ($7,975,000).

All payments of principal and interest hereunder shall be made to the legal holder at 120 Woodley Road, Winnetka, Illinois 60093, or at such other place as the legal holder may from time to time designate in writing to the undersigned.

The legal holder of this Note shall be entitled to recover all of its costs of collection, court costs, legal expenses and reasonable attorneys' fees in collecting or enforcing this Note or the collection of any sums due hereunder.

No delay on the part of the holder of this Note in the exercise of any right or remedy shall operate as a waiver thereof or the exercise of any other right or remedy. The undersigned hereby waives presentment for payment, notice of dishonor and protest.

This Note shall be governed, construed and enforced in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the day and year first above written.

METZLER & ASSOCIATES, INC.

By:____________________________________
Its President

CORPORATE 500 CENTRE

LEASE WITH

RICHARD METZLER & ASSOCIATES
Tenant

Rental Agent

MATAS CORPORATION
500 Lake-Cook Road
Deerfield, Illinois 60015

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LEASE
FOR
CORPORATE 500 CENTRE

This Lease is made as of the 29th day of October, 1991, between AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually, but solely as Trustee under a certain Trust Agreement dated the 30th day of July, 1985, and known as Trust Number 65110 (the "Landlord"), and Richard Metzler & Associates, Inc. (the "Tenant"), as follows:

1. LEASE OF PREMISES. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises consisting of that certain office space shown outlined in red or by a heavy line on the plan attached hereto as Exhibit A (the "Premises") located on the fifth floor in the office building located at 520 Lake Cook Road, Deerfield, IL (the "Building") in the project commonly known as "Corporate 500 Centre Phase II", a two-building project, (the "Project"), and more particularly described on Exhibit B hereto (the "Real Estate"). The Building, the Project and the Real Estate together with the vehicular drives, the above and below ground parking facilities, and all other structures and improvements now located upon the Real Estate are hereinafter sometimes collectively called the "Property". The Premises contain 7,900 rentable square feet, subject to obtaining a certificate from the Landlord's architect.

2. TERM. The term of the lease (the "Term") is for five (5) years commencing on the first day of February, 1992 (the "Commencement Date") and ending on the thirty first (31st) day of January, 1997 (the "Termination Date"), unless sooner terminated as hereinafter provided.

3. POSSESSION.

A. In the event the Premises shall not be substantially completed, and ready for occupancy on the Commencement Date this Lease shall nevertheless continue in full force and effect, but Rent (as hereinafter defined) shall abate until the Premises are ready for occupancy or until the Landlord is able to deliver possession, as the case may be, and Landlord shall have no other liability whatsoever on account hereof; provided, however, there shall be no abatement of Rent if the Premises are not ready for occupancy because of failure to complete the installation of special equipment, fixtures or materials ordered by Tenant, or because of any delays resulting from Tenant's failure to promptly submit plans in accordance with the Construction Rider attached hereto as Exhibit C (the "Construction Rider") or resulting from changes or additions to Tenant's plans after submission thereof or from any other tenant delay described in the Construction Rider (all of the foregoing being herein called "Tenant Delays"). The Premises shall not be deemed incomplete or not ready for occupancy if only insubstantial details of construction, decoration or mechanical adjustments remain to be done. A Certificate of Occupancy issued by the Village of Deerfield shall be final or conclusive on Tenant and Landlord as to whether the Premises are com-

pleted and ready for occupancy. Notwithstanding the foregoing, in the event the Premises are not substantially completed and ready for Tenant's occupancy on or before March 1, 1992, subject to Tenant Delays, Landlord shall pay any holdover costs associated with Tenant's lease at 400 Skokie Blvd., Northbrook, IL.

B. If Tenant shall take possession of the Premises or any part thereof, prior to the Commencement Date (which Tenant may not do without Landlord's prior written consent), all of the covenants and conditions of this Lease shall be binding upon the parties hereto with respect to such whole or part of the Premises as if the Commencement Date had been fixed as the date when Tenant took possession of such whole or part of the Premises and Tenant shall pay Rent for the period of such occupancy prior to the Commencement Date at the rate of the annual Base Rent set forth in Paragraph 4 hereof prorated for such period of occupancy and, if less than the whole Premises are occupied, for the proportionate area of the total Premises so occupied.

C. Under no circumstances shall the occurrence of any of the events described in this Paragraph 3 be deemed to accelerate of defer the Termination Date.

4. RENT. Tenant shall pay to Landlord's rental agent, MATAS CORPORATION (the "Rental Agent"), at 500 Lake Cook Road, Deerfield, Illinois 60015, or to such other persons or at such other places as Landlord may direct from time to time by written notice to Tenant, by check which at the time of payment is legal tender for the payment of public and private debts in the United States of America, the aggregate of the following, all of which are hereby declared to be "Rent":

A. Base rent (the "Base Rent") at the annual rate set forth on Exhibit A-1 attached hereto and made a part hereof, each payable in advance promptly on the first day of each and every calendar month during the Term without demand and without any set-off or deduction whatsoever, except the first month's installment of Base Rent shall be due upon Tenant's occupancy. The annual Base Rent was determined on the basis of Seventeen Dollars ($17.00) per rentable square foot in the Premises for the first twelve (12) months of the Term and increased at the rate of three percent (3%) per annum for years 2-5 of the Term, compounded annually. Notwithstanding the foregoing, the first eight (8) months of Base Rent shall be abated.

B. The rent payable pursuant to the Garage Rider and Storage Rider, if entered into as part of this Lease;

C. "Additional Rent" (hereinafter defined) including, without limitation, all estimated monthly installments of the Expense Adjustment Amount;

D. All other sums payable by Tenant to Landlord pursuant to this Lease; and

E. Interest at the "Default Rate" from the date 10 days after due date of each payment of Rent until paid. Notwithstanding the forgoing, Landlord will notify Tenant the first time in any one Lease Year that Tenant is late in the payment of Rent and Tenant shall have (5) days to pay Landlord from receipt of Landlord's notice without incurring any interest charge. "Default Rate" means the lower of: (i) the highest lawful rate, or (ii) a rate of interest equal to the sum of two percent (2%) plus the rate of interest announced from time to time by the First National Bank of Chicago ("First") as its corporate base rate or if such rate is unavailable such other similar rate or standard chosen by Landlord in the exercise of its reasonable discretion (the "Base Rate").

Tenant recognizes that late payment of Base Rent or any other sum due hereunder will result in administrative expenses to landlord, the extent of which additional expenses are extremely difficult and economically impractical to ascertain. Tenant therefore agrees that when Base Rent or any other sum is due and payable from Tenant to Landlord pursuant to the terms of this Lease, and such amount remains unpaid 5 business days after such amount is due, the amount of such unpaid Base Rent or other sum shall be increased by a late charge to be paid to Landlord by Tenant equal to $100.00.

The provisions of this Paragraph shall in no way relieve Tenant of the obligation to pay Base Rent or other payments on or before the date on which they are due, nor shall the collection by Landlord of any amount under either subparagraph hereof impair (a) the ability of Landlord to collect the amount charged under subparagraph 4.E hereof or (b) Landlord's Remedies set forth in Paragraph 23 of this Lease.

If the Term or the obligation to pay Base Rent commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, the Base Rent for such month shall be prorated on a per diem basis.

5. ADDITIONAL RENT. In addition to paying Base Rent specified in Paragraph 4 hereof, Tenant shall pay as "Additional Rent", the amounts determined pursuant to subparagraphs B and C of this Section 5. The Base Rent and the Additional Rent are sometimes herein collectively referred to as the "Rent".

Without limitation of the other obligations of Tenant which shall survive the expiration of the Term, the obligation of Tenant to pay Additional Rent provided in this Section 5 shall survive the expiration of the Term. For any partial Lease Year, Tenant shall be obligated to pay only a pro rata share of the Additional Rent based on the number of days of the term falling within such Lease Year.

A. Certain Definitions. For the purposes of Sections 4 and 5 of this Lease, the following terms, words or phrases shall have the meanings and definitions described in this Subsection 5.A.:

(i) Notwithstanding the foregoing, "Lease Year"

means a calendar year. If the Term commences other than on January 1, Lease Year also means that period of time from the Commencement Date (or such earlier date as Tenant takes possession of the premises as provided in Section 3) through the next succeeding December 31. If the Term ends on a date other than December 31, then "Lease Year" also means that period ending on the date of expiration of the Term and commencing on the immediately preceding January 1.

(ii) (a) "Operating Expenses" means Taxes (as hereinafter defined) and all costs, expenses, charges and disbursements of every kind, nature or description whatsoever (determined for the applicable calendar year on an accrual basis), paid or incurred by Landlord or its beneficiaries relating to the ownership, management, operation, maintenance, replacement, and repair of the Property and of the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith, consistent with other first class suburban office buildings in metropolitan Chicago. Operating Expenses shall be determined in accordance with GAAP.

(b) Operating Expenses shall not include the following: (w) costs of alterations of any premises or common areas in the Building for other tenants of the Building, including architectural, engineering and mechanical drawings along with the cost of alterations for other tenants, costs of capital improvements to the Property (except that Operating Expenses shall include (1) the cost during the Term, as reasonably amortized by Landlord with interest at the Base Rate, of any capital improvement completed after the commencement of the Term which reduces any component cost included within Operating Expenses and then only to the extent of such reduction, and (2) the cost of any capital improvements which Landlord is required to make, or which Landlord shall deem necessary, to keep the Property in compliance with all applicable governmental rules and regulations imposed after the final construction of the Building), (x) interest and principal payments on mortgages and penalties, (y) ground rental payments, (z) leasing commissions or fees, (aa) costs reimbursed by third parties, including other tenants and proceeds of insurance, (bb) depreciation, (cc) management fees in excess of 4% or such higher percentage consistent with other first class suburban office buildings, (dd) salaries above the level of building manager, (ee) the purchase price of any art work for public areas of the Building, (ff) operating costs for the other buildings at the Property to the extent services provided by those Operating Costs do not benefit the Building, and (gg) services provided to a tenant of the Building but not to the Tenant.

(c) If less than (95%) of the Building's rentable area is occupied during all or any portion of any Lease Year, Landlord may elect to make an appropriate adjustment of the "Operating Expenses" that are variable in nature, for such year based on generally accepted accounting principles of the amount of "Operating Expenses" that would have been paid or incurred by

Landlord had (95%) or more of the Building's rentable area been occupied throughout such Lease Year, and the amount so determined by Landlord shall be deemed to have been the amount of "Operating Expenses" for such Lease Year. If any Operating Expense, though paid in one year, relates to more than one Lease

Year, such Operating Expense shall be proportionately allocated among such related Lease Years. If any Operating Expense relates to more than one Building or parcel of property on the Property, such Operating Expense shall be allocated among all such buildings or parcels or property to which it relates. If Landlord is not furnishing any particular work or service (the cost of which if performed by Landlord would constitute an Operating Expense) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be determined to be increased by an amount equal to the additional Operating Expense which reasonably would have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant.

(iii) "Taxes" means all federal, state and local governmental taxes, assessments and charges (including transit district taxes or assessments) of any kind or nature, whether general, special, ordinary or extraordinary, which Landlord or its beneficiaries shall pay or become obligated to pay because of or in connection with ownership, leasing, management, control or operation of the Property or of the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith, including without limitation, all ad valorem taxes, the Illinois Replacement Tax, and any tax measured or based upon rental or rental receipts. The amount included in Taxes for any Lease Year shall be the amount indicated by the tax bills assessed in respect of such Lease Year (e.g., the taxes includable in Taxes for any calendar year shall be the tax designated as that calendar year's taxes, regardless of whether they are paid or payable in that calendar year), except that if the tax bills for such year are not available as of the date of the statement, the amount of such taxes may be reasonably estimated by the person preparing the statement. There shall be deducted from Taxes, as determined for any year, the amount of any refund of Taxes received by Landlord during such year, but only to the extent such refund relates to Taxes for a period within the Term. If any special assessment payable in installments is levied against the Property, Taxes for any year shall include only installments of such assessments and any interest thereon payable with respect to such year (all without regard to any right to pay or payment of any such special assessment in a lump sum or single payment). Taxes shall not include any federal or state franchise, capital stock, inheritance, income, or estate taxes, except that if a change occurs in the method of taxation resulting in the substitution of any such taxes for any Taxes as hereinabove defined, such substituted taxes shall be included in Taxes. Taxes include legal fees, court costs and expenses charged or payable by or on behalf of Landlord for the contest of or protest of any Taxes to the extent they relate to Taxes designated for a Lease Year during the Term.

(iv) "Tenant's Proportionate Share" means 4.24%, being the percentage calculated by dividing the square feet of rentable area contained in the Premises by the number of square feet (being one hundred percent (100%) of

the square feet of rentable area of the Building).

B. Expense Adjustment.

(i) Tenant shall pay as Additional Rent an amount (the "Expense Adjustment Amount") equal to Tenant's Share of the Operating Expenses for each Lease Year, except that Tenant shall be required to pay only a pro rata amount of the Expense Adjustment Amount for the Lease Years in which the first and last days of the Term occur prorated on a per diem basis.

(ii) Prior to the commencement of each Lease Year, Landlord shall notify Tenant of Landlord's estimate of the Expense Adjustment Amount for such Lease Year and Tenant shall pay such amount in equal monthly installments on the first day of each calendar month during such Lease Year. Landlord may not more than twice during a Lease Year revise its estimate of the Expense Adjustment Amount for such Lease Year. Landlord may notify Tenant of such revised estimate and of the increase or decrease in such monthly payments thereafter payable during such Lease Year necessary to cause the total monthly payments during such Lease Year to equal Landlord's then current estimate of the Expense Adjustment Amount for such Lease Year, and Tenant shall thereafter pay such revised monthly payment amount on the first day of each calendar month thereafter during such Lease Year. Each such estimate provided by Landlord shall show separately the amount thereof allocable to Taxes and the amount thereof allocable to Operating Expenses other than Taxes.

(iii) Within one hundred twenty (120) days following the close of each Lease Year, Landlord shall furnish to Tenant a statement setting forth the actual Expense Adjustment Amount, for such Lease Year (exclusive of Taxes) and, within thirty (30) days after receipt of such statement, Tenant shall pay the excess, if any, of such actual Expense Adjustment Amount (exclusive of Taxes) for such Lease Year as shown in said statement over the amount of the payments theretofore made by Tenant with respect to the Expense Adjustment Amount (exclusive of Taxes) for such Lease Year based upon Landlord's estimates.

