

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the Period Ended September 30, 1997

OR

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

FROST HANNA CAPITAL GROUP, INC.

-----  
(Exact name of small business issuer as specified in its charter)

FLORIDA 65-0701248  
(State or other jurisdiction of  
incorporation or organization) (I.R.S. Employer  
Identification No.)

327 Plaza Real, Suite 319  
Boca Raton, FL 33432

-----  
(Address of principal executive offices)

-----  
(561) 367-1079

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(Registrant's telephone number, including area code)

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

Yes No X

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As of November 13, 1997, the Company had a total of 2,657,202 shares of Common Stock, par value \$.0001 per share (the "Common Stock"), outstanding. Additionally, as of such date an Underwriter Option to purchase 110,020 shares of Common Stock (the "Underwriter Options") remained outstanding and unexercised. Each Underwriter Warrant entitles the holder thereof to purchase one share of Common Stock at a purchase price of \$9.90 per share commencing October 16, 1998 and for a period of four years thereafter.

FROST HANNA CAPITAL GROUP, INC.  
FORM 10-QSB  
QUARTER ENDED SEPTEMBER 30, 1997

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PART I

ITEM 1. FINANCIAL STATEMENTS

The unaudited, condensed financial statements included herein, commencing at page F-1, have been prepared in accordance with the requirements of Regulation S-B and supplementary financial information included herein, if any, has been prepared in accordance with Item 310(b) of Regulation S-B and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with generally accepted accounting principles. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial information for the interim periods reported have been made. Results of operations for the three months and nine months ended September 30, 1997 are not necessarily indicative of the results for the year ending December 31, 1997.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Frost Hanna Capital Group, Inc. (the "Company") was formed in February 1996 to seek to effect a merger, exchange of capital stock, asset acquisition or similar business combination (a "Business Combination") with an operating or development stage business (an "Acquired Business"). In connection with its initial capitalization, the Company issued 1,557,000 shares of its Common Stock to its officers, directors, and other shareholders for an aggregate sum of

\$216,613. On September 22, 1997, the Company's Registration Statement on Form SB-2 (the "Registration Statement") was declared effective by the U.S. Securities and Exchange Commission (the "SEC"). Pursuant to the Registration Statement, the Company, in its initial public offering of securities, offered and sold 1,100,202 shares of Common Stock, par value \$.0001 per share, at a purchase price of \$6.00 per share (the "Offering") and received net proceeds of approximately \$5,875,079 (which amount less estimated expenses of the Offering, is referred to herein as the "Net Proceeds"). In addition, the Company issued Underwriter Options to purchase 110,020 shares of Common Stock. The Offering was a "blank check" offering.

#### LIQUIDITY AND CAPITAL RESOURCES/PLAN OF OPERATION

As of September 30, 1997, the Company had cash of \$9,866 and prepaid expenses of \$15,526. As of September 30, 1997, the Company had total liabilities of \$479,928 and total shareholders' deficit of \$149,081. Following the consummation of the Offering, eighty percent (80%) of the Net Proceeds (\$4,560,063) (the "Escrow Fund") were delivered to Fiduciary Trust International of the South, as Escrow Agent, to be held in escrow by such firm, until the earlier of (i) written notification by the Company of its need for all or substantially all of the Escrow Fund for the purpose of implementing a Business Combination; or (ii) the exercise by certain shareholders of a redemption offer.

Other than the Escrow Fund, the Company, as of October 17, 1997 had \$1,319,023 in cash, substantially all of which was received from the Offering (other than interest income earned thereon) (the "Operating Funds"). The Company believes the Operating Funds will be sufficient for its cash requirements for at least the next twelve months.

The expenses required to select and evaluate an Acquired Business candidate (including conducting a due diligence review) and to structure and consummate a Business Combination (including the negotiation of relevant agreements and the preparation of requisite documents for filing pursuant to applicable securities laws and state corporation laws) cannot be presently ascertained with any degree of certainty. Pursuant to employment agreements, the Company pays to each of Messrs. Frost and Hanna \$10,000 monthly for salary and \$1,000 monthly each for Messrs. Frost's and Hanna's non-accountable expense allowance.

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The Company anticipates that it will make contact with business prospects primarily through the efforts of its officers, who will meet personally with existing management and key personnel, visit and inspect material facilities, assets, products and services belonging to such prospects and undertake such further reasonable investigation as management deems appropriate, to the extent of its limited financial resources. The Company anticipates that certain Acquired Business candidates may be brought to its attention from various unaffiliated sources, including securities broker-dealers, investment bankers, venture capitalists, bankers, other members of the financial community, and affiliated sources. While the Company does not presently anticipate engaging the services of professional firms that specialize in business acquisitions on any formula basis, the Company may engage such firms in the future, in which event the Company may pay a finder's fee or other compensation. In no event, however, will the Company pay a finder's fee or commission to officers or directors of the Company or any entity with which they are affiliated for such services.

As part of the Company's investigation of prospective enterprises, products and services, management intends to request that current owners of a prospective Acquired Business provide, among other things, written materials regarding the current owner's business, product or service, available market studies, as well as the assumptions upon which they are made, appropriate title

documentation with respect to the assets, products and services of the potential Acquired Business, detailed written descriptions of any transactions between the potential Acquired Business and any of its affiliates, copies of pleadings and material litigation, if any, copies of material contracts and any and all other information deemed relevant. Additionally, the Company may verify such information, if possible, by interviewing competitors, certified public accountants and other persons in a position to have independent knowledge regarding the product or service as well as the financial condition of the potential Acquired Business.