(iv) After Landlord received the relevant tax bills for each Lease Year, Landlord shall also furnish to Tenant a statement setting forth the actual amount of Taxes, for such Lease Year and, within thirty (30) days after receipt of such statement, Tenant shall pay the excess, if any, of such actual amount of Taxes for such Lease Year as shown in said statement over the amount of the payments theretofore made by Tenant with respect to Taxes for such Lease Year based upon Landlord's estimates.

(v) If the total estimated monthly payments paid by Tenant for any Lease Year exceeds the actual Expense Adjustment Amount for such Lease Year, such excess shall be refunded promptly to Tenant.

(vi) Tenant shall have the right to cause an audit to be made of, or to examine, Landlord's books and records relating to Operating Expenses for any Lease Year within 90 days after receipt of Landlord's final statements for Operating Expenses and Taxes for such year (whichever occurs later). If any such audit shows that Landlord's determination of Operating Expenses was in error, an appropriate adjustment shall be made within thirty (30) days. If the overstatement of Operating Expenses exceeds 5% of the correct amount of Operating Expenses, Landlord shall pay for the cost of such audit.

6. INTENTIONALLY OMITTED.

7. USE. Tenant shall occupy and use the Premises for general office use.

8. LANDLORD'S SERVICES AND OBLIGATIONS. Landlord shall furnish the following services:

A. Heating-Air Conditioning. Landlord shall furnish heat and air conditioning to provide a temperature and humidity condition required, for

comfortable occupancy of the Premises under normal business operations, daily from 8:00 a.m. to 6:00 p.m. (Saturday 8:00 a.m. to 1:00 p.m.), Sundays and holidays excepted in accordance with the following wet bulb and dry bulb specification for the Building; in Winter, the heating system shall maintain not less than 72 dry bulb when the outside temperature is -10 ; in Summer, the cooling system shall maintain the Premises to not higher than 75 dry bulb and 50% relative humidity when the outside temperature is not higher than 94 dry bulb and 78 wet bulb. Tenant will be charged for all heating and cooling requested and furnished before or after these hours at rates from time to time established by Landlord. If Tenant desires after hours HVAC, it shall notify Landlord or Rental Agent during normal business hours. Wherever heat generating machines or equipment are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to provide and install supplementary air conditioning units in the Premises and the cost of providing, installing, operating and maintaining the same shall be paid by Tenant to Rental Agent as additional Rent, provided, however, no supplementary units will be necessary for Tenant's copy machines. Notwithstanding anything to the contrary in this Paragraph 8.A. or elsewhere in this Lease, Landlord shall have the right to institute such policies, programs and measures as may be necessary or desirable, in Landlord's reasonable discretion, for the conservation and/or preservation of energy or energy related services, or as may be required to comply with applicable codes, rules and regulations and Tenant agrees to fully cooperate with Landlord's institution of such policies, programs and measures.

B. Water. Landlord shall furnish cold water from regular Building outlets for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant with Landlord's prior written consent, and hot water for public lavatory purposes from the regular supply of the Building. Tenant shall not waste or permit the waste of water.

C. Window Washing. Landlord shall furnish window washing of all exterior windows, weather permitting, and interior windows at intervals to be determined by Landlord at least three times per year.

D. Janitor Service. Landlord shall furnish daily janitor services in the Premises in accordance with Exhibit H attached hereto, Saturdays, Sundays and holidays excepted. Tenant shall not provide janitor services without the prior written consent of Landlord and then only subject to the supervision of Landlord and as Tenant's sole responsibility, cost and expense, by contractors or employees at all times satisfactory to Landlord.

E. Elevator Service. Landlord shall furnish passenger elevator service (which may be by automatic elevators) in common with Landlord and other tenants, daily. Daily freight elevator services (subject to scheduling and reasonable charges established by Landlord) shall be available in common with Landlord and other tenants of the Building and any use of the freight elevator service by contractors, agents or employees of Tenant shall be at Tenant's sole cost, responsibility and expense and at all times satisfactory to Landlord.

F. Electrical Wiring Facilities. Landlord shall furnish electrical wiring facilities adequate for the Building Standard allowance for lighting fixtures provided by Landlord and for Tenant's incidental uses. Tenant shall bear the cost of replacement of all lamps, tubes, ballasts and starters for lighting fixtures. In respect to such incidental uses, adequate electrical wiring and facilities will be furnished in the Leased Premises by Landlord based on Tenant's uses set forth in Section 7, provided that (a) the connected electrical load of the lighting equipment does not exceed an average of six (6) watts per square foot of the Leased Premises and the connected electrical load of the incidental use equipment does not exceed an average of two (2) watt per square foot of the Leased Premises; (b) the electricity so furnished for incidental uses will be at a nominal 120 or 220 volts and no electrical circuit for the supply of such incidental use will have a circuit breaker capacity exceeding 20 amperes; and (c) such electricity will be used only for equipment and accessories normal to office usage. If Tenant's requirements for

electricity for incidental uses are in excess of those set forth in the preceding sentence, Landlord reserves the right to require Tenant to install the conduit, wiring and other equipment necessary to supply electricity for such excess incidental use requirements at Tenant's expenses by arrangement with Commonwealth Edison Company or another approved local utility.

G. Interruption of Services. Landlord does not warrant that any service will be free from interruptions caused by labor controversies, accidents, inability to obtain fuel, steam, water or supplies, governmental regulations, or other causes beyond the reasonable control of Landlord. No such interruption of service shall be deemed an eviction or disturbance of Tenant's use and possession of the Premises or any part thereof, or render Landlord liable to Tenant for damages, by abatement of rent or otherwise, or relieve Tenant from performance of Tenant's obligations under this Lease. Tenant hereby waives and releases all claims against Landlord for damages for interruptions or stoppage of service. Landlord agrees to use reasonable ef-

forts to cause the restoration of services in the event of any failure, delay or diminution described above. Notwithstanding the foregoing, in the event such interruption continues for five (5) consecutive business days and if the failure thereof substantially interferes with Tenant's ability to conduct its business, then Rent and Additional Rent shall abate until the situation has been rectified.

H. Billing For Electricity. Tenant shall pay for the use of all electrical service to the Premises (other than the electrical service necessary for Landlord to fulfill its obligation to provide heating and air conditioning as provided in Paragraph 8.A. hereof) directly to the utility company furnishing such service provided that Landlord can make satisfactory arrangements with the utility company supplying the electricity to the Premises for separate metering and billing. Tenant shall be billed directly by such utility company and Tenant agrees to pay each bill promptly in accordance with its terms.

I. Charges for Services. Charges for any service for which Tenant is required to pay, from time to time hereunder, including but not limited to, hoisting services or after hours heating or air conditioning shall be due and payable at the same time as the installment of Rent with which they are billed, or if billed separately, shall be due and payable within thirty (30) days after such billing. All charges imposed by Landlord shall be reasonable and competitive. If Tenant shall fail to make payment for any such services, Landlord may, with notice to Tenant, pursue its remedies under Section 19 hereof.

J. Landlord's Representation. Landlord hereby represents that it shall operate the Building as a first class suburban office building.

9. TENANT'S OBLIGATIONS.

A. Repairs. Except for ordinary wear and as otherwise provided in this Lease, Tenant shall or shall cause Landlord to as hereinafter provided, at all times during the Term hereof, at Tenant's sole cost and expense, keep the Premises in good order, repair and condition. Tenant shall promptly arrange with Landlord to have Landlord make repairs of all damage to the Premises (other than damage to movable and removable fixtures, the repair of which may be done by Tenant) and the replacement or repair of all damaged or broken glass (including signs thereon), fixtures and appurtenances (including hardware and heating, cooling, ventilating, electrical, plumbing and other mechanical facilities in the Premises), with materials equal in quality and class to the original materials damaged or broken, within any reasonable period of time specified by Landlord, and the amount paid by Landlord for such repairs and replacements shall be paid by Tenant and deemed additional Rent reserved under this Lease and shall be due and payable at the same time as the installment of Rent for which it is billed. Landlord may, upon prior notice, except in the case of emergencies, enter the Premises at all reasonable times to make any repairs, alterations, improvements or additions, including, but not limited to, ducts and

all other facilities for heating and air conditioning service, as Landlord shall desire or deem necessary for

the safety, preservation or improvement of the Building, or as Landlord may be required to do by the municipality in which the Building is located or by the order or decree of any court or by any other proper authority. The reasonable competitive cost of all repairs made by Landlord to the Property which are made necessary as a result of misuse or neglect by Tenant or Tenant's employees, invitees or agents shall be immediately paid as additional Rent by Tenant to Landlord upon being billed for same.

B. Removal Permit. Tenant shall list all furniture, equipment and similar articles Tenant desires to remove from the Premises or the Building and deliver a copy to Landlord and procure a removal permit or such other identification as Tenant and Landlord may agree upon, from the Rental Agent authorizing Building employees to permit such articles to be removed.

C. Alterations.

(i). Tenant shall not make installations, alterations or additions in or to the Premises without securing the prior written consent of Landlord in each instance, provided Landlord's consent shall be required for alterations which do not exceed $10,000 and do not affect the mechanical and electrical systems of the Building. If Landlord consents to said installations, alterations or additions, it may impose such conditions with respect thereto as Landlord deems appropriate, including, without limitation, requiring Tenant to furnish Landlord with security for the payment of all cost to be incurred in connection with such work, insurance against liabilities which may arise out of such work, approval of plans and specifications for such work by Landlord and permits necessary for such work, provided no security shall be required if the cost of the work is below $10,000.00. Such work shall be done at the sole cost and expense of Tenant by employees of or contractors employed by Landlord, or with Landlord's consent in writing given prior to letting of such contact, by contractors employed by Tenant, but in each case, only under written contract previously approved in writing by Landlord, and subject to all reasonable conditions Landlord may impose including, without limitation, conditions which will assure Landlord that all work will be performed lien free under the Mechanics Lien Act of Illinois. All installations, alterations and additions shall be constructed in a good and workmanlike manner and only new and good grades of material shall be used, and shall comply with all insurance requirements, and with all ordinances and regulations of the Village of Deerfield or any department or agency thereof, and with the requirements of all statutes and regulations of the State of Illinois or any department or agency thereof. Tenant shall permit Landlord to supervise all construction operations within the Premises and shall pay to Landlord, prior to the commencement of the work, sufficient to reimburse Landlord for all overhead, general conditions, fees and other expenses arising from supervision of and involvement with the work, which fee shall not exceed 5% of the cost of such work, provided if the work is performed by Tenant, Landlord shall not receive any supervision fee. If alterations are made by Tenant's contractors, Tenant shall furnish to Landlord prior to commencement thereof, building permits and certificates of appropriate insurance and bonds, and upon completion of any installation, alteration or addition, Contractor's Affidavits and

full and final Waivers of Lien for all labor and material expended and used. Tenant shall hold harmless Landlord from all claims, costs, damages, liens and expenses which may arise out of or be connected in any way with said installations, alterations or additions. Any alterations or repairs which are undertaken by Tenant shall be performed by union labor which is compatible with the union or unions representing the service employees of Landlord in the Project. All charges by Landlord for the work shall be reasonable and competitive.

(ii). All alterations, improvements and additions to the Premises, whether temporary or permanent in character, made or paid for by Landlord or Tenant, shall without compensation to Tenant become Landlord's property at the termination of this Lease by lapse of time or otherwise and shall, unless Landlord requests their removal by indicating so at the time Landlord approves the plans for the same (in which case Tenant shall remove the same as provided in Section 16) be relinquished to Landlord in good condition, ordinary wear excepted.

D. Holding Over. Tenant shall pay to Landlord for each day Tenant retains possession of the Premises or any part thereof after termination of this Lease by lapse of time or otherwise, 150% of the amount of the Rent (computed on a daily basis) then required by the terms hereof for the last monthly period prior to the date of such termination and also pay all damages (including consequential damages) sustained by Landlord by reason of such retention, provided Tenant shall be obligated to pay consequential damages only if Landlord has notified Tenant at least sixty (60) days prior to the termination of the Lease that the Premises have been relet to a successor tenant.

E. Rules and Regulations. Tenant agrees, for itself, its employees, agents, clients, customers, invitees, visitors and guests, to observe the rules and regulations attached hereto as Exhibit H and made a part hereof. Landlord agrees to enforce the rules and regulations uniformly and in a non-discriminatory manner. Landlord shall have the right from time to time to prescribe additional rules and regulations which may be desirable in its judgment for the use, entry, operation and management of the Premises and Building, each of which rules and regulations and all amendments thereto shall become a part of this Lease. Tenants shall comply with all such rules and regulations; provided, however, that such rules and regulations shall not contradict or abrogate any right or privilege expressly granted herein to Tenant.

10. RIGHTS RESERVED TO LANDLORD. Landlord shall have the following rights exercisable without notice and without liability to Tenant for damage or injury to property, person or business (all claims for damage being hereby released), and without effecting an eviction or disturbance of Tenant's use of possession or giving rise to any claim for setoffs, or abatement of rent;

A. To change the name or street address of the Building or Project upon one hundred eighty (180) days prior written notice to Tenant.

B. To install and maintain signs on the exterior and interior of the Building (except within the Premises) or anywhere on the Property.

C. To designate all sources furnishing sign painting and lettering, ice, mineral or drinking water, beverages, foods, towels, vending machines or toilet supplies used or consumed on the Premises.

D. To have passkeys, including card keys, to the Premises and to furnish door keys for the entry door(s) in the Premises at the commencement of the Lease.

E. To decorate, remodel, repair, alter or otherwise prepare the Premises for reoccupancy any time after Tenant abandons or vacates the Premises.

F. To enter the Premises at reasonable hours and upon reasonable prior notice to make inspections, or to exhibit the Premises to prospective tenants, purchasers or others, or for other reasonable purposes, except that Landlord shall only show the Premises to prospective tenants for the Premises during the last twelve months of the Term.

G. To have access to all mail chutes according to the rules of the United States Post Office.

H. To require all persons entering or leaving the Building during such hours as Landlord from time to time reasonably may determine to identify themselves to a watchman by registration or otherwise and to establish their right to leave or enter, and to exclude or expel any peddler, solicitor or beggar at any time from the Premises or the Property.

I. To approve the weight, size and location of safes, computers, and all other heavy articles in and about the Premises and the Building and to require all such items and other office furniture and equipment to be moved in and out of the Property and Premises only at such time and in such manner as Landlord shall direct and in all events at Tenant's sole risk and responsibility.