#### KEY MAN INSURANCE

The Company has obtained \$1,000,000 "key man" term policies insuring each of the lives of Messrs. Frost and Hanna. There can be no assurances that such "key man" insurance will be maintained at reasonable rates, if at all. The loss, incapacity or unavailability of any of Messrs. Frost or Hanna at the present time or in the foreseeable future, before a qualified replacement was obtained, could have a material, adverse effect on the Company's operations. In connection with the purchase by the Company of such policies, The Marshal E. Rosenberg Organization, Inc., a firm in which Dr. Rosenberg, a director of the Company, is an officer, director and sole shareholder, received a commission of approximately \$2,700 in 1996 and \$4,464 in 1997. No further commissions are contemplated to be earned in connection with the purchase of such key man life insurance policies.

#### CONFLICTS OF INTEREST

None of the Company's key personnel are required to commit their full time to the affairs of the Company and, accordingly, such personnel may have conflicts of interest in allocating management time among various business activities. Certain of these key personnel may in the future become affiliated with entities, including other "blank check" companies, engaged in business activities similar to those intended to be conducted by the Company. Messrs. Frost and Hanna are each currently directors of Continucare Corporation, a Florida corporation ("Continucare"), engaged in the development and management of mental and physical rehabilitation health care programs. Dr. Rosenberg is an investor in numerous private enterprises, engaged in, among other things, real estate development and retail sales, which business interests may conflict with those of an Acquired Business. Mr. Donald Baxter, a director of the Company, is the President of Baxter Financial Corporation, an investment advisory firm, and the President and Chairman of the Philadelphia Fund and Eagle Growth Shares, mutual funds registered under the Investment Company Act of 1940. Mr. Charles Fernandez, a director of the Company, is currently the Chairman of the Board, President and Chief Executive Officer of Continucare. Certain activities which

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may be performed by such individuals in connection with their other business affiliations may be deemed competitive with the business of the Company.

In the course of their other business activities, including private investment activities, Messrs. Frost, Hanna, Baxter, Rosenberg and Fernandez may become aware of investment and business opportunities which may be appropriate for presentation to the Company as well as the other entities with which they are affiliated. Such persons may have conflicts of interest in determining to which entity a particular business opportunity should be presented. In general, officers and directors of corporations incorporated under the laws of the State of Florida are required to present certain business opportunities to such corporations. Accordingly, as a result of multiple business affiliations, Messrs. Frost, Hanna, Baxter, Rosenberg and Fernandez may have similar legal obligations relating to presenting certain business opportunities to the various entities upon which they serve as directors. In addition, conflicts of interest may arise in connection with evaluations of a particular business opportunity by

the Board of Directors with respect to the foregoing criteria. There can be no assurances that any of the foregoing conflicts will be resolved in favor of the Company. In order to minimize potential conflicts of interest which may arise from multiple corporate affiliations, each of Messrs. Frost, Hanna, Baxter, Rosenberg and Fernandez have agreed to present to the Company for its consideration, prior to presentation to any other entity, any prospective Acquired Business which is appropriate for the Company to consider and which prospective Acquired Business participates in an industry dissimilar to any of the industries to which such individuals have corporate affiliations. It should be further noted, that the Company shall not consider Business Combinations with entities owned or controlled by officers, directors, greater than 10% shareholders of the Company or any person who directly or indirectly controls, is controlled by or is under common control with the Company. The Company may consider Business Combinations with entities owned or controlled by persons other than those persons described above. There can be no assurances that any of the foregoing conflicts will be resolved in favor of the Company.

Pursuant to an agreement among each of Messrs. Frost, Hanna, Baxter, Rosenberg and Fernandez and the Company, such persons will not (i) actively negotiate for or otherwise consent to the disposition of any portion of their Common Stock at a per share price different than that offered with respect to the Public Shares as a condition to or in connection with a Business Combination or (ii) cause any securities of the Company to be sold by any officers, directors, greater than 10% shareholders or persons who may be deemed promoters of the Company except as may otherwise be made in permitted market transactions without affording all shareholders of the Company a similar opportunity. Further, the Company shall not borrow funds to be used directly or indirectly to (i) purchase any shares of the Company's Common Stock owned by management of the Company; or (ii) make payments to the Company's promoters, management or their affiliates or associates.

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## PART II

### ITEM 1. LEGAL PROCEEDINGS

The Company is not presently a party to any material litigation, nor, to the knowledge of management, is any such litigation presently threatened.

### ITEM 2. CHANGES IN SECURITIES

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

During the quarter ended September 30, 1997, no matters were submitted to a vote of security holders of the Company, through the solicitation of proxies or otherwise.

### ITEM 5. OTHER INFORMATION

None.

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

(a) Exhibits.

1. Financial Statements - Reference is made to the Index of Financial Statements, page F-1.

2. Exhibits:

NO.	DESCRIPTION
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4.4	Underwriter's Warrant Agreement, dated September 22, 1997, by and between the Company and Community Investment Services, Inc.
10.1	Escrow Agreement, dated October 16, 1997 by and between the Company and Fiduciary Trust International of the South.
10.2	Escrow Agreement, dated October 16, 1997 by and among the Company, Richard B. Frost, Mark J. Hanna, Marshal E. Rosenberg, Ph.D., Donald H. Baxter, Charles Fernandez and American Stock Transfer & Trust Company.
10.3	Letter Agreements concerning conflicts of interest, finder's fees, negotiation for sale of management shares and relating to the vote by certain present shareholders of the Company on a Business Combination.

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10.4	Employment Agreement, dated as of September 13, 1996 by and between the Company and Richard B. Frost (incorporated by reference to the Company's Registration Statement on Form SB-2 (File No. 333-31001)).
10.5	Employment Agreement, dated as of September 13, 1996 by and between the Company and Mark J. Hanna (incorporated by reference to the Company's Registration Statement on Form SB-2 (File No. 333-31001)).
27	Financial Data Schedule (for SEC use only).