J. At any time or times, to decorate at its own expense, and to make repairs, alterations, additions and improvements, structural or otherwise, in or to the Premises, the Property or any part thereof, and to perform any acts related to the safety, protection or preservation thereof, and during such operations to take into and through the Premises or any part of the Property all material and equipment required and to close or temporarily suspend operation of entrances, doors, corridors, elevators or other facilities, provided that Landlord shall cause as little inconvenience or annoyance Tenant as is reasonably necessary in the circumstances, and shall not interfere with Tenant's use of the Premises, and shall not do any act which permanently reduces the size of the Premises. Landlord may do any such work during ordinary business hours and Tenant shall pay Landlord for overtime and for any other expenses incurred if such work is done during other hours at Tenant's request.

K. To do or permit to be done any work in or about the Premises or the Property or any adjacent or nearby building, land, street or alley provided that any work that Landlord does in the Premises or the Property does not interfere with Tenant's use of the Premises.

L. To grant to anyone the exclusive right to conduct any business or render any service on the Property or in the Building, provided such exclusive right shall not operate to exclude Tenant from the use expressly permitted by Section 7 of this Lease.

M. To close the Building at 6:00 p.m. or at such other reasonable time as Landlord may determine, however, subject to Tenant's right to admittance under such regulations as shall be prescribed from time to time by Landlord.

N. To prohibit the placing of vending or dispensing machines of any kind in or about the Premises without the prior written permission of Landlord.

O. INTENTIONALLY OMITTED.

P. To designate certain parking areas in the subterranean garage in the Building and on the Real Estate or adjacent land for the exclusive use of one or more tenants of the Building or any other building now existing or hereafter constructed in the Project, and to make, prescribe and adopt rules and regulations with respect to the use of such parking areas. The Property currently contains 3.6 parking spaces per 1,000 square feet of rentable office space.

Q. To establish controls and rules for the purpose of regulating all property and packages, both personal and otherwise, to be moved into or out of the Building and the Premises.

R. To retain all other rights reserved by Landlord pursuant to the provisions of this Lease.

11. TELEPHONE, ELECTRIC AND OTHER SERVICES.

A. Tenant shall make arrangements directly with the telephone companies or multi-tenant communications services companies servicing the

Building for such telephone service in the Premises as may be desired by Tenant. Tenant shall pay the entire cost of all telephone charges, electricity consumed within the Premises, maintenance of light fixtures and replacement of lamps, bulbs, tubes, ballasts and starters.

B. If Tenant desires telegraphic, telephonic, burgular alarm, computer installations or signal service (which service shall be at Tenant's sole expense), upon request, Landlord shall direct where and how all connections and wiring for such service shall be introduced and run. In the absence of such directions, Tenant shall make no borings, cutting or install any wires or cables in or about the Premises.

C. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the building or the Premises when reviewed in conjunction with electrical usage of other tenants in the building or the Premises or wiring or installation; and also that it shall make no alterations or additions to the electric equipment and/or appliances without the prior written consent of Landlord in each instance.

12. LANDLORD'S TITLE. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

13. QUIET ENJOYMENT. Subject to the provisions of this Lease, Landlord covenants that Tenant, on paying the Rent and performing the covenants of this Lease on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the Premises for the Term.

14. WAIVER OF CERTAIN CLAIMS.

A. To the full extent now or hereafter permitted by law, Tenant waives and releases all claims against Landlord, its beneficiaries, officers, directors, shareholders, partners, agents, employees and servants, in respect of, and they shall not be liable for injury to person or damage to property sustained by Tenant or by any occupant of the Premises or the Property, or any other person, occurring in or about the Property, or the Premises resulting directly or indirectly, from any existing or future condition, defect, matter, or thing in the Premises, the Property or any part of it, or from equipment or appurtenances therein, or from accidents, or from any occurrence, act, or from neglect or omission of any tenant or occupant on the Property, or of any other person including Landlord, its beneficiaries, its officers, directors, shareholders, partners, agents, employees and servants, except if due to the negligence or willful misconduct of Landlord, its beneficiaries, its officers, directors, shareholders, partners, agents, employees and servants. This Section shall apply especially, but not exclusively, to damage caused as aforesaid or by the flooding of basements or other subsurface areas or by refrigerators, sprinkling devices, air conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, and shall apply equally whether any such damage results from the act or omission of other tenants, occupants or servants of the Property or of any other persons including Landlord, its officers, directors, agents, employees and servants, and whether such damage be caused or result from any thing or circumstance above mentioned, or any other thing or circumstance whether alike or wholly different in nature. If any such damage to the Premises or the Property or any equipment or appurtenance therein, or to tenants thereof, results from any act or omission or negligence of Tenant, its agents, employees or invitees, Landlord, at Landlord's option, may repair such damage and Tenant, upon demand by Landlord, shall reimburse Landlord forthwith for all reasonable cost of such repairs and damages both to the Property and to tenants thereof. All property on the Property or in the Premises belonging to Tenant, its agents, employees or invitees, or to any occupant of the Premises shall be

there at the risk of Tenant or other person only, and Landlord shall not be liable for damage thereto or theft, misappropriation or loss thereof, except if due to the gross negligence of Landlord, its beneficiaries, its officers, directors, shareholders, partners, agents, employees and servants. Tenant shall hold harmless Landlord and indemnify it against claims and liability for injuries to all persons and for the damage to, or the theft, misappropriation or loss of all property occurring in or about the Premises, or due to any act or omission of Tenant, its agents or employees or invitees, except if due to the gross negligence of Landlord, its beneficiaries, its officers, directors, shareholders, partners, agents, employees and servants.

15. CONDITION OF PREMISES. Tenant's taking possession shall be conclusive evidence that the Premises were then in good order, repair and satisfactory condition, subject to the completion of punch list items created by Tenant's architect and Landlord's architect. Except as may be set forth in Exhibit C hereto, no promise of Landlord to alter, remodel, improve, repair, decorate or clean the Premises or any part thereof, and no representation respecting the condition of the Premises or the Property has been made to Tenant by Landlord.

16. TERMINATION. At the termination of this Lease, by lapse of time or otherwise:

A. Surrender of Keys. Tenant shall surrender all keys, including card keys, of the Premises and Property to Landlord and make known to Landlord the explanation of all combination locks remaining on the Premises.

B. Surrender of Premises. Tenant shall surrender to Landlord the Premises and all equipment and fixtures of Landlord in as good a condition and state of repair as when Tenant originally took possession thereof, subject, however, to

(i) the provisions of Paragraphs C and D of this Section 16; or

(ii) ordinary wear and loss or damage by fire or other casualty described in Section 18 hereof, failing which Landlord may restore the Premises, equipment and fixtures to such condition and state of repair and upon demand, Tenant shall pay to Landlord the reasonable cost thereof.

C. Removal of Additions. All installations, additions, hardware, non-trade fixtures and improvements, temporary or permanent, except movable furniture and equipment belonging to Tenant, in or upon the Premises, whether placed there by Tenant or Landlord, shall be Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant; provided, however, that if Landlord so directs by notice after reviewing Tenant's plans, Tenant shall promptly remove the installation, additions, hardware, non-trade fixtures and improvements, placed in or upon the Premises by Tenant and designated in the notice and restore the Premises to its original condition, failing which Landlord may remove the same and upon demand, Tenant shall pay to Landlord the cost of such removal and of any necessary restoration of the Premises. In addition, Tenant

shall remove its office furniture, trade fixtures, office equipment and all other items of property on the premises not belonging to Landlord. Tenant shall pay to Landlord upon demand the cost of repairing any damage to the Premises and to the Building caused by any such removal.

D. Property Presumed Abandoned. All fixtures, installation, and personal property belonging to Tenant not removed from the Premises upon termination of this Lease and not required by Landlord to have been removed as provided in Paragraph C of this Section 16, shall be conclusively presumed to have been abandoned by Tenant and title thereto shall pass to Landlord under this Lease as by a Bill of Sale.

17. ASSIGNMENT AND SUBLETTING.

A. Without the prior written consent of Landlord in each instance (which consent shall not be unreasonably withheld or delayed) Tenant shall not:

(i) assign, transfer, mortgage, pledge, hypothecate or encumber, or subject to or permit to exist upon or be subjected to any lien or charge, this Lease or any interest under it;

(ii) allow to exist or occur any transfer of or lien upon this Lease or Tenant's interest herein by operation of law;

(iii) sublet the Premises or any part thereof; or

(iv) permit the use or occupancy of the Premises or any part thereof for any purpose not provided for under Section 7 of this Lease or by any one other than Tenant and Tenant's employees. Any such action on the part of Tenant shall be void and of no effect.

Notwithstanding the foregoing, Tenant shall have the right without Landlord's consent to sublet or assign the Premises to a subsidiary or other related entity ("Affiliate"), provided there is no material and adverse change in the financial condition of the Affiliate. In the event of any assignment or sublet to an Affiliate, Landlord shall not have the right to recapture the Premises or be entitled to any of the profits from such assignment or sublet.

B. By notice in writing, Tenant shall advise Landlord of its intention from, on and after a stated date (which shall not be less than thirty (30) days after date of Tenant's notice) to assign or transfer its interest as Tenant in this Lease, or sublet any part or all of the Premises for the balance or any part of the Term. Tenant shall furnish to Landlord, simultaneously with Tenant's request for consent to assign or sublet, the following: (1) a true and correct copy of the proposed sublease or assignment, approved by the assignee, sublessee or transferee, (2) description of the portion of the Leased Premises to be occupied, (3) nature of the proposed assignee, sublessee or transferee's business, and (4) current credit reports and financial statements of the proposed assignee, sublessee or transferee. Landlord shall have the right without limitation of its right

to consent to an assignment, transfer or sublease as provided under this Section 17, to be exercised by giving written notice to Tenant thirty (30) days after receipt of Tenant's notice, to recapture the space described in Tenant's notice and such recapture notice shall, if given, cancel and terminate this Lease with respect to the space therein described as of the date stated in Tenant's notice. Tenant's notice shall state the name and address of the proposed subtenant and a true and complete copy of the proposed sublease shall be delivered to Landlord with said notice. If Tenant's notice shall apply to all of the Premises, and Landlord shall give the aforesaid recapture notice with respect thereto, the Term of this Lease shall expire and end on the date stated in Tenant's notice as fully and completely as if that date had been herein definitely fixed for the expiration of the Term. If, however, this Lease is canceled pursuant to the foregoing with respect to less than the entire Premises, the Rent herein reserved shall be adjusted on the basis of the number of square feet retained by Tenant in proportion to the number of square feet contained in the Premises, as described in this Lease, and this Lease, as so amended, shall continue thereafter in full force and effect. If Landlord, upon receiving Tenant's said notice with respect to any such space, shall not exercise its right to cancel as aforesaid, Landlord will not unreasonably withhold or delay its consent to Tenant's assignment as aforesaid or subletting the space described in this notice. If this Lease is terminated in whole or in part as aforesaid, Landlord

shall be free to deal directly with any such proposed assignee or sublessee without any responsibility or liability to Tenant on account thereof.

C. Any subletting or assignment hereunder shall not release or discharge Tenant of or from any liability, whether past, present or future, under this Lease, and Tenant shall continue fully liable thereunder. The subtenant or subtenants or assignee shall agree to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease to the extent of the space sublet or assigned, and Tenant shall deliver to Landlord promptly after execution, an executed copy of each such sublease or assignment and an agreement of compliance by each such subtenant or assignee.

D. If Tenant shall assign or transfer its interest in this Lease or sublet the Premises having first obtained Landlord's consent, for a premium or at a rental in excess of the rent due and payable by Tenant under the provisions of Section 4 of this Lease, Tenant shall pay 50% of said premium or excess rent to Landlord.

E. Any sale, assignment, mortgage, transfer or subletting of this Lease which is not in compliance with the provisions of this paragraph shall be of no effect and void.

18. UNTENANTABILITY.

A. In the event the Building is so damaged by fire or other casualty that Landlord shall decide to demolish or not rebuild the same, then, in any of such events, Landlord shall have the right to terminate this Lease by notice to Tenant within one hundred twenty (120) days after the date of such fire or other casualty and the Rent

shall be apportioned on a per diem basis and paid to the date of such fire or other casualty. In the event that all or a substantial portion of the Premises are made untenantable by fire or other casualty and Landlord in its reasonable judgment estimates that the time required to rebuild and restore the same shall not exceed two hundred seventy (270) days, this Lease shall not terminate and Landlord shall repair and restore the Premises at Landlord's expense and with due diligence, however, subject to reasonable delays for insurance adjustments and delays caused by forces beyond Landlord's reasonable control, but Landlord shall not be obligated to expend therefor an amount in excess of the proceeds of insurance recovered with respect thereto. In such event, the Rent due hereunder shall abate in proportion to the nonusability of the Premises during the period of reconstruction and repair. In the event Landlord estimates that it will require in excess of two hundred seventy (270) days to repair or restore the Premises, then in such event either Tenant or Landlord shall have the right to terminate this Lease upon thirty (30) days prior written notice to the other. If the Premises are made untenantable during the last two years of the Term, Landlord or Tenant shall have the right to terminate this Lease as of the date of such fire or other casualty, in which event the Rent shall be apportioned on a per diem basis and paid to the date of such fire or other casualty.

B. Subject to the preceding paragraph, and subject to the last sentence of this paragraph, if the Premises are damaged by fire or other casualty but such damage does not render all or a substantial portion of the Premises or Building untenantable, then Landlord shall proceed with all due diligence to repair and restore the Premises, however, subject to

(i) reasonable delays for insurance adjustments, and

(ii) delays caused by forces beyond Landlord's reasonable control. In such event, the Rent shall abate in proportion to the nonusability of the Premises, from the date of such fire or other casualty, during the period while repairs are in progress unless such partial damages are due to the fault or neglect of Tenant. If the partial damage is the result of the fault or neglect of Tenant, Rent shall not abate during said period. If the Premises are made partially untenantable as aforesaid during the last two (2) years of the Term, Landlord or Tenant shall have the right to terminate this Lease as of the date of fire or other casualty, in which event, the Rent shall be apportioned on a per diem basis and paid to the date of such fire or other casualty.

C. In the event the Premises or the Building is damaged by fire or other casualty resulting from the act or neglect of Tenant, its agents, contractors, employees or invitees and if this Lease shall not be terminated by Landlord or Tenant as the case may be as a result of such damage, Tenant shall not be released from any of its obligations hereunder, and its liability to Landlord for damages caused by such fire or other casualty and its duty to pay Rent, which Rent shall not be abated. Tenant acknowledges that Landlord shall be entitled to the full proceeds of any insurance coverage, whether carried by

Landlord, for damage to alterations, additions, improvements or decorations provided by Landlord either directly or through an allowance to Tenant.

D. Notwithstanding anything to the contrary herein set forth, Landlord shall have no duty pursuant to this Section 18 to repair or restore any portion of the alterations, additions or improvements in the Premises or the decorations thereto except to the extent that such alterations, additions, improvements and decorations were provided by Landlord, at Landlord's cost, either directly or through an allowance to Tenant, at the beginning of the Term. If Tenant desires any other or additional repairs or restoration and if Landlord consents thereto, the same shall be done at Tenant's sole cost and expense subject to all of the provisions of Section 9.D. hereof. Tenant acknowledges that Landlord shall be entitled to the full proceeds of any insurance coverage, whether carried by Landlord, for damage to alterations, additions, improvements or decorations provided by Landlord either directly or through an allowance to Tenant.

19. DEFAULTS; CONDITIONAL LIMITATIONS; REMEDIES.

A. Each of the following events shall be an "Event of Default" hereunder:

(i) Failure of Tenant to pay any installment of Rent or any part thereof or any other payments of money, costs, or expenses herein agreed to be paid by Tenant, after ten (10) days written notice from Landlord of the same being due;

(ii) Failure of Tenant to observe or perform one or more of the other terms, conditions, covenants or agreements of this Lease and the continuance of such failure for a period of 30 days after written notice by Landlord specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature reasonably be performed, done or removed, as the case may be, within such 30 day period, in which case no default shall be deemed to

exist so long as Tenant shall have commenced curing the same within such thirty (30) day period and shall diligently and continuously prosecute the same to completion);

(iii) Any hazardous condition which is not cured by Tenant immediately upon written notice by Landlord specifying such hazardous condition;

(iv) (a) The filing of an application by Tenant for a consent to the appointment of a receiver, trustee or liquidator of itself or of all of its assets; or

(b) The filing by Tenant of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing its inability to pay its debts as they become due; or

(c) The making by Tenant of a general assignment for the benefit of creditors; or

(d) The filing by Tenant of an answer admitting the material allegations of or consenting to or defaulting in answering a petition filed against it in any bankruptcy proceeding;

(v) The entry of an order, judgment or decree by any court of competent jurisdiction adjudging Tenant bankrupt or appointing a receiver, trustee or liquidator for Tenant, or all of its assets, and such order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days;

(vi) If Tenant shall abandon or vacate the Premises;

(vii) If this Lease or the estate of Tenant hereunder shall be transferred to or assigned to or subleased to or shall pass to or devolve upon, any person or party, except in a manner herein expressly permitted;

(viii) If a levy under execution or attachment shall be made against Tenant or its property and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of thirty (30) days;

B. If an Event of Default shall occur, at any time thereafter, at its option Landlord may:

(i) give written notice to Tenant stating that this Lease, and the Term shall expire and terminate on the date specified in such notice, and upon the date specified in such notice, this Lease, the Term hereunder, and all rights of Tenant shall expire and terminate as if that date were the date herein definitely fixed for the termination of the Term, and Tenant shall quit and surrender the Premises but Tenant shall remain liable as hereinafter provided. After any such termination Landlord at its option may file a written declaration of termination in the official records of the county in which the Premises are located which written declaration shall be deemed a conclusive determination of the termination of this Lease.

(ii) re-enter and repossess the Premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor, and Tenant shall nevertheless remain liable as hereinafter provided for the remainder of the Term. If Landlord shall so re-enter, Landlord, at its option, may repair and alter the Premises in such manner as the Landlord may deem necessary or advisable, and/or let or relet the Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as

agent of Tenant, and out of any rent collected or received as a result of such letting or reletting Landlord shall first, pay to itself the cost and expense of retaking, repossessing, repairing and/or altering the Premises,

and the cost and expense of removing all persons and property therefrom; second, pay to itself the cost and expense sustained in securing any new tenants (including any broker's commission), and if Landlord shall maintain and operate the Premises, the cost and expense of operating and maintaining the Premises; and, third, pay to itself any balance remaining on account of the liability of Tenant to Landlord. Landlord agrees to use reasonable efforts to relet the Premises. No re-entry by Landlord, whether had or taken under summary proceedings or otherwise, shall absolve or discharge Tenant from liability hereunder. Landlord shall in no way be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due on any such reletting. Should any rent so collected by Landlord after the aforementioned payments be insufficient to fully pay to Landlord a sum equal to all such Rent and other payments and charges reserved herein, the deficiency shall be paid by Tenant on the rent days herein specified.

(iii) in any of the circumstances hereinabove mentioned in which Landlord shall have the right to hold Tenant liable as above provided, Landlord shall have the right to elect, in place and instead of holding Tenant so liable, forthwith to recover against Tenant as damages for loss of the bargain and not as a penalty, in addition to any other damages becoming due hereunder, an aggregate sum which, at the time of such termination of this Lease or of such recovery of possession of the Premises by Landlord, as the case may be, represents the then present worth of the excess, if any, of the aggregate of the Rent and all other payments and charges payable by Tenant hereunder that would have accrued for the balance of the Term over the aggregate rental value of the Premises (such rental value to be computed on the basis of a Tenant paying not only a rent to Landlord for the use and occupation of the Premises, but also the Taxes and other payments and charges as are required to be paid by Tenant under the terms of this Lease) for the balance of the Term. In addition, the entire Base Rent otherwise due and payable for the abatement months of the Lease Term shall become immediately due and payable, provided such amount shall be amortized over the time remaining on the Lease Term.

(iv) Landlord, at Landlord's election from time to time may bring a suit or suits for the recovery of such deficiency or damages, or for a sum equal to any installment or installments of Rent and other charges hereunder. Nothing herein contained shall be deemed to require Landlord to await the Termination Date.

(v) nothing in this Section 19. contained shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by any statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved,

whether or not such amount be greater, equal to or less than the amount of the damages referred to in any of the preceding paragraphs of this Section.

C. No receipt of monies by Landlord from Tenant after termination of this Lease, or after the giving of any notice of termination of this Lease, shall reinstate, continue or extend the term or affect any notice theretofore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rent and other sum or sums of money and other charges herein reserved and agreed to be paid by Tenant then due or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of suit or summary proceedings, or after final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any monies due or thereafter falling due without in any manner affecting such monies collected being deemed payments on account of the use and occupation of said Premises, or at the election of Landlord, on account of Tenant's liability hereunder.

D. To the extent permitted by law, Landlord and Tenant hereby expressly waive the service of any notice of intention to re-enter the Premises, including any and every form of demand and notice provided for in any statute or other law, or of the institution of legal proceedings to that end, and Tenant and Landlord, for and on behalf of themselves and all persons claiming through or under Tenant or Landlord, also waive any and all right of redemption provided by any law or statute now in force or hereafter enacted or otherwise, or re-entry or repossession or to restore the operation of this Lease in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by Landlord or in case of any expiration or termination of this Lease, and Landlord and Tenant waives and will waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of said Premises, or any claim of injury or damage. The terms "enter", "re-enter", "entry" or "re-entry", as used in this Lease are not restricted to their technical legal meaning.

E. No failure by Landlord or Tenant to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by Landlord or Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the other. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

F. If any breach or threatened breach by Landlord or Tenant of any of the covenants, agreements, terms or conditions contained in this Lease shall occur, the other shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease.

G. Each right and remedy of Landlord or Tenant provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord or Tenant of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord or Tenant of any or all other rights or remedies provided for in this Lease or now

or hereafter existing at law or in equity or by statute or otherwise.

H. Tenant or Landlord shall pay the prevailing party all costs and expenses, including reasonable attorney's fees, incurred by the prevailing party in any action or proceeding to which Tenant or Landlord may be made a party by reason of any act or omission of the other party. The losing party shall also pay to the prevailing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in enforcing any of the covenants and provisions of this Lease or incurred in any action brought by one party against the other party on account of the provisions hereof, and all such costs, expenses and attorneys' fees may be included in and form a part of any judgment entered in any proceeding brought by one party against the other party on or under this Lease. All of the sums paid or obligations incurred by the prevailing party as aforesaid with interest and costs shall be paid by the prevaling party to the other party five (5) days after the rendition by the prevailing party to the other party of any bill or statement therefor.

20. EMINENT DOMAIN. If the Property, or any portion thereof which includes a substantial part of the Premises, shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, the Term shall end upon, and not before, the date when the possession of the part so taken shall be required for such use or purpose, and without apportionment of the award. Rent shall be apportioned as of the date of such termination. If any condemnation proceeding shall be instituted in which it is sought to take or damage any part of the Property, or if the grade or configuration of any street, highway, alley, bridge, elevated transit or other transit structure on or adjacent to the Property is changed or constructed by any competent authority and such change of grade makes it necessary or desirable to remodel the Property to conform to the changed grade or configuration, Landlord shall have the right to cancel this Lease upon not less than ninety (90) days' notice prior to the date of cancellation designated in the notice. Under no circumstances shall any money or other consideration be payable by Landlord to Tenant for any cancellation or termination of this Lease as a result of an eminent

domain proceeding, nor shall Tenant have any right to share in any condemnation award or in any judgment for damages resulting from an eminent domain proceeding.

21. SUBORDINATION OR SUPERIORITY OF THIS LEASE.

A. Landlord heretofore has and hereafter from time to time may execute and deliver a mortgage or trust deed in the nature of a mortgage senior to all other mortgages or trust deeds, both referred to herein as "First Mortgage" against the Real Estate and Building, or any interest therein, and may sell and lease back the Real Estate. In addition, Landlord hereafter from time to time may execute and deliver one or more mortgages or deeds of trust junior to the First Mortgage or may subordinate the lien of the First Mortgage to another mortgage or deed of trust, collectively referred to herein as "Second Mortgage". The First Mortgage and Second Mortgage are herein collectively called "Mortgage". If requested by the mortgagee or trustee under any Mortgage, or the lessor of any ground or underlying lease ("ground lessor"), Tenant will either

(i) subordinate its interest in this Lease to the Mortgage, and to any and all advances made thereunder and to the interest thereon, and to all renewals, replacements, supplements, amendments, modifications and extensions thereof, or to said ground or underlying lease or to both, provided, however that such requesting party agree not to distrub Tenant's quiet possession so long as

(a) Tenant is not in default hereunder and

(b) Tenant agrees to attorn in mode and manner as set forth below, or

(ii) make Tenant's interest in this Lease superior thereto; and

Tenant promptly will execute and deliver such agreement or agreements as reasonably may be required by such mortgagee or trustee under any Mortgage. Notwithstanding the foregoing, Tenant covenants it will not subordinate this Lease to any mortgage or trust deed other than a First Mortgage (as defined in this Section 21) without the prior written consent of the holder of the First Mortgage.

B.

(i) If any Mortgage shall be foreclosed, or any party shall take title to the Premises by deed in lieu of foreclosure (collectively "foreclosure") or if any ground or underlying lease be terminated,

(a) the liability of the mortgagee or trustee hereunder or purchaser or other taker of title at such foreclosure or any other subsequent owner designated as Landlord under this Lease (collectively, "subsequent owner") shall exist only so long as such trustee, mortgagee, purchaser, taker of

title or owner is the owner of the Building or Land and such liability shall not continue or survive after further transfer of ownership; and

(b) upon request of the subsequent owner, if the Mortgage shall be subjected to foreclosure, Tenant will attorn, as Tenant under this Lease, to the purchaser at any foreclosure sale under any Mortgage or upon request of the ground lessor, if any ground or underlying lease shall be terminated, Tenant will attorn as Tenant under this Lease to the ground lessor, and Tenant will execute such instruments as may be necessary, or appropriate to evidence such attornment provided, however, that Tenant shall not attorn to any subsequent owner other than a subsequent owner holding by reason of foreclosure of a First Mortgage without the prior written consent of the holder of the First Mortgage; and,

(ii) this Lease may not be modified or amended so as to reduce the rent or shorten the term provided hereunder, or so as to adversely affect in any other respect the rights of the Landlord, nor shall this Lease be canceled or surrendered, without the prior written consent, in each instance, of the mortgagee or trustee under any Mortgage and of any ground lessor, except in the case of a casualty as provided in Section 18 hereof.

C. Tenant agrees to give any holder of any Mortgage (as defined in this Section 21), by registered or certified mail, a copy of any notice of default served upon Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing (by way of service on Tenant of a copy of Assignment of Rents and Leases, or otherwise) of the address of such Mortgage holder. Tenant further agrees that if Landlord shall have failed to cure such default within twenty (20) days after such notice to Landlord (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if Landlord has commenced within such twenty (20) days and is diligently pursuing the remedies or steps necessary to cure and correct such default), then the holder of any Mortgage shall have an additional fifteen (15) days within which to cure or correct such default (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if such holder of any Mortgage has commenced within such fifteen (15) days and is diligently pursuing the remedies or steps necessary to cure or correct such default). Until the time allowed, as aforesaid, for the holder of any Mortgage to cure such default has expired without cure, Tenant shall have no right to, and shall not, exercise any right it may have to terminate this Lease on account of Landlord's default.

22. INTENTIONALLY OMITTED.

23. NOTICES. In every instance where it shall be necessary or desirable for Tenant to serve any notice or demand upon Landlord, such notice or demand

shall be sent by United States Registered or Certified Mail, postage prepaid, addressed to Landlord at the place where

rental under this Lease is then being paid. Any notice or demand to be given by Landlord to Tenant shall be effective if mailed by United States Registered or Certified Mail, postage prepaid, or delivered to the Premises, or to such other address as may appear on the records of Landlord. Notice mailed as aforesaid shall be conclusively deemed to have been served at the close of the second business date following the date the notice was mailed, or upon receipt if delivered. The parties shall have the right to notify the other of a change of address.

24. SUCCESSORS AND ASSIGNS. Each provision hereof shall extend to and shall, as the case may require, bind and inure to the benefit of Landlord and Tenant and their respective heirs, legal representatives, successors and assigns, provided that this Lease shall not inure to the benefit of any assignee, heir, legal representative, transferee or successor of Tenant except upon the prior written consent or election of Landlord, as provided in Section 17. The term "Landlord", as used in this Lease, means only the owner, or the mortgagee in possession, for the time being, of the Property, so that if any sale or sales of the Property shall occur, Landlord shall be and hereby is entirely free and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser at any such sale, that the purchaser has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder.