(b) Reports on Form 8-K.

During the quarter ended September 30, 1997, the Company did not file any reports on Form 8-K. On October 24, 1997, the Company filed a report on Form 8-K, dated October 16, 1997, relating to the consummation of the Offering.

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SIGNATURES

the registrant has duly caused this amended report to be signed on its behalf by  
the undersigned thereunto duly authorized.

FROST HANNA CAPITAL GROUP, INC.

Dated: November 12, 1997

By:/s/ Mark J. Hanna

-----  
Mark J. Hanna, President

FROST HANNA CAPITAL GROUP, INC.

AND

COMMUNITY INVESTMENT SERVICES, INC.

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UNDERWRITER'S WARRANT AGREEMENT FOR SHARES

DATED AS OF OCTOBER 16, 1997

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UNDERWRITER'S WARRANT AGREEMENT dated as of October 16, 1997 between FROST HANNA CAPITAL GROUP, INC., a Florida corporation (the "Company") and COMMUNITY INVESTMENT SERVICES, INC., a Florida corporation (hereinafter referred to variously as the "Holder" or the "Underwriter").

W I T N E S S E T H :

WHEREAS, the Underwriter has agreed pursuant to the underwriting agreement (the "Underwriting Agreement") dated as of the date hereof between the Underwriter and the Company, to act as exclusive agent of the Company to publicly offer and sell an aggregate of 1,350,000 shares of the Company's common stock, par value \$.0001 per share (the "Common Stock") at a public offering price of \$6.00 per share (the "Public Offering"); and

WHEREAS, the Company proposes to issue to the Underwriter warrants ("Underwriter's Warrants") to purchase additional fully paid non-assessable shares of Common Stock in an amount aggregating 10% of the total number of shares sold by the Underwriter in the Public Offering (the "Shares") at an exercise price of \$9.90 per Share (165% of the public offering price); and

WHEREAS, the Underwriter's Warrants to be issued pursuant to this Agreement will be issued on the Closing Date (as such term is defined in the Underwriting

Agreement) by the Company to the Underwriter in consideration for, and as part of the compensation in connection with the Public Offering;

NOW, THEREFORE, in consideration of the premises, the payment by the Underwriter to the Company of an aggregate of One Hundred Thirty-Five (\$135.00) Dollars, the agreements herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT. The Holder is hereby granted the right to purchase, at any time from October 16, 1998 until 5:30 P.M., New York time, on October 15, 2002, additional Shares in an amount aggregating 10% of the total number of Shares sold by the Underwriter in the Public Offering at an initial exercise price (subject to adjustment as provided in SECTION 8 hereof) of \$9.90 per Share (the "Exercise Price"), subject to the terms and conditions of this Agreement. Except as set forth herein, the Shares issuable upon exercise of the Underwriter's Warrants are in all respects identical to the shares of Common Stock being purchased by the Underwriter for resale to the public pursuant to the terms and provisions of the Underwriting Agreement.

2. UNDERWRITER'S WARRANT CERTIFICATES. The Underwriter's warrant certificates (the "Underwriter's Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

### 3. EXERCISE OF UNDERWRITER'S WARRANTS.

Section 3.1 EXERCISE. The Underwriter's Warrants initially are exercisable at an aggregate initial exercise price (subject to adjustment as provided in SECTION 8 hereof) per share, as set forth in SECTION 6 hereof payable by certified or official bank check in New York Clearing House funds, subject to adjustment as provided in SECTION 8 hereof. Upon surrender at the Company's principal offices in Florida (currently located at 327 Plaza Real, Boca Raton, Florida 33432), of an Underwriter's Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Purchase Price (as hereinafter defined) for the Shares purchased, the registered holder of an Underwriter's Warrant Certificate ("Holder" or "Holders") shall be entitled to receive a certificate or certificates for the Shares so purchased. The purchase rights represented by each Underwriter's Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of Common Stock underlying the Underwriter's Warrants). In the case of the purchase of less than all the Shares purchasable under any Underwriter's Warrant Certificate, the Company shall cancel the Underwriter's Warrant Certificate upon the surrender thereof and shall execute and deliver a new Underwriter's Warrant Certificate of like tenor for the balance of the Shares purchasable thereunder.

Term, the Holder may, at its option, exchange the Warrants represented by such Holder's Warrant certificate, in whole or in part (a "Warrant Exchange), into the number of fully paid and non-assessable Shares determined in accordance with this Section 3.2, by

surrendering such Warrant certificate at the principal office of the Company or at the office of its transfer agent, accompanied by a notice stating such Holder's intent to effect such exchange, the number of Shares to be exchanged and the date on which the Holder requests that such Warrant Exchange occur (the "Notice of Exchange"). The Warrant Exchange shall take place on the date specified in the Notice of Exchange, or, if later, the date the Notice of Exchange is received by the Company (the "Exchange Date"). Certificates for the Shares issuable upon such Warrant Exchange and, if applicable, a new Warrant of like tenor evidencing the balance of the Shares remaining subject to the Holder's Warrant certificate, shall be issued as of the Exchange Date and delivered to the Holder within three (3) days following the Exchange Date. In connection with any Warrant Exchange, the Holder's Warrant certificate shall represent the right to subscribe for and acquire (i) the number of Shares (rounded to the next highest integer) equal to (A) the number of Shares specified by the Holder in its Notice of Exchange (the "Total Share Number") less (B) the number of Shares equal to the quotient obtained by dividing (i) the product of the Total Share Number and the existing Exercise Price (as hereinafter defined) per Share by (ii) the Market Price (as defined in Section 3.3 hereof) of a share of Common Stock.

Section 3.3 MARKET PRICE. For the purpose of this Agreement, the phrase "Market Price" at any date shall be deemed to be the (i) last reported sale price on the last trading day or, in case no such reported sale takes place on such day, the average last reported sale price for the last three (3) trading days, in either case as officially reported by the principal securities exchange on which the Common Stock is listed or

admitted to trading, or, (ii) if the Common Stock is not listed or admitted to trading on any national securities exchange but is listed or quoted upon the Nasdaq National Market or SmallCap Market (referred to hereinafter as "NASDAQ"), the closing bid price on the last trading day, or, in case no such reported bid takes place on such day, the average closing bid price for the last three (3) trading days, as furnished by NASDAQ or similar organization if NASDAQ is no longer reporting such information, or (iii) if the Common Stock is not listed upon a principal exchange or quoted on NASDAQ, but quotes for the Common Stock are available in the OTC Bulletin Board or "pink sheets" the closing bid price on the last trading day, or, in case no such bid takes place on such day, the average closing bid price for the last three (3) trading days as furnished on the OTC Bulletin Board or (iv) in the event the Common Stock is not traded upon a principal exchange and not listed on NASDAQ and quotes are not available on the OTC Bulletin Board, as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it.

4. ISSUANCE OF CERTIFICATES. Upon the exercise of the Underwriter's Warrants, the issuance of certificates for the Shares or other securities, properties or rights underlying such Underwriter's Warrants, shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax which may be payable in respect of the issuance thereof, and such certificates shall (subject to the provisions of SECTIONS 5 and 7 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may

be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Underwriter and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Underwriter's Warrant Certificates and the certificates representing the Shares issuable upon exercise of the Underwriter's Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then Chairman or Vice Chairman of the Board of Directors or President or Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or Assistant Secretary of the Company. The Underwriter's Warrant Certificates shall be dated the date of the execution by the Company upon initial issuance, division, exchange, substitution or transfer. The certificates representing the Shares issuable upon exercise of the Underwriter's Warrant shall be identical in form to those issued in connection with the Public Offering.

5. RESTRICTION ON TRANSFER OF UNDERWRITER'S WARRANTS. The Holder of a Underwriter's Warrant Certificate, by its acceptance thereof, covenants and agrees that the Underwriter's Warrants are not being acquired with a view to the distribution thereof; and that the Underwriter's Warrants may not be sold, transferred, assigned, hypothecated or otherwise disposed of, in whole or in part, for a period of one (1) year

from the date hereof, except to officers of the Underwriter or members of the Selling Group.

#### 6. EXERCISE PRICE.

Section 6.1 INITIAL AND ADJUSTED EXERCISE PRICE. Except as otherwise provided in SECTION 8 hereof, the initial exercise price of each Underwriter's Warrant shall be \$9.90 per Share. The exercise price shall be adjusted from time to time in accordance with the provisions of SECTION 8 hereof.

Section 6.2 EXERCISE PRICE. The term "Exercise Price" herein shall mean

the initial exercise prices or the adjusted exercise price, depending upon the context of the Underwriter's Warrants.

#### 7. REGISTRATION RIGHTS.

Section 7.1 REGISTRATION UNDER THE SECURITIES ACT OF 1933. The Underwriter's Warrants and the Shares issuable upon exercise of the Underwriter's Warrants, have been registered (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act").

Section 7.2 PIGGYBACK REGISTRATION. If, at any time commencing after September 22, 1998 (one (1) year from the Effective Date), through and including September 21, 2002 (five (5) years from the Effective Date), the Company proposes to register any of its securities under the Act (other than in connection with a merger or pursuant to Form S-8 or similar form) it will give written notice by registered or certified mail, at least thirty (30) days prior to the filing of each such registration statement, to the Underwriter and to all other Holders of the Underwriter's Warrants and Shares

underlying the Underwriter's Warrants, of its intention to do so. If any of the Underwriter or other Holders of the Underwriter's Warrants and/or the Shares underlying the Underwriter's Warrants, notify the Company within twenty (20) days after receipt of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford each of the Underwriter and such Holders of the Underwriter's Warrants and/or Shares underlying the Underwriter's Warrants, the opportunity to have any of such securities registered under such registration statement; provided, however, that in the event the underwriters advise the Company that in their opinion the number of securities requested to be included in such registration pursuant to this Agreement and pursuant to any other rights granted by the Company to holders of its securities exceeds the number of securities that can be sold in the offering without adversely affecting the offering price of the Company's securities, the Company may first include in such registration all securities the Company proposes to sell (without including the holders of other rights granted by the Company), and each Holder shall accept a pro rata reduction in the number of shares to be included in such registration statement.

Notwithstanding the provisions of this SECTION 7.2, the Company shall have the right at any time after it shall have given written notice pursuant to this SECTION 7.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement, or to withdraw the same after the filing but prior to the effective date thereof.

#### Section 7.3 DEMAND REGISTRATION.

- (a) At any time commencing after September 22, 1998 (one (1) year from

the Effective Date) through and including September 21, 2002 (five (5) years from the effective date), the Holders of the Underwriter's Warrants and Shares underlying the Underwriter's Warrants, representing a "Majority" of the shares of Common Stock issuable upon the exercise of the Underwriter's Warrants (assuming the exercise of all of the Underwriter's Warrants) shall have the right (which right is in addition to the registration rights under SECTION 7.2 hereof), exercisable by written notice to the Company, to have the Company prepare and file with the Commission, at on one occasion, a registration statement and such other documents, including a prospectus, as may be necessary in the opinion of both counsel for the Company and counsel for the Underwriter and Holders, in order to comply with the provisions of the Act, so as to permit a public offering and sale of their respective Underwriter's Warrants and Shares for nine (9) consecutive months by such Holders and any other Holders of the Underwriter's Warrants and the Shares who shall notify the Company within ten (10) days after receiving notice from the Company of such request. Such registration and all costs incident thereof shall be at the expense of the Company, as provided in Section 7.4(b).