25. INSURANCE.

A. Landlord and Tenant agree to have all property insurance policies which may be carried by either of them endorsed with a clause providing that any release from liability of or waiver of claim for recovery from the other party entered into in writing by the insured thereunder prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder. Without limiting any release or waiver of liability or recovery contained in any other paragraph of this Lease but rather in confirmation and furtherance thereof, Landlord and Tenant each hereby waive any and every claim for recovery from the other for any and all loss of or damage to the Building or Premises or to the contents thereof, which loss or damage is insured by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under said insurance policies. Inasmuch as this mutual waiver will preclude the assignment of any such claim by subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant each agree to give to each insurance company which has issued, or in the future may issue, policies of fire and extended coverage insurance, written notice of the terms of this mutual waiver, and to have said insurance policies properly endorsed, if necessary to prevent the invalidation of said insurance coverage by reason of said waiver.

B. At all times during the Term, at its sole cost and expense Tenant shall maintain in full force and effect insurance protecting Tenant and Landlord and Landlord's beneficiaries and their respective agents and any other parties designated by Landlord from

time to time, with terms, coverages and in companies at all times satisfactory to Landlord and with such increases in limits as from time to time, Landlord may request not more than once every two (2) years and then only to those limits generally in force in similar buildings. Initially, such limits shall be in the following amounts:

(i) Comprehensive General Liability Insurance, including Contractual Liability insuring the indemnification provisions contained in

this Lease, with limits of not less than Two Million Dollars ($2,000,000.00) combined single limit per occurrence for Bodily Injury, Death and Property Damage.

(ii) Insurance against "All Risks" of physical loss to movable fixtures, office equipment, furniture, trade fixtures, merchandise and all other items of Tenant's property on the Premises.

Prior to the commencement of the Term and prior to the expiration of any policy, Tenant shall furnish Rental Agent certificates evidencing that all required insurance is in force and providing that such insurance may not be canceled or changed without at least thirty (30) days' prior written notice to Landlord and Tenant (unless such cancellation is due to nonpayment of premiums, in which event ten (10) days' prior written notice shall be provided). Such certificate shall name as additional insureds (i) Landlord and the partners in Landlord; (ii) the beneficiary or beneficiaries of Landlord, if Landlord is a Land Trust, (iii) Landlord's agent, and (iv) such other persons as Landlord may from time to time designate.

C. Tenant shall comply with all applicable laws and ordinances, all orders and decrees of court, all requirements of other governmental authorities, and requirements and recommendations of insurance rating agencies with respect to the Leased Premises, and shall not, directly or indirectly, make any use of the Leased Premises which may thereby be prohibited or be dangerous to person or property, which may jeopardize any insurance coverage, increase the cost of insurance or require additional insurance coverage. If Tenant fails to comply with the provisions of this subparagraph C, Landlord, in addition to any other rights or remedies available to Landlord, may require Tenant to make immediate payment of any increase in Landlord's insurance costs.

D. Landlord shall maintain property insurance against all risks of physical loss to the Building, on a replacement cost basis with such reasonable deductibles as Landlord seems appropriate.

26. MISCELLANEOUS.

A. Wherever there is provided in this Lease a time limitation for performance by Landlord or Tenant of any construction, repair, maintenance or service, the time provided for shall be extended for as long as and to the extent that delay in compliance with such limitation is due to an act of God, strikes, governmental control, adverse weather or other factors beyond the reasonable control of Landlord or Tenant as the case may be.

B. If any provision of this Lease or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Lease or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable to any extent, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

C. The headings of Sections and paragraphs are for convenience only and do not define, limit or construe the contents of such Sections or paragraphs. References made in this Lease to numbered sections and paragraphs shall refer to the numbered Sections or paragraphs of this Lease, unless otherwise indicated.

D. Each of the parties agrees, at the written request of the other, to execute such instruments or documents as any party may reasonably request, acknowledging: the date of completion of the Premises; the date of acceptance of possession of the same; the commencement and expiration dates of this Lease; the Operating Expenses and Taxes for any Lease Year; the Estimated Rent Adjustment Payments for any Lease Year; the number of rentable square feet demised to Tenant; Annual Base Rental amount; and the compliance or noncompliance by any party with any of the terms or provisions of this Lease; and to evidence any

other or further matters as may be so reasonably requested.

E. Tenant represents that except for Royal LePage Commercial Real Estate Services acting through John P. Bruemmer (the Broker), it has not dealt with any real estate broker in connection with this Lease and, no broker other than the Broker initiated or participated in the negotiation of this Lease, submitted or showed the Premises to Tenant or is entitled to any commission in connection with this Lease. Tenant hereby indemnifies, defends, and holds Landlord harmless from the against any and all claims of any real estate broker for commissions in connection with this Lease other than the Broker.

F. No waiver of default of Tenant shall be implied, and no express waiver shall affect any default other than the one default specified in such waiver and that one only for the time and to the extent therein stated.

G. Clauses, plats and rider, if any, signed by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

H. This Lease shall be governed and construed under the laws of the State of Illinois.

I. Anywhere in the Lease that requires either Landlord's or Tenant's consent, such consent shall not be unreasonably withheld or delayed.

J. This Lease is to be executed in copies, each of which executed copy shall constitute an original.

K. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

L. Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant without the prior consent of Landlord, which consent shall not be unreasonably withheld.

M. If Tenant is a corporation or partnership, each signatory of tenant personally represents and warrants that he is a duly authorized signatory for and on behalf of the Tenant, and agrees that if the representation and warranty contained in this paragraph is false, each signatory shall be personally liable under this Lease.

27. ESTOPPEL CERTIFICATES. From time to time upon request by Landlord, Tenant will deliver to Landlord a statement in writing certifying;

(i) that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease, as modified, is in full force and effect);

(ii) the dates to which Rent and other charges have been paid;

(iii) that Landlord is not in default under any provision of this Lease, or, if in default, the nature thereof in detail, and

(iv) such other similar matters relating to this Lease as are requested by Landlord or the holder of any mortgage or trust deed on the Premises, it being intended that any such statement may be relied upon by any prospective purchaser or tenant of the Property and any mortgagees or prospective mortgagees. Without limiting the above, upon request of Landlord, Tenant shall promptly fill out, execute and deliver at the direction of Landlord a statement in the form attached hereto as Exhibit D. Tenant shall execute and deliver whatever instruments may be required for such purposes, and if Tenant fails so to do within fifteen (15) days after demand in writing, such failure shall be an Event of Default hereunder and Tenant hereby irrevocably appoints Landlord as attorney-in-fact for Tenant with full power and authority to execute and deliver in the name of Tenant any such instruments or certificates.

28. EXCULPATORY CLAUSE. This Lease is executed by American National Bank and Trust Company of Chicago, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee, and under the express direction of the beneficiaries of a certain Trust Agreement dated July

30, 1985, and known as Trust Number 65110 at said Bank. Nothing in this Lease contained shall be construed as creating any liability whatsoever against said Trustee personally or said beneficiaries, and in particular, without limiting the generality of the foregoing, there shall be no personal liability to perform any covenant, either express or implied, herein contained, to keep, preserve or sequester any property of said Trust, and that all personal liability of said Trustee (and said beneficiaries, to the extent permitted by law), of every sort, if any, is hereby expressly waived by Tenant, and by every person now or hereafter claiming any right or security hereunder; and that so far as the parties hereto are concerned the owner of any indebtedness or liability accruing hereunder shall look solely to the Trust Estate from time to time subject to the provisions of said Trust Agreement for the payment thereof. The Trustee has no agents or employees and merely holds naked title to the property herein described and has no control over the management thereof or the income therefrom and has no knowledge respecting rentals, leases or other factual matters with respect to the Premises, except as represented to it by the beneficiary or beneficiaries of the Trust.

29. LIMITATION ON LANDLORD'S LIABILITY. It is expressly understood and agreed by Tenant that none of Landlord's covenants, undertakings or agreements are made or intended as personal covenants, undertakings or agreements by Landlord or the partners in Landlord, and any liability of Landlord or the partners in Landlord for damages or breach or nonperformance by Landlord or otherwise arising under or in connection with this Lease or the relationship of Landlord and Tenant hereunder, shall be collectible only out of Landlord's interest in the Land and Building (or if Landlord is the beneficiary of a land trust, Landlord's right, title and interest in such land trust), in each case as the same may then be encumbered, and no personal liability is assumed by, nor at any time may be asserted against, Landlord or the partners in Landlord or any of its or their officers, agents, employees, legal representatives, successors or assigns, all such liability, if any, being expressly waived and released by Tenant. Tenant further expressly understands and agrees that Landlord's Agent executes this Lease, not in its own right but solely as Landlord's Agent and that nothing in this Lease shall be construed as creating any liability whatsoever against such Landlord's agent, its shareholders, directors, officers or employees and in particular, without limiting the generality of the foregoing, there shall be no liability to pay any indebtedness or sum accruing hereunder or to perform any covenant or agreement whether express or implied herein contained, it being agreed that Landlord shall have sole responsibility therefor.

30. RIGHT TO EXTEND TERM. So long as a monetary Event of Default is not then existing hereunder and subject to the prior expansion options of New York Life Insurance Company and Philip Crosby Associates in the Building, Tenant shall have the option to extend this Lease for one (1) term of five (5) years from the first (1st) day of the sixth year from the Commencement Date, to the last day of the tenth year from the Commencement Date ("Extended Term"). If New York Life Insurance Company and Philip Crosby Associates do not exercise the rights granted to them as set forth in their respective leases as of the date hereof, then Landlord shall notify Tenant prior to January

31, 1996 that Tenant's option to extend is absolute, and Tenant shall have the right to exercise said option provided, however, that said option shall be null and void if not exercised in writing, certified mail, return receipt required, on or before six (6)months from the receipt of Landlord's notice. Such extended term shall be upon the same terms and conditions as herein contained, except for the Base Rent. The annual Base Rent for the Premises for the first year of the Extended Term shall be $19.71 per rentable square foot, increasing at three percent (3%) per annum thereafter.

31. EXPANSION OPTION. Subject to the prior expansion rights of Philip Crosby Associates to lease the Additional Space by February 28, 1992, Tenant shall have a continuing right of refusal ("Refusal Option") to lease approximately 2,000 square feet of contiguous space, outlined in Exhibit A (the "Additional Space"), if it is being offered by Landlord to another party, on the following terms and conditions:

(i) Landlord shall notify Tenant after it has offered the Additional Space to a third party, which notice shall include the rental terms and construction allowance being offered to such tenant. If Tenant desires to exercise the Refusal Option for all of the Additional Space, it shall give Landlord written notice thereof within five (5) business days of the Landlord's written notice to Tenant that it is offering the Additional Space to another tenant, provided, however, that said option shall be null and void if not exercised in writing within said five (5) business day period.

(ii) Without limitation of the other terms and provisions hereof, the Additional Space shall be offered to Tenant at the same rental rate and construction allowance as offered to the third party, and the Additional Space will be subject to all of the other terms and conditions of the Lease.

(iii) If Tenant exercises the Refusal Option any time prior to the time the applicable space is delivered to Tenant an uncured Event of Default beyond the applicable grace period is then existing, Landlord shall have the right to cancel such exercise. In such event, the Additional Space shall not be added to the Premises.

(iv) At such time as the right to possession of the Additional Space is delivered to Tenant, it shall become part of the Premises hereunder, the aggregate Base Rent shall be appropriately increased with payment of the additional Base Rent to commence on the date such occupancy is delivered to Tenant, which shall in no event exceed three (3) months after possession is delivered to Tenant. Tenant's Proportionate Share shall be appropriately adjusted effective as of the date the right to possession of the applicable space is delivered to Tenant and a Certificate and Amendment hereto confirming such amounts shall be executed by Landlord and Tenant. Rent payments with respect to the Additional Space shall commence on the date the right to occupancy of said space is delivered to Tenant hereunder, which shall in no event exceed three (3) months after possession is delivered to Tenant. If the date on which the Base Rent payments for the Additional Space is to commence is other than on the first (1st)

day of a calendar month, such Base Rent shall be appropriately adjusted and if the date on which Tenant's Proportionate Share is to change is other than the first day of a calendar year, Tenant's Proportionate Share shall be increased only for that portion of the Calendar Year commencing with the date of delivery of the Additional Space to Tenant.

32. AUDITORIUM. Tenant shall have the right to use the auditorium adjoining the Building one day each year and on December 31, 1991 free of charge.

IN WITNESS WHEREOF, this instrument has been duly executed by the parties hereto, as of the date first above written.

LANDLORD	TENANT
AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually, but solely and only as Trustee aforesaid.	RICHARD METZLER & ASSOCIATES, INC.
BY: /s/ ???	BY: /s/ Richard A. Metzler
Its: Second Vice President	Its: President
ATTEST: /s/ ???	ATTEST: /s/ Diann M. Brown
Its: Assistant Secretary	Its:

FIRST AMENDMENT TO LEASE

WITH

RICHARD METZLER & ASSOCIATES
Tenant

RENTAL AGENT

MATAS CORPORATION
500 LAKE COOK ROAD
DEERFIELD, ILLINOIS 60015

FIRST AMENDMENT TO LEASE

FOR

CORPORATE 500 CENTRE

This First Amendment to Lease is made and entered into as of the 28th day of February, 1992, between American National Bank and Trust Company of Chicago, not individually, but solely, as Trustee under a certain Trust Agreement dated the 30th day of July, 1985, and known as Trust Number 65110 (the "Landlord"), and Richard Metzler & Associates (the "Tenant"). This agreement amends that certain Lease dated the 29th day of October, 1991 between Landlord and Tenant

(the "Lease"). Landlord and Tenant are desirous of amending the Lease for and in consideration of the premises and the agreements hereinafter set forth. Capitalized terms used herein shall have the same meaning as those ascribed to them in the Lease unless otherwise defined herein.

1. LEASE OF PREMISES. The definition of Premises in Paragraph 1 of the Lease is hereby amended to include an additional 2,087 rentable square feet (the "Additional Space"), to the existing 7,900 rentable square feet in the Premises as shown on Exhibit A attached hereto and made a part hereof. The total amount of the Premises shall be 9,987 rentable square feet, which number shall be substituted for 7,900 rentable square feet in Paragraph 1.

2. TERM. The Term on the Additional Space shall commence July 1, 1992 and the Termination Date shall be January 31, 1997. In the event the Additional Space is substantially complete and ready for occupancy prior to July 1, 1992, Tenant may take possession of said Additional Space.