(b) The Company covenants and agrees to give written notice of any registration request under this SECTION 7.3 by any Holder or Holders to all other registered Holders of the Underwriter's Warrants and Shares within ten (10) days from the date of the receipt of any such registration request.

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(c) In addition to the registration rights under SECTION 7.2 and subsection (a) of this SECTION 7.3, at any time within the time period specified in Section 7.4(a) hereof, through and including September 21, 2002 (five (5) years from the Effective Date), any Holder of the Underwriter's Warrants and/or Shares, representing a "Majority" (as hereinafter defined) of the shares of Common Stock issuable upon the exercise of the Underwriter's Warrants (assuming the exercise of all of the Underwriter's Warrants) shall have the right, exercisable by written request to the Company, to have the Company prepare and file, on one occasion, with the Commission a registration statement so as to permit a public offering and sale for nine (9) consecutive months by any such Holder of its shares, provided, however, that the provisions of SECTION 7.4(b) hereof shall not apply to any such registration request and registration and all costs incident thereto shall be at the expense of the Holder or Holders making such request.

(d) The Company and the Holders agree that the Holders of Underwriters Warrants and Shares (the "Securities") will suffer damages if the Company fails to fulfill its obligations under this Section 7.3 and that ascertaining the extent of such damages with precision would not be feasible. Accordingly, the Company agrees to pay liquidated damages with respect to the Securities held by each Holder ("Liquidated Damages"), if:

(i) any Registration Statement required to be filed pursuant to this Section 7.3 is not filed with the SEC on or prior to the date specified in Section 7.4(a) for such filing in this Agreement;

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(ii) any such Registration Statement has not been declared effective by the SEC on or prior to the earliest possible time but in no event later than 90 days after such filing (the "Effectiveness Target Date"); or

(iii) any Registration Statement required to be filed pursuant to this Section 7.3 is filed and declared effective but shall thereafter cease to be effective or fail to be usable for its intended purpose without being succeeded immediately by a post effective amendment to such Registration Statement that cures such failures and that is itself immediately declared effective; (each such event in clauses (i) through (iii) above being referred to herein as a "Registration Default"). The additional interest comprising Liquidated Damages shall be an amount equal to (A) with respect to the first 90-day period immediately following the occurrence of a Registration Default, 10% of the number of Securities held by such Holder (pro-rated weekly), PLUS (B) an additional 10% of the number of Securities held by such Holder with respect to each 30-day period after the first 90 day period, until all Registration Defaults have been cured, up to 100% of the number of Securities held by such Holder. The Company shall notify the Holders within one Business Day after each and every date on which a Registration Default occurs. All accrued and unpaid Liquidated Damages shall be paid immediately by the Company on the expiration of each 90-day and 30-day period by mailing certificates for such securities to Holders of record of the Securities at such address as is set forth on the stock record books of the Company. Each obligation to pay Liquidated Damages shall be deemed to accrue beginning on the day of the applicable Registration Default (other than as set forth above). Following the cure of

all Registration Defaults, the accrual of Liquidated Damages will cease until the next Registration Default, if any.

Section 7.4 COVENANTS OF THE COMPANY WITH RESPECT TO REGISTRATION. In connection with any registration under SECTION 7.2 or 7.3 hereof, the Company covenants and agrees as follows:

(a) The Company shall use its best efforts to file a registration statement within forty-five (45) days of receipt of any demand therefor in accordance with Section 7.3(a), shall use its best efforts to have any registration statement declared effective at the earliest possible time, and shall furnish each Holder desiring to sell the Shares underlying the Underwriter's Warrants such number of prospectuses as shall reasonably be requested. Notwithstanding the foregoing sentence, the Company shall be entitled to postpone the filing of any registration statement otherwise required to be prepared and filed by it pursuant to this Section 7.4(a) if the Company is publicly committed to a self-tender or exchange offer and the filing of a registration statement would cause a violation of Regulation M under the Securities Exchange Act of 1934 as amended (the "Exchange Act"). In the event of such postponement, the Company shall be required to file the registration statement pursuant to this Section 7.4(a) upon the earlier of (i) the consummation or termination, as applicable, of the event requiring such postponement or (ii) 90 days after the receipt of the initial demand for such registration. Additionally, notwithstanding anything to the contrary contained herein, during any period that a registration statement filed pursuant to Section 7.3 hereof is effective, the Company shall have the right to prohibit the sale of any shares

thereunder upon notice to the Holder(s) (A) if in the opinion of counsel for the Company, the Company would thereby be required to disclose information not otherwise then required by law to be publicly disclosed where it is significant to the operations or well being of the Company that such information remain undisclosed, provided that the Company shall use its best efforts to minimize the period of time in which it shall prohibit the sale of any of such shares pursuant to this clause (A), (B) for periods of up to 30 days if the Company reasonably believes that such sale might reasonably be expected to have an adverse effect on any significant proposal or plan of the Company to engage in an acquisition of assets or any merger, consolidation, tender offer, financing, corporate reorganization or similar transaction; (C) during the period starting with the date 10 days prior to the Company's estimate of the date of filing of, and ending on a date 90 days after the effective date of, a Company initiated registration in which the Holders are entitled to and may in fact participate in accordance with Section 7.2 hereof, but in no event longer than 180 days; or (D) upon the happening of any event, as a result of which the prospectus under the registration statement includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing (in which case, the Company shall within a reasonable period provide the Holder with revised or supplemental prospectuses and the Holders shall promptly take action to cease making any offers of such shares until receipt and distribution of such revised or supplemental prospectuses.

(b) The Company shall pay all costs (excluding fees and expenses of Holder(s) counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to SECTIONS 7.2 and 7.3(a) hereof including, without limitation, the Company's legal and accounting fees, printing expenses, and blue sky fees and expenses. The Holder(s) will pay all costs, fees and expenses in connection with any registration statement filed pursuant to SECTION 7.3(c).

(c) The Company will take all necessary action which may be required in qualifying or registering the Underwriter's Warrants and Shares underlying the Underwriter's Warrants included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(d) The Company shall indemnify the Holder(s) of the Underwriter's Warrants and Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holders within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement but only to the same extent and with the same

effect as the provisions pursuant to which the

Company has agreed to indemnify the Underwriter contained in SECTION 10 of the Underwriting Agreement.

(e) The Holder(s) of the Underwriter's Warrants and Shares underlying the Underwriter's Warrants to be sold pursuant to a registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of SECTION 15 of the Act or SECTION 20(a) of the Exchange Act, against all loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in SECTION 7 of the Underwriting Agreement pursuant to which the Underwriter has agreed to indemnify the Company.

(f) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise their Underwriter's Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(g) The Company shall not permit the inclusion of any securities other than the Shares underlying the Underwriter's Warrants and Underwriter's Warrants to be included in any registration statement filed pursuant to SECTION 7.3 hereof, or permit any other registration statement (other than in connection with a merger or on Form S-8) to become effective within 120 days of a registration statement filed pursuant to

SECTION 7.3 hereof, without the prior written consent of the Holders of the Underwriter's Warrants and Shares underlying the Underwriter's Warrants representing a majority of the shares of Common Stock issuable upon the exercise of such Underwriter's Warrants.

(h) If the Shares underlying the Shares underlying the Underwriter's warrants are to be sold in an underwritten public offering, the Company shall use its best efforts to furnish to each Holder participating in the offering and to each such underwriter, a signed counterpart, addressed to such underwriter, of (i) an opinion of counsel to the Company dated the date of the closing under the underwriting agreement, and (ii) a "cold comfort" letter dated the date of the closing under the underwriting agreement signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily

covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(i) The Company shall as soon as practicable after the effective date of the registration statement, and in any event within 15 months thereafter, have made "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with SECTION 11(a)

of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(j) The Company shall deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below, and the managing underwriters, copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the National Association of Securities Dealers, Inc. ("NASD"). Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as any such Holder shall reasonably request.

(k) The Company shall enter into an underwriting agreement with the managing underwriter(s) selected for such underwriting, if any, by Holders holding a Majority of the Underwriter's Warrants and Shares underlying the Underwriter's Warrants requested to be included in such underwriting. Such underwriting agreement shall be satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the

Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter(s).

The Holders shall be parties to any underwriting agreement relating to an underwritten sale of their Underwriter's Warrants and the Shares underlying the Underwriter's Warrants and may, at their option, require that any or all the representations, warranties and covenants of the Company to or for the benefit of such underwriter(s) shall also be made to and for the benefit of such Holders. Such Holders shall not be required to make any representations or warranties to or agreements with the Company or the underwriter(s) except as they may relate to such Holders, their intended methods of distribution, and except for matters related to disclosures with respect to such Holders, contained or required to be contained, in such registration statement under the Act and the rules and regulations thereunder.

(1) For purposes of this Agreement, the term "Majority" in reference to the Holders of Underwriter's Warrants and Shares, shall mean in excess of fifty percent (50%) of the then outstanding Shares, assuming the full exercise of all Underwriter's Warrants that (i) are not held by the Company, an affiliate, officer, creditor, employee or agent thereof or any of their respective affiliates, members of their families, persons acting as nominees or in conjunction therewith or (ii) have not been resold to the public pursuant to Rule 144 under the Act or a registration statement filed with the Commission under the Act.

#### 8. ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SECURITIES.

Section 8.1 SUBDIVISION AND COMBINATION. In case the Company shall at any time subdivide or combine the outstanding shares of Common Stock, the Exercise Price of the Underwriter's Warrants shall forthwith be proportionately decreased in the case of subdivision or increased in the case of combination.

Section 8.2 ADJUSTMENT IN NUMBER OF SECURITIES. Upon each adjustment of the Exercise Price of the Underwriter's Warrants, pursuant to the provisions of this SECTION 8, the number of shares issuable upon the exercise of the Underwriter's Warrants, shall be adjusted to the nearest full amount by multiplying a number equal to the exercise price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable upon exercise of the Underwriter's Warrants immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Prices.

Section 8.3 DEFINITION OF COMMON STOCK. For the purpose of this Agreement, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock in the Articles of Incorporation of the Company as amended as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock, consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that the Company shall after the date hereof issue common securities with greater or superior voting rights than the shares of Common Stock outstanding as of the date hereof, the Holder, at its option, may receive upon exercise of any Underwriter's Warrant, either shares of Common Stock or a like number of such securities with greater or superior voting rights.

Section 8.4 MERGER OR CONSOLIDATION. In case of any consolidation of the Company with, or merger of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to the Holder a supplemental warrant agreement providing that the Holder shall have the right thereafter (until the expiration of such warrant) to receive, upon

exercise of such warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger, by a holder of the number of shares of Common Stock of the Company for which such warrant might have been exercised immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in SECTION 8. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

Section 8.5 NO ADJUSTMENT OF EXERCISES PRICE IN CERTAIN CASES.  
No adjustment of the Exercise Price of the Underwriter's Warrants shall be made:

(a) Upon the issuance or sale of the Underwriter's Warrants or Shares issuable upon the exercise of the Underwriter's Warrants or the exercise of options and warrants outstanding on the date hereof and described in the prospectus relating to the Public Offering; or

(b) If the amount of such adjustment shall be less than two cents (\$.02) per share of Common Stock, provided, however, that in such case any

adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least two cents (\$.02) per share of Common Stock.