3. REVISED BASE RENT. The amount of Base Rent shown on Exhibit A-I attached to the Lease is amended and replaced with a new Exhibit A-I attached hereto and made a part of the Lease.

4. TENANTS PROPORTIONATE SHARE. Paragraph 5.A. (iv) of the Lease is hereby amended by deleting "4.24%" as "Tenant's Proportionate Share" and substituting for the deleted figure "5.6%", provided, however, Tenant's Proportionate Share from the Commencement Date, until the earlier of Tenant taking possession of the Additional Space or July 1, 1992, shall be 4.424%.

5. CONSTRUCTION. (a) Landlord shall provide Tenant with a Construction Allowance for the Additional Space equal to $25.00 per rentable square foot for the Additional Space. In the event the cost of the construction is less than the Construction Allowance, the excess shall be applied to additional rent abatement and Landlord and Tenant agree to execute a new Rent Exhibit to reflect the additional rent abatement. In the event the cost of the construction is more than the Construction Allowance, the

excess construction cost shall be applied against Base Rent abatement and Landlord and Tenant agree to execute a new Base Rent Exhibit to reflect the reduced rent abatement.

(b) Tenant and Landlord agree to apply the excess construction costs for the initial Premises as shown on Exhibit B attached hereto in the amount of $61,993 against the Base Rent abatement for such space, and Exhibit A-I attached hereto has been amended to reflect such reduced Base Rent abatement in the amount of $61,913. Any construction costs not included in Exhibit B shall be paid by Tenant directly to Landlord.

6. EXCULPATORY CLAUSE. This Amendment To Lease is executed by American National Bank and Trust Company of Chicago, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee, and under the express direction of the beneficiaries of a certain Trust Agreement dated July 30, 1985, and known as Trust Number 65110 at said Bank. Nothing in this Lease contained shall be construed as creating any liability whatsoever against said Trustee personally or said beneficiaries, and in particular, without limiting the generality of the foregoing, there shall be no personal liability to perform any covenant, either express or implied, herein contained, to keep, preserve or sequester any property of said Trust, and that all personal liability of said Trustee (and said beneficiaries, to the extent permitted by law), of every sort, if any, is hereby expressly waived by Tenant, and by every person now or hereafter claiming any right or security hereunder; and that so far as the parties hereto are concerned the owner of any indebtedness or liability accruing hereunder shall look solely to the Trust Estate from time to time subject to the provisions of said Trust Agreement for the payment thereof. The Trustee has no agents or employees and merely holds naked title to the property herein described and has no knowledge respecting rentals, leases or other factual matters with respect to the Premises, except as

represented to it by the beneficiary or beneficiaries of the Trust.

7. Except as modified by the terms of this Amendment, all of the terms and provisions of the said Lease shall be and remain in full force and effect.

LANDLORD	TENANT
AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually, but solely and only as Trustee aforesaid.	RICHARD METZLER & ASSOCIATES
BY: /s/ Gregory S. Kasprzyk	BY: /s/ Richard J. Maher
ITS:	ITS: President

SECOND AMENDMENT TO LEASE

WITH

METZLER & ASSOCIATES
Tenant

RENTAL AGENT

MATAS CORPORATION
500 LAKE COOK ROAD
DEERFIELD, ILLINOIS 60015

SECOND AMEMDMENT TO LEASE

FOR

CORPORATE 500 CENTRE

This Second Amendment to Lease is made and entered into as of the 17th day of April, 1996, between American National Bank and Trust Company of Chicago, not individually, but solely, as Trustee under a certain Trust Agreement dated the 30th day of July, 1985, and known as Trust Number 65110 (the "Landlord"), and Richard Metzler & Associates (the "Tenant"). This agreement amends that certain Lease dated the 29th day of October, 1991 and amended February 28, 1992 between Landlord and Tenant (the "Lease"). Landlord and Tenant are desirous of amending the Lease for and in consideration of the premises and the agreements hereinafter set forth. Capitalized terms used herein shall have the same meaning as those ascribed to them in the Lease unless otherwise defined herein.

1. LEASE OF PREMISES. The definition of Premises in Paragraph 1 of the Lease is hereby amended to delete 2,087 rentable square feet (the "Removed Space"), from the existing 9,987 rentable square feet in the Premises as shown on Exhibit A attached hereto and made a part hereof. The total amount of the Premises shall be 7,900 rentable square feet, which number shall be substituted for 9,987 rentable square feet in Paragraph 1.

2. TERM. The Term on the Reduced Space shall commence April 17, 1996 and the Termination Date shall be January 31, 2002. In the event the Reduced Space is substantially complete and ready for occupancy prior to April 17, 1996, Tenant may take possession of said Reduced Space.

3. REVISED BASE RENT. The amount of Base Rent shown on Exhibit A-I attached to the Lease is amended and replaced with a new Exhibit A-I attached

hereto and made a part of the Lease.

4. TENANTS PROPORTIONATE SHARE. Paragraph 5.A (iv) of the Lease is hereby amended by deleting "5.6%" as "Tenant's Proportionate Share" and substituting for the deleted figure "4.24%", provided, however, Tenant's Proportionate Share from the Commencement Date, until the earlier of Tenant taking possession of the Reduced Space or April 17, 1996, shall be 5.6%.

5. CONSTRUCTION. If Tenant so desires, Landlord shall pay all reasonable costs associated with the removal of an existing wall, as illustrated on Exhibit B attached hereto, and refinishing the resulting expanded office as follows: (1) Remove one door and door frame and replace with wall. (2) Remove 28 square feet of carpeting from underneath desk area for use in patching uncarpeted area where wall was removed. (3) Cover area where carpeting was removed with one foot by one foot wood tiles.

(4) Repaint the office. If Tenant desires to have the above work performed, Tenant will allow Landlord to begin work not later than April 1, 1999.

6. EXCULPATORY CLAUSE. This Amendment to Lease is executed by American National Bank and Trust Company of Chicago, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee, and under the express direction of the beneficiaries of a certain Trust Agreement dated July 30, 1985, and known as Trust Number 65110 at said Bank. Nothing in this Lease contained shall be construed as creating any liability whatsoever against said Trustee personally or said beneficiaries, and in particular, without limiting the generality of the foregoing, there shall be no personal liability to perform any covenant, either express or implied, herein contained, to keep, preserve or sequester any property of said Trust, and that all personal liability of said Trustee (and said beneficiaries, to the extent permitted by law), of every sort, if any, is hereby expressly waived by Tenant, and by every person now or hereafter claiming any right or security hereunder; and that so far as the parties hereto are concerned the owner of any indebtedness or liability accruing hereunder shall look solely to the Trust Estate from time to time subject to the provisions of said Trust Agreement for the payment thereof. The Trustee has no agents or employees and merely holds naked title to the property herein described and has no knowledge respecting rentals, leases or other factual matters with respect to the Premises, except as represented to it by the beneficiary or beneficiaries of the Trust.

7. RIGHT OF REFUSAL. Tenant shall have a one-time right of refusal ("Refusal Option") from the commencement date of this amendment to lease the Removed Space if such space is offered by landlord to another party, on the following terms and conditions.

(i) Landlord shall notify Tenant in writing that the Removed Space has been offered to another tenant. If Tenant desires to exercise the Refusal Option for all of the Removed Space it shall give Landlord written notice thereof within three (3) business days of the Landlord's written notice. The Refusal Option shall become null and void if not exercised in writing within the three business day period.

(ii) The Removed Space shall be offered to Tenant on the same terms and conditions as the Premises. Rent for the Removed Space shall be equal to the cost per square foot then paid for the Premises pursuant to Exhibit A-1.

(iii) Should an uncured Event of Default (which continues beyond the applicable grace period) occur at any time between Tenant's exercise of the Refusal Option and Tenant's taking possession of the Removed

space, Landlord has the right to cancel Tenant's exercise of the Refusal Option and may offer the Removed Space to a third party.

(iv) At such time as the right to possession of the Removed Space is delivered to Tenant, it shall become part of the Premises hereunder and the aggregate Base Rent shall be appropriately increased. Rent payments with respect to the Removed Space shall commence on the date Tenant takes occupancy of the Removed Space, which date shall in no event exceed one month after the Landlord grants Tenant the right to possession. The right to possession shall mean that the Removed Space shall be delivered boom clean and free of all tenancies. Tenant's Proportionate Share shall be appropriately adjusted effective as of the date the right of possession of the applicable space is delivered to Tenant. Landlord and Tenant shall execute an amendment to this Lease confirming the new Base Rent and Tenant's Proportionate Share.

7. Except as modified by the terms of this Amendment, all of the terms and provisions of said Lease shall be and remain in full force and effect.

LANDLORD	TENANT
AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not individually, but solely and only as Trustee aforesaid.	RICHARD METZLER & ASSOCIATES
BY: /s/ ??	BY: /s/ Robert P. Maher
Its: Asst. V.P.	Its: President/CEO

THIRD AMENDMENT TO LEASE

WITH

METZLER & ASSOCIATES
Tenant

RENTAL AGENT

MATAS CORPORATION
500 LAKE COOK ROAD
DEERFIELD, ILLINOIS 60015

THIRD AMENDMENT TO LEASE

FOR

CORPORATE 500 CENTRE

This Third Amendment to Lease is made and entered into as of the ___ day of May, 1996, between American National Bank and Trust Company of Chicago, not individually, but solely, as Trustee under a certain Trust Agreement dated the 30th day of July, 1985, and known as Trust Number 65110 (the "Landlord"), and Metzler & Associates (the "Tenant"). This agreement amends that certain Lease dated the 29th day of October, 1991 and amended April 17, 1996 between Landlord and Tenant (the "Lease"). Landlord and Tenant are desirous of amending the Lease for and in consideration of the premises and the agreements hereinafter set forth. Capitalized terms used herein shall have the same meaning as those

ascribed to them in the Lease unless otherwise defined herein.

1. LEASE OF PREMISES. The definition of Premises in Paragraph 1 of the Lease is hereby amended to add 2,087 rentable square feet (the "Additional Space"), to the existing 7,900 rentable square feet in the Premises as shown on Exhibit A attached hereto and made a part hereof. The total amount of the Premises shall be 9,987 rentable square feet, which number shall be substituted for 7,900 rentable square feet in Paragraph 1.

2. TERM. The Term for the Additional Space shall commence on June 1, 1996. The Termination Date for the Premises shall be January 31, 2002.

3. REVISED BASE RENT. The amount of Base Rent shown on Exhibit A-I attached to the Lease is amended and replaced with a new Exhibit A-I attached hereto and made a part of the Lease.

4. TENANTS PROPORTIONATE SHARE. Paragraph 5.A (iv) of the Lease is hereby amended by deleting "4.24%" as "Tenant's Proportionate Share" and substituting for the deleted figure "5.6%".

5. EXCULPATORY CLAUSE. This Amendment To Lease is executed by American National Bank and Trust Company of Chicago, not personally but as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee, and under the express direction of the beneficiaries of a certain Trust Agreement dated July 30, 1985, and known as Trust Number 65110 at said Bank. Nothing in this Lease contained shall be construed as creating any liability whatsoever against said Trustee personally or said beneficiaries, and in particular, without limiting the generality of the foregoing, there shall be no personal liability to perform any covenant, either express or implied, herein contained, to keep, preserve or sequester any property of said Trust, and that all personal liability of said Trustee (and said beneficiaries, to the extent permitted

by law), of every sort, if any, is hereby expressly waived by Tenant, and by every person now or hereafter claiming any right or security hereunder; and that so far as the parties hereto are concerned the owner of any indebtedness or liability accruing hereunder shall look solely to the Trust Estate from time to time subject to the provisions of said Trust Agreement for the payment thereof. The Trustee has no agents or employees and merely holds naked title to the property herein described and has no knowledge respecting rentals, leases or other factual matters with respect to the Premises, except as represented to it by the beneficiary or beneficiaries of the Trust.

6. Except as modified by the terms of this Amendment, all of the terms and provisions of the said Lease shall be and remain in full force and effect.

LANDLORD	TENANT
AMERICAN NATIONAL BANK AND COMPANY OF CHICAGO, not individually, but solely and only as Trustee aforesaid.	RICHARD METZLER & ASSOCIATES TRUST
BY: _____	BY: /s/ Robert P. Mohr
Its: _____	Its: President

PROMISSORY NOTE

$500,000.00 January 19, 1996

1. Principal Amount. For value received, the undersigned ("MAKER") does hereby promise to pay to Robert P. Maher ("PAYEE") the principal sum of $500,000 (or such lesser amount received from Payee), upon the terms and conditions set forth herein.

2. Interest. Subject to Section 3 hereof, Maker shall pay interest on the unpaid principal amount hereof at the per annum rate of 10% from the date or dates such principal is received by Maker until all amounts due hereunder are paid in full. Interest hereon shall be calculated on the basis of the actual number of days elapsed and a year of 365 or 366 days, as the case may be. Payments of interest on the unpaid principal hereof shall be due and payable pursuant to Sections 3, 4 or 5 hereof, as appropriate.

3. Post Maturity Interest. Any amount of principal and/or interest hereon which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest from the date when due until said principal and/or interest amount is paid in full, payable on demand, at the lesser of (a) an interest rate equal to 13% per annum and (b) the highest rate of interest allowable under applicable law. The foregoing notwithstanding, any interest paid and actually collected by Payee hereunder which is found by a court of competent jurisdiction to be in excess of the highest rate of interest allowed under applicable law shall be applied to the repayment of the then outstanding principal balance due hereunder in such a manner as to prevent the payment and collection of interest in excess of the highest rate permitted by applicable law.

4. Payments. Principal, together with accrued interest, shall be payable in full on December 31, 1996. All payments in respect of this Note shall be made by delivery of a certified or bank cashier's check or of other immediately available funds and delivered to Payee on the date due at c/o Metzler & Associates, Inc., 520 Lake Cook Road, Deerfield, Illinois 60015, or at such other place as the holder hereof may from time to time designate in writing ("PAYEE'S ADDRESS").

5. Prepayment. Maker, without premium or penalty, may prepay this Note in whole or in part, with accrued interest to the date of such prepayment on the amount prepaid.

6. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default ("EVENT OF DEFAULT") hereunder:

(a) Maker shall fail to pay any amount due under this Note or the Bank Documents, whether at maturity, by acceleration, by notice of prepayment or otherwise, and such failure shall continue for five business days after the date due;

(b) Maker shall default in the due performance of any other covenant contained in, or otherwise be in default under, this Note or the Bank Documents and such default shall remain uncured for 30 days following notification by Payee of such default;

(c) Maker shall (i) file any proceeding in bankruptcy or reorganization, (ii) make an assignment for the benefit of creditors or (iii) fail to vacate, discharge or dismiss within 60 days of its initiation either (A) the filing of a proceeding in bankruptcy or reorganization against Maker or (B) the appointment of a receiver or trustee for all or any part of Maker's assets or property;

(d) Payee ceases to be employed by Maker for any reason, including, without limitation, as a result of Payee's death or disability, the voluntary termination of Payee's employment or the termination of his employment by Maker with or without cause.

7. Remedies. Upon or at any time after the occurrence of an Event of Default specified in Sections 6(a), 6(b) or 6(d) hereof, the principal amount of this Note and all accrued and unpaid interest thereon (and all other amounts due with respect to this Note) shall, at the option of Payee, become due and payable without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by Maker, anything in this Note to the contrary notwithstanding. Upon the occurrence of an Event of Default specified in Section 6(c) hereof, the principal amount of this Note and all accrued and unpaid interest thereon (and all other amounts due with respect to this Note) shall thereupon and concurrently therewith become due and payable without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by Maker, anything in this Note to the contrary notwithstanding. The undersigned agrees, subject only to any limitation imposed by law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the Payee in endeavoring to collect any amounts payable hereunder which are not paid when due.

8. Transfer of Note. Payee or any subsequent holder may transfer this Note at any time without notice to Maker. Until notified by Payee in writing of the transfer of this Note, Maker shall be entitled to deem Payee or such person who has been so identified by Payee in writing to Maker as the owner and holder of this Note.

9. Notices. All notices shall be given in writing, and shall be either delivered personally (including by overnight courier service) or by certified mail, return receipt requested, if to Payee, at Payee's Address and, if to Maker, at its principal executive offices, or such other address as any party hereto designates by written notice to all other parties, and shall be deemed to have been given upon delivery, if delivered personally, or three (3) days after mailing, if mailed.

10. Governing Law. This Agreement shall be construed and enforced in accordance with and interpreted by the internal laws of the State of Illinois. The parties hereby consent to service of process and to the exclusive jurisdiction of any appropriate court located in Cook County, Illinois in any action to enforce the provisions of this Agreement.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER:

METZLER & ASSOCIATES, INC.

By: /s/

Name: XXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Title: PRESIDENT

Scheduled of Principal Received

Date	Amount Received	Names of Person Making Notation

PROMISSORY NOTE

$500,000.00 January 19, 1996

1. Principal Amount. For value received, the undersigned ("MAKER") does hereby promise to pay to Richard J. Metzler ("PAYEE") the principal sum of $500,000, upon the terms and conditions set forth herein.

2 Interest. Subject to Section 3 hereof, Maker shall pay interest on the unpaid principal amount hereof at the per annum rate of 10% from the date or dates such principal is received by Maker until all amounts due hereunder are paid in full. Interest hereon shall be calculated on the basis of the actual number of days elapsed and a year of 365 or 366 days, as the case may be. Payments of interest on the unpaid principal hereof shall be due and payable pursuant to Sections 3, 4 or 5 hereof, as appropriate.

3. Post Maturity Interest. Any amount of principal and/or interest hereon which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest from the date when due until said principal and/or interest amount is paid in full, payable on demand, at the lesser of (a) an interest rate equal to 13% per annum and (b) the highest rate of interest allowable under applicable law. The foregoing notwithstanding, any interest paid and actually collected by Payee hereunder which is found by a court of competent jurisdiction to be in excess of the highest rate of interest allowed under applicable law shall be applied to the repayment of the then outstanding principal balance due hereunder in such a manner as to prevent the payment and collection of interest in excess of the highest rate permitted by applicable law.

4. Payments. Principal, together with accrued interest, shall be payable in full on December 31, 1996. All payments in respect of this Note shall be made by delivery of a certified or bank cashier's check or of other immediately available funds and delivered to Payee on the date due at c/o Metzler & Associates, Inc., 520 Lake Cook Road, Deerfield, Illinois 60015, or at such other place as the holder hereof may from time to time designate in writing ("PAYEE'S ADDRESS").

5. Prepayment. Maker, without premium or penalty, may prepay this Note in whole or in part, with accrued interest to the date of such prepayment on the amount prepaid.

6. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default ("EVENT OF DEFAULT") hereunder:

(a) Maker shall fail to pay any amount due under this Note or the Bank Documents, whether at maturity, by acceleration, by notice of prepayment or otherwise, and such failure shall continue for five business days after the date due;

(b) Maker shall default in the due performance of any other covenant contained in, or otherwise be in default under, this Note or the Bank Documents and such default shall remain uncured for 30 days following notification by Payee of such default;

(c) Maker shall (i) file any proceeding in bankruptcy or reorganization, (ii) make an assignment for the benefit of creditors or (iii) fail to vacate, discharge or dismiss within 60 days of its initiation either (A) the filing of a proceeding in bankruptcy or reorganization against Maker or (B) the appointment of a receiver or trustee for all or any part of Maker's assets or property;

(d) Payee ceases to be employed by Maker for any reason, including,

without limitation, as a result of Payee's death or disability, the voluntary termination of Payee's employment or the termination of his employment by Maker with or without cause.

7. Remedies. Upon or at any time after the occurrence of an Event of Default specified in Sections 6(a), 6(b) or 6(d) hereof, the principal amount of this Note and all accrued and unpaid interest thereon (and all other amounts due with respect to this Note) shall, at the option of Payee, become due and payable without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by Maker, anything in this Note to the contrary notwithstanding. Upon the occurrence of an Event of Default specified in Section 6(c) hereof, the principal amount of this Note and all accrued and unpaid interest thereon (and all other amounts due with respect to this Note) shall thereupon and concurrently therewith become due and payable without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by Maker, anything in this Note to the contrary notwithstanding. The undersigned agrees, subject only to any limitation imposed by law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the Payee in endeavoring to collect any amounts payable hereunder which are not paid when due.

8. Transfer of Note. Payee or any subsequent holder may transfer this Note at any time without notice to Maker. Until notified by Payee in writing of the transfer of this Note, Maker shall be entitled to deem Payee or such person who has been so identified by Payee in writing to Maker as the owner and holder of this Note.

9. Notices. All notices shall be given in writing, and shall be either delivered personally (including by overnight courier service) or by certified mail, return receipt requested, if to Payee, at Payee's Address and, if to Maker, at its principal executive offices, or such other address as any party hereto designates by written notice to all other parties, and shall be deemed to have been given upon delivery, if delivered personally, or three (3) days after mailing, if mailed.

10. Governing Law. This Agreement shall be construed and enforced in accordance with and interpreted by the internal laws of the State of Illinois. The parties hereby consent to

service of process and to the exclusive jurisdiction of any appropriate court located in Cook County, Illinois in any action to enforce the provisions of this Agreement.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER:

METZLER & ASSOCIATES, INC.

By: /s/ Robert P. Maher

Name:

Title: President

Scheduled of Principal Received

Date	Amount Received	Names of Person Making Notation

PROMISSORY NOTE

$725,000.00 May 1, 1996

1. Principal Amount. For value received, the undersigned ("MAKER") does hereby promise to pay to Metzler & Associates, Inc., an Illinois corporation ("PAYEE"), the principal sum of $725,000.00 upon the terms and conditions set forth herein.

2. Interest. Subject to Sections 3 and 6 hereof, Maker shall pay interest on the unpaid principal amount hereof at the per annum rate equal to the applicable federal rate as determined under Treas. Reg. (S) 1.7872-3(b)(3)(i) on the date hereof from the date hereof until all amounts due hereunder are paid in full. Interest hereon shall be calculated on the basis of the actual number of days elapsed and a year of 365 or 366 days, as the case may be. Payments of interest on the unpaid principal hereof shall be due and payable pursuant to Sections 3, 4 or 5 hereof, as appropriate.

3. Post Maturity Interest. Any amount of principal and/or interest hereon which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest from the date when due until said principal and/or interest amount is paid in full, payable on demand, at the lesser of (a) 300 basis points in excess of the rate set forth in Section 2 and (b) the highest rate of interest allowable under applicable law. The foregoing notwithstanding, any interest paid and actually collected by Payee hereunder which is found by a court of competent jurisdiction to be in excess of the highest rate of interest allowed under applicable law shall be applied to the repayment of the then outstanding principal balance due hereunder in such a manner as to prevent the payment and collection of interest in excess of the highest rate permitted by applicable law.

4. Payments. Subject to the provisions of Section 6, principal shall be payable in three equal installments on each of December 31, 1996, December 31, 1997 and December 31, 1998, together with accrued interest on the outstanding principal balance to the date of such payment. All payments of principal and interest in respect of this Note shall be made by delivery of a certified or bank cashier's check or of other immediately available funds and delivered to Payee on the date due at 520 Lake Cook Road, Deerfield, Illinois 60015, or at such other place as the holder hereof may from time to time designate in writing.

5. Prepayment. Maker, without premium or penalty, may prepay this Note in whole or in part, with accrued interest to the date of such prepayment on the amount prepaid.

6. Forgiveness. Each installment of principal and interest hereunder shall be forgiven if Maker is in the employ of Payee on the date such payment is due. In addition, the remaining outstanding principal and interest shall be forgiven in their entirety if prior to December 31, 1998

(i) Maker dies or becomes Permanently Disabled (as defined in that certain Shareholders' Agreement dated as of January 1, 1996 among Payee and each of the shareholders of Payee party thereto, as the same may be amended from time to time (the "SHAREHOLDERS' AGREEMENT")), (ii) Payee terminates Maker's employment other than for Cause (as defined in the Shareholders' Agreement), it being understood that such a termination would violate the terms of that certain Employment Agreement dated as of January 1, 1996 (the "EMPLOYMENT AGREEMENT") between Payee and Maker, or (iii) there occurs a Change of Control (as defined in the Employment Agreement).

7. Events of Default. Maker's failure to pay any principal or interest on this Note when due, whether at maturity, by acceleration, or otherwise, within five business days after the date due shall constitute an Event of Default hereunder.

8. Remedies. Upon or at any time after the occurrence of an Event of Default, the principal amount of this Note and all accrued and unpaid interest thereon (and all other amounts due with respect to this Note) shall, at the option of Payee, become due and payable without presentment, demand, protest, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by Maker, anything in this Note to the contrary notwithstanding. The undersigned agrees, subject only to any limitation imposed by law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the Payee in endeavoring to collect any amounts payable hereunder which are not paid when due.

9. Transfer of Note. Payee may not transfer this Note without the prior written consent of Maker.

10. Notices. Any notice hereunder shall be deemed effective if given in accordance with the terms of the Shareholders' Agreement.

11. Governing Law. This Agreement shall be construed and enforced in accordance with and interpreted by the internal laws of the State of Illinois. The parties hereby consent to service of process and to the exclusive jurisdiction of any appropriate court located in Cook County, Illinois in any action to enforce the provisions of this Agreement.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER:

/s/Richard J. Metzler

Richard J. Metzler
120 Woodley Road
Winnetka, Illinois 60093

[LOGO] Line of Credit Agreement

NBD Bank, an Illinois banking corporation (the "Bank"), whose address is 211 South Wheaton Avenue, Wheaton, Illinois 60187, has approved the credit facility listed below (the "Credit Facility") to Metzler & Associates, Inc. (the "Borrower"), whose address is 520 Lake Cook Road #500, Deerfield, Illinois 60015 subject to the terms listed below.

1. Credit Facility. The Bank has approved a credit facility to the Borrower in the principal sum not to exceed $1,200,000.00 in the aggregate at any one time outstanding (the "Credit Facility"). Credit under the Credit Facility shall be in the form of disbursements evidenced by credits to the Borrower's account and shall be repayable as set forth in a Revolving Business Credit Note executed concurrently (referred to in this agreement as the "Note"). The proceeds of the Credit Facility shall be used for working capital purposes. The Credit Facility shall expire on December 31, 1996.

2. Conditions Precedent.

2.1 Conditions Precedent to Initial Extension of Credit. Before the first extension of credit under this agreement, whether by disbursement of a loan, or otherwise, the Borrower shall deliver to the Bank, in form and substance satisfactory to the Bank:

A. Loan Documents. The Note and as applicable, the letter of credit applications; the security agreements, financing statements, and/or mortgages; the guaranties; the subordination agreements; and any other loan documents which the Bank may reasonably require to give effect to the transaction described in this agreement;

B. Evidence of Due Organization and Good Standing. Evidence of the due organization and good standing of the Borrower and every other business entity that is a party to this agreement or any other loan document required by this agreement. That evidence shall include, articles of incorporation, bylaws, and a certificate of good standing; and

C. Evidence of Authority to Enter into Loan Documents. Evidence that (i) each party to this agreement and any other loan document required by this agreement is authorized to enter into the transactions described in this agreement and the other loan documents, and (ii) the person signing on behalf of each such party is authorized to do so.

2.2 Conditions Precedent to Each Extension of Credit. Before any extension of credit under this agreement, whether by disbursement of a loan, or otherwise, the following conditions must be satisfied:

A. Representations. The Representations are true on and as of the date of the extension of credit;

B. No Event of Default. No event of default has occurred and is continuing or would result from the extension of credit;

C. Continued Satisfaction. The Bank is satisfied with the Borrower's managerial and financial status; and

D. Additional Approvals, Opinions, and Documents. The Bank has received any other approvals, opinions and documents as it may reasonably request.

3. Borrowing Base/Requests to Borrow.

3.1 Borrowing Base. Notwithstanding any other provision of this agreement, the aggregate principal amount outstanding at any one time under the Credit Facility may not exceed the lesser of the Borrowing Base or $1,200,000.00. Borrowing Base means:

A. 65% of the Borrower's trade accounts receivable in which the Bank has

a perfected, first priority security interest, excluding accounts more than 90 days from the date of invoice, accounts subject to offset or defense, government, bonded, affiliate and foreign accounts, accounts from trade debtors of which more than 10% of the aggregate amount owing from that trade debtor is more than 90 days from the date of invoice, and accounts otherwise unacceptable to the Bank.

3.2 Requests to Borrow. The Borrower may authorize certain of its officers and other agents to request advances by telephone or other means of communication.

4. Fees and Expenses.

4.1 Out-of-Pocket Expenses. The Borrower shall reimburse the Bank for its out-of-pocket expenses and reasonable attorneys' fees (including the fees of in-house counsel) allocated to the Credit Facility.