9. EXCHANGE AND REPLACEMENT OF UNDERWRITER'S WARRANT CERTIFICATES. Each Underwriter's Warrant Certificate is exchangeable without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company, for a new Underwriter's Warrant Certificate of like tenor and date representing in the aggregate the right to purchase the same number of Shares as provided in the original Underwriter's Warrants in such denominations as shall be designated by the Holder thereof at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Underwriter's Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Underwriter's Warrants, if mutilated, the Company will make and deliver a new Underwriter's Warrant Certificate of like tenor, in lieu thereof.

10. ELIMINATION OF FRACTIONAL INTERESTS. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of the Underwriter's Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall

be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

11. RESERVATION AND LISTING OF SECURITIES. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Underwriter's Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Underwriter's Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as the Underwriter's Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Underwriter's Warrants to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock issued to the public in connection herewith may then be listed and/or quoted on NASDAQ.

12. NOTICES TO UNDERWRITER'S WARRANT HOLDERS. Nothing contained in this Agreement shall be construed as conferring upon the Holders the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Underwriter's Warrants and their exercise, any of the following events shall occur:

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(a) the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property assets and business as an entirety shall be proposed;

then, in any one or more of such events the Company shall give written notice to the Holders of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or

exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

### 13. NOTICES.

All notices requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of the Underwriter's Warrants, to the address of such Holder as shown on the books of the Company; or

(b) If to the Company, to the address set forth in SECTION 3 hereof or to such other address as the Company may designate by notice to the Holders.

**14. SUPPLEMENTS AND AMENDMENTS.** The Company and the Underwriter may from time to time supplement or amend this Agreement without the approval of any holders of Underwriter's Warrant Certificates (other than the Underwriter) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Underwriter may deem necessary or desirable and which the Company and the Underwriter deem shall not adversely affect the interests of the Holders of Underwriter's Warrant Certificates.

**15. SUCCESSORS.** All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holders and their respective successors and assigns hereunder.

**16. TERMINATION.** This Agreement shall terminate at the close of business on October 15, 2002. Notwithstanding the foregoing, the indemnification provisions of SECTION 7 shall survive such termination until the close of business on October 13, 2012.

**17. GOVERNING LAW: SUBMISSION TO JURISDICTION.** This Agreement and each Underwriter's Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Florida and for all purposes shall be construed in accordance with the laws of such State without giving effect to the rules of said State governing the conflicts of laws.

The Company, the Underwriter and the Holders hereby agree that any action, proceeding or claim against it arising out of, or relating in any way to, this Agreement shall be brought and enforced in the courts of competent jurisdiction located in Dade County, Florida, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company, the Underwriter and the Holders hereby irrevocably waive any objection to such exclusive jurisdiction or inconvenient forum. Any such process or summons to be

served upon any of the Company, the Underwriter and the Holders (at the option of the party bringing such action, proceeding or claim) may be served by transmitting a copy thereof, by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in SECTION 13 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the party so served in any action, proceeding or claim. The Company, the Underwriter and the Holders agree that the prevailing party(ies) in any such action or proceeding shall be

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entitled to recover from the other party(ies) all of its/their reasonable legal costs and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor.

18. ENTIRE AGREEMENT: MODIFICATION. This Agreement (including the Underwriting Agreement to the extent portions thereof are referred to herein) contains the entire understanding between the parties hereto with respect to the subject matter hereof and, except as provided in Section 14 hereof, may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought.

19. SEVERABILITY. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

20. CAPTIONS. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

21. BENEFITS OF THIS AGREEMENT. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the Underwriter and any other registered Holder(s) of the Underwriter's Warrant Certificates or Shares underlying the Underwriter's Warrants any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and the Underwriter and any other Holder(s) of the Underwriter's Warrant Certificates or Shares.

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22. COUNTERPARTS. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

[SEAL]

FROST HANNA CAPITAL GROUP, INC.

By

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Name:  
Title:

Attest:

-----  
Secretary

COMMUNITY INVESTMENT SERVICES, INC.

By

-----  
Name:  
Title:

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EXHIBIT A

[FORM OF UNDERWRITER'S WARRANT CERTIFICATE]

THE UNDERWRITER'S WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE OTHER SECURITIES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE UNDERWRITER'S WARRANTS REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE UNDERWRITER'S WARRANT AGREEMENT REFERRED TO HEREIN.

EXERCISABLE ON OR BEFORE  
5:30 P.M., NEW YORK TIME, \_\_\_\_\_, 2002

No. W-1 \_\_\_\_\_ Underwriter's Warrants

Underwriter's Warrant Certificate

This Underwriter's Warrant Certificate certifies that Community Investment Services, Inc., or registered assigns, is the registered holder of \_\_\_\_\_ [10% of the number of shares of Common Stock sold by the Underwriter in the Public Offering] Underwriter's Warrants to purchase initially, at any time from \_\_\_\_\_, 1998 [one year from the consummation of the offering] until 5:30 p.m. New York time on \_\_\_\_\_, 2002 [five years from the consummation of the offering] ("Expiration Date"), up to \_\_\_\_\_ [10% of the number of shares of Common Stock sold by the Underwriter in the Public Offering] fully-paid and non-assessable shares of Common Stock, par value \$.0001 per share (the "Warrants") of Frost Hanna Capital Group, Inc., a Florida corporation (the "Company"), at an initial exercise price, subject to adjustment in certain events (the "Exercise Price"), of \$9.90 per Share upon surrender of this Underwriter's Warrant Certificate and payment of the Exercise Price at an

office or agency of the Company, but subject to the conditions set forth herein and in the warrant agreement dated as of \_\_\_\_\_, 1997 between the Company and Community

Investment Services, Inc. (the "Underwriter's Warrant Agreement"). Payment of the Exercise Price shall be made by certified or official bank check in New York Clearing House funds payable to the order of the Company.