5. Security.

5.1 To secure the payment of the borrowings under the Credit Facility, the Borrower grants to the Bank a continuing first security interest and/or real estate mortgage, as the case may be, covering its interest in the following property and all its additions, substitutions, increments, proceeds and products, present and future (the "Collateral");

A. Accounts Receivable. All of the Borrowers' accounts, chattel paper, general intangibles, instruments, and documents (as those terms are defined in the Uniform Commercial Code), rights to refunds of taxes paid at any time to any government entity, and any letters of credit and drafts under them given in support of the foregoing, wherever located;

B. Inventory. All of the Borrower's inventory, wherever located;

C. Equipment. All of the Borrower's equipment, wherever located;
The Borrower has delivered to the Bank executed security agreements and financing statements for the above listed security, in form and substance satisfactory to it.

5.2 No forbearance or extension of time granted any subsequent owner of the Collateral shall release the Borrower from liability.

5.3 ADDITIONAL COLLATERAL/SETOFF. To further secure payment of the borrowings under the Credit Facility and all of the Borrower's other liabilities to the Bank, the Borrower grants to the Bank a continuing security interest in: (i) all securities and other property of the Borrower in the custody, possession or control of the Bank (other than property held by the Bank solely in a fiduciary capacity) and (ii) all balances of deposit accounts of the Borrower with the Bank. The Bank has the right at any time to apply its own debt or liability to the Borrower, or to any other party liable for payment of the Credit Facility, in whole or partial payment of the Credit Facility or other present of future liabilities, without any requirement of mutual maturity.

5.4 CROSS-LIEN. Any of the Borrower's other property in which the Bank has a security interest to secure payment of any other debt, whether absolute, contingent, direct or indirect, including the Borrower's guaranties of the debts of others, also secures payment of and is part of the Collateral for the Credit Facility.

6. AFFIRMATIVE CONVENANTS. So long as any debt remains outstanding under the Credit Facility, the Borrower, and each of its subsidiaries if any shall:

6.1 INSURANCE. Maintain insurance with financially sound and reputable insurers covering its properties and business against those casualties and contingencies and in the types and amounts as are in accordance with sound business and industry practices.

6.2 EXISTENCE. Maintain its existence and business operations as presently in effect in accordance with all applicable laws and regulations, pay its debts and obligations when due under normal terms, and pay on or before their due date, all taxes, assessments, fees and other governmental monetary obligations, except as they may be contested in good faith if they have been properly reflected on its books and, at the Bank's request, adequate funds or security has been pledged to insure payment.

6.3 FINANCIAL RECORDS. Maintain proper books and records of account, in accordance with generally accepted accounting principles where applicable, and consistent with financial statements previously submitted to the Bank.

6.4 INSPECTION OF COLLATERAL. Permit the Bank or its agents, at such time and at such intervals as the Bank may reasonably require, to inspect the Collateral and business records related to it.

6.5 FINANCIAL REPORTS. Furnish to the Bank whatever information, books and records the Bank may reasonably request, including at a minimum: (If the Borrower has subsidiaries, all financial statements required will be provided on a consolidated and on a separate basis.)

A. Within 15 days after each monthly period, a balance sheet as of the end of that period and statements of income, cash flow and retained earnings on a cash basis, from the beginning of that fiscal year to the end of that period, certified as correct by one of its authorized agents.

B. Within 15 days after each monthly period, a balance sheet as of the end of that period and statements of income, cash flow and retained earnings on an accrued basis, from the beginning of that fiscal year to the end of that period, certified as correct by one of its authorized agents.

C. Within 90 days after, and as of the end of each of its fiscal years, a detailed financial statement including a balance sheet and statements of income, cash flow and retained earnings, audited by an independent certified public accountant of recognized standing.

D. Within 15 days after and as of the end of each calendar month, a list of accounts receivable, aged from date of invoice certified as correct by one of its authorized agents.

E. Within 15 days after and as of the end of each calendar month, during such time or times as borrowings are outstanding under the Credit Facility, a Borrowing Base certificate in form satisfactory to the Bank, certified as correct by one of its authorized agents.

7. NEGATIVE COVENANTS.

7.1 DEFINITION. As used in this agreement, the following term shall mean:

A. "Tangible Net Worth" means total assets less the sum of intangible assets plus total liabilities. Intangible assets include goodwill, patents, copyrights, mailing lists, catalogs, trademarks, bond discount and underwriting expenses, organization expenses, and all other intangibles.

7.2 Unless otherwise noted, the financial requirements set forth in this Section shall be computed in accordance with generally accepted accounting principles applied on a basis consistent with financial statements previously submitted by the Borrower to the Bank.

7.3 Without the written consent of the Bank, so long as any debt remains outstanding under the Credit Facility, the Borrower will not: (where

appropriate, convenants shall apply on a consolidated basis)

A. Dividends. Acquire or retire any of its shares of capital stock, or declare or pay dividends or make any other distributions upon any of its shares of capital stock, except dividends payable in its capital stock or dividends payable to "Subchapter S" corporation shareholders sufficient in amount to pay their income tax obligations related to the Borrower's taxable income.

B. SALE OF SHARES. Issue, sell or otherwise dispose of any shares of its capital stock or other securities, or rights, warrants or options to purchase or acquire those shares or securities.

C. DEBT. Incur, or permit to remain outstanding, debt for borrowed money or installment obligations, except debt reflected in the latest financial statement of the Borrower furnished to the Bank prior to execution of this agreement and not to be paid with proceeds of borrowings under the Credit Facility. For purposes of this covenant, the sale of any accounts receivable is the incurring of debt for borrowed money.

D. GUARANTIES. Guarantee or otherwise become or remain secondarily liable on the undertaking of another, except for endorsement of drafts for deposit and collection in the ordinary course of business.

E. LIENS. Create or permit to exist any lien on any of its property, real or personal, except: existing liens known to the Bank; liens to the Bank; liens incurred in the ordinary course of business securing current nondelinquent liabilities for taxes, worker's compensation, unemployment insurance, social security and pension liabilities; and liens for taxes being contested in good faith.

F. Advances and Investments. Purchase or acquire any securities of, or make any loans or advances to, or investments in, any person, firm or corporation, except obligations of the United States Government, open market commercial paper rated one of the top two ratings by a rating agency of recognized standing, or certificates of deposit in insured financial institutions.

G. Use of Proceeds. Use, or permit any proceeds of the Credit Facility to be used, directly or indirectly, for the purpose of "purchasing or carrying any margin stock" within the meaning of Federal Reserve Board Regulation U. At the Bank's request, the Borrower will furnish to the Bank a completed Federal Reserve Board Form U-1.

H. Tangible Net Worth. Permit its Tangible Net Worth to be less than $500,000.00.

I. Leverage Ratio. Permit the ratio of its total liabilities to its Tangible Net Worth to exceed 3.00 to 1.00.

8. Representation. Borrower represents that (a) it is a corporation duly organized, existing and in good standing pursuant to the laws under which it is organized; and (b) the execution and delivery of this agreement and the Note and the performance of the obligations they impose (i) are within its powers, (ii) have been duly authorized by all necessary action of its board of directors, and (iii) do not contravene the terms of its articles of incorporation, by-laws, or any other agreement governing its affairs. The Borrower further represents that (a) the execution and delivery of this agreement and the Note and the performance of the obligations they impose do not violate any law, conflict with any agreement by which it is bound, or require the consent or approval of any governmental authority or other third party; (b) this agreement and the Note, are valid and binding agreements, enforceable according to their terms; and (c) all balance sheets, statements of income, cash flow and retained earnings, and other financial statements furnished to the Bank are accurate and fairly reflect

the financial condition of the organization(s) and person(s) to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates.

9. Default/Acceleration.

9.1 Events of Default/Acceleration. If any of the following events occurs the Credit Facility shall terminate and all borrowings under it shall become due immediately, without notice, at the Bank's option:

A. The Borrower, or any guarantor of the Credit Facility or the Note (the "Guarantor"), fails to pay when due any amount payable under the Credit Facility or under any agreement or instrument evidencing debt to any creditor.

B. The Borrower or any Guarantor (a) fails to observe or perform any other term of this agreement or the Note; (b) makes any materially incorrect or misleading representation, warranty or certificate to the Bank; (c) makes any materially incorrect or misleading representation in any financial statement or other information delivered to the Bank; or (d) defaults under the terms of any agreement or instrument relating to any debt for borrowed money (other than borrowings under the Credit Facility) such that the creditor declares the debt due before its maturity.

C. There is a default under the terms of any loan agreement, mortgage, security agreement or any other document executed as part of the Credit Facility, or any guaranty of the borrowings under the Credit Facility becomes unenforceable in whole or in part, or any Guarantor fails to promptly perform under its guaranty.

D. A "reportable event" (as defined in the Employee Retirement Income Security Act of 1974 as amended) occurs that would permit the Pension Benefit Guaranty Corporation to terminate any employee benefit plan of the Borrower or any affiliate of the Borrower.

E. The Borrower or any Guarantor becomes insolvent or unable to pay its debts as they become due.

F. The Borrower or any Guarantor (a) makes an assignment for the benefit of creditors; (b) consents to the appointment of a custodian, receiver or trustee for it or for a substantial part of its assets; or (c) commences any proceeding under any bankruptcy, reorganization, liquidation or similar laws of any jurisdiction.

G. A custodian, receiver, or trustee is appointed for the Borrower or any Guarantor or for a substantial part of its assets without its consent and is not removed within 60 days after the appointment.

H. Proceedings are commenced against the Borrower or any Guarantor under any bankruptcy, reorganization, liquidation or similar laws or any jurisdiction, and they remain undismissed for 60 days after commencement, or the Borrower or Guarantor consents to the commencement of those proceedings.

I. Any judgment is entered against the Borrower or any Guarantor, or any attachment, levy or garnishment is issued against any property of the Borrower or any Guarantor.

J. The Borrower or any Guarantor dies.

K. The Borrower or any Guarantor, without the Bank's written consent, (a) is dissolved, (b) merges or consolidates with any third party, (c) leases, sells or otherwise conveys a material part of its assets or business outside the ordinary course of business, (d) leases, purchases, or otherwise acquires a material part of the assets of any other corporation or business entity, except in the ordinary

course of business, or (e) agrees to do any of the foregoing (notwithstanding the foregoing, any subsidiary may merge or consolidate with any other subsidiary, or with the Borrower, so long as the Borrower is the survivor).

L. The loan to value ratio of any pledged securities at any time exceeds the Bank's limit for securities of the type pledged, and that excess continues for five (5) days after notice from the Bank to the Borrower.

M. There is a substantial change in the existing or prospective financial condition of the Borrower or any Guarantor which the Bank in good faith determines to be materially adverse.

N. The Bank in good faith deems itself insecure.

9.2 Remedies. If the borrowings under the Credit Facility are not paid at maturity, whether by acceleration or otherwise, the Bank shall leave all of the rights and remedies provided by any law or agreement. Any requirement of reasonable notice is met if the Bank sends the notice to the Borrower at least seven (7) days prior to the date of sale, disposition or other event giving rise to the required notice. The Bank is authorized to cause all or any part of the Collateral to be transferred to or registered in its name or in the name of any

other person or business entity, with or without designating the capacity of that nominee. The Borrower is liable for any debt remaining after disposition of any Collateral. The Borrower is liable to the Bank for all reasonable costs and expenses of everything incurred in the making or collection of the Credit Facility, including without limitation reasonable attorneys' fees and court costs (whether attributable to the Bank's in-house or outside counsel). These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding.

10. Miscellaneous.

10.1 Notice from one party to another relating to this agreement is effective if made in writing (including telecommunications) and delivered to the recipient's address, telex number or fax number set forth under its name below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage prepaid, with return receipt requested, (c) first class or express mail, postage prepaid, (d) Federal Express or like overnight courier service, or (e) fax, telex or other wire transmission with request for assurance of receipt in a manner typical with respect to communications of that type. Notice made in accordance with this section is deemed delivered on receipt if delivered by hand or wire transmission, three business days after mailing by first class, registered or certified mail, or one business day after mailing or deposit with an overnight courier service.

10.2 No delay on the part of the Bank in the exercise of any right or remedy waives that right or remedy. No single or partial exercise by the Bank of any right or remedy precludes any other future exercise of it or the exercise of any other right or remedy. No waiver or indulgence by the Bank of any default is effective unless it is in writing and signed by the Bank, nor shall a waiver on one occasion bar or waive that right on any future occasion.

10.3 This agreement, the Note, and any related loan documents embody the entire agreement and understanding between the Borrower and the Bank and supersede all prior agreements and understandings relating to

their subject matter. If any one of more of the obligations of the Borrower under this agreement or the Note is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement or the Note in any other jurisdiction.

10.4 This agreement is delivered in the State of Illinois and governed by Illinois law. This agreement binds the Borrower and its successors, and benefits the Bank, its successors and assigns.

10.5 Section headings are for convenience of reference only and do not affect the interpretation of this agreement.

11. Waiver of Jury Trial. The Bank and the Borrower, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right either of them may have to a trial by jury in any litigation based upon or arising out of this agreement or any related instrument or agreement, or any of the transactions contemplated by this agreement, or any course of conduct, dealing, statements (whether oral or written), or actions of either of them. Neither the Bank nor the Borrower shall seek to consolidate, by counterclaim or otherwise, any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by either the Bank or the Borrower except by a written instrument executed by both of them.

Executed by the parties as of: May 31, 1996.

"BANK"

NBD BANK

By: /s/ Richard E. Stiles

Vice President

ADDRESS FOR NOTICES:

NBD Bank
211 South Wheaton Avenue
Wheaton, Illinois 60187
ATTN: Highland Park Office

Fax/Telex No. (847)432-9469

"BORROWER"

Metzler & Associates, Inc.

By: /s/ Robert P. Maher

ROBERT P. MAHER, PRESIDENT & CEO

Printed Name

ADDRESS FOR NOTICES:

Metzler & Associates, Inc.
528 Lake Cook Road #500
Deerfield, Illinois 60015

Fax/Telex No. (847)945-0240

EXHIBIT 11.1

Metzler & Associates, Inc., an Illinois corporation

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
The Metzler Group, Inc.:

We consent to the use of our report included herein and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG Peat Marwick LLP

Chicago, Illinois
July 25, 1996

<ARTICLE> 5
<LEGEND> This schedule contains summary financial information extracted from financial statements and notes of The Metzler Group, Inc. as of December 31, 1995 and June 30, 1996 and for the year ended December 31, 1995 and the six months ended June 30, 1996 and is qualified in its entirety by reference to such financial statements.
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