No Underwriter's Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Underwriter's Warrants evidenced hereby, unless exercised prior thereto, shall thereafter be void.

The Underwriter's Warrants evidenced by this Underwriter's Warrant Certificate are part of a duly authorized issue of warrants pursuant to the Underwriter's Warrant Agreement, which Underwriter's Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Underwriter's Warrants.

The Underwriter's Warrant Agreement provides that upon the occurrence of certain events the exercise price and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Underwriter's Warrant Certificate evidencing the adjustment in the exercise price and the number and/or type of securities issuable upon the exercise of the Underwriter's Warrants; provided, however, that the failure of the Company to issue such new Underwriter's Warrant Certificates shall not in any way change, alter or otherwise impair, the rights of the holder as set forth in the Underwriter's Warrant Agreement.

Upon due presentment for registration of transfer of this Underwriter's Warrant Certificate at an office or agency of the Company, a new Underwriter's Warrant Certificate or Underwriter's Warrant Certificates of like tenor and evidencing in the aggregate a like number of Underwriter's Warrants shall be issued to the transferee(s) in exchange for this Underwriter's Warrant Certificate, subject to the limitations provided herein and in the Underwriter's Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Underwriter's Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Underwriter's Warrant Certificate representing such number of unexercised Underwriter's Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Underwriter's Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any

exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Underwriter's Warrant Certificate which are defined in the Underwriter's Warrant Agreement shall have the meanings assigned to them in the Underwriter's Warrant Agreement.

IN WITNESS WHEREOF, the Company has caused this Underwriter's Warrant Certificate to be duly executed under its corporate seal.

Dated as of \_\_\_\_\_, 1997

FROST HANNA CAPITAL GROUP, INC.

[SEAL]

By

-----  
Name:

Title:

Attest:

-----  
Secretary

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[FORM OF ELECTION TO PURCHASE]

The undersigned hereby irrevocably elects to exercise the right, represented by this Underwriter's Warrant Certificate, to purchase \_\_\_\_ shares of Common Stock and herewith tenders in payment for such securities a certified or official bank check payable in New York Clearing House Funds to the order of Frost Hanna Capital Group, Inc. in the amount of \$\_\_\_\_, all in accordance with the terms hereof. The undersigned requests that a certificate for such securities be registered in the name of \_\_\_\_\_ whose address is \_\_\_\_\_ and that such Certificate be delivered to \_\_\_\_\_ whose address is \_\_\_\_\_.

Dated:

Signature

-----  
(Signature must conform in all respects to name of holder as specified on the face of the Underwriter's Warrant Certificate.)

-----  
Insert Social Security or Other  
Identifying Number of Holder)

ESCROW AGREEMENT dated as of the 16th day of October, 1997 (the "Agreement") by and between FROST HANNA CAPITAL GROUP, INC., a Florida corporation (the "Company"), and FIDUCIARY TRUST INTERNATIONAL OF THE SOUTH (the "Escrow Agent").

#### ESCROW AGREEMENT

The Company has entered into an Underwriting Agreement dated September 22, 1997 (the "Underwriting Agreement") with COMMUNITY INVESTMENT SERVICES, INC., as representative to certain underwriters participating in the selling group (the "Underwriter") wherein the Company has agreed to sell through licensed dealers 1,350,000 shares of Common Stock, par value \$.0001 per share (the "Shares"), as more fully described in the Company's definitive Prospectus dated September 22, 1997 (the "Prospectus") comprising part of the Company's Registration Statement on Form SB-2 under the Securities Act of 1933, as amended (File No. 333-31001), declared effective on September 22, 1997 (the "Registration Statement").

The Company desires that the Escrow Agent accept eighty percent (80%) of the Net Proceeds (as defined in the Prospectus) to be derived by the Company from the sale of the Shares (the "Offering Proceeds"), to be held in escrow and disbursed as hereinafter provided.

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

1. APPOINTMENT OF ESCROW AGENT. The Company hereby appoints the Escrow Agent to act in accordance with and subject to the terms of this Agreement, and the Escrow Agent hereby accepts such appointment and agrees to act in accordance with and subject to such terms.

2. ESTABLISHMENT OF ESCROW ACCOUNT. The Escrow Agent shall open an escrow account (the "Escrow Account") for the deposit of the Offering Proceeds, subject to the terms and conditions of this Agreement.

3. DEPOSIT OF OFFERING PROCEEDS. Upon the closing of the sale of the Shares as contemplated by the Underwriting Agreement, the Company shall deliver or cause to be delivered to the Escrow Agent a certified or bank check in the amount of the Offering Proceeds drawn to the order of the Escrow Agent or, alternatively, drawn to the order of the Company but endorsed by the Company for collection by the Escrow Agent and credit to the Escrow Account.

4. DISBURSEMENT OF THE ESCROW ACCOUNT. Upon the earlier of (i) written notification by the Company to the Escrow Agent of its need for all, or substantially all, of the Offering Proceeds for the purpose of implementing, or facilitating the implementation of, a Business Combination (as such term is defined in the Prospectus); or (ii) the exercise by certain shareholders of the Redemption Offer (as such term is defined in the Prospectus); or (iii) written

notification from the Company to the Escrow Agent to deliver the Offering Proceeds to another escrow agent in accordance with Paragraph 5.7, then, in such event, the Escrow Agent shall disburse the Escrow Account (inclusive of any interest thereon) to the Company or its designees, whereupon the Escrow Agent shall be released from further liability hereunder. In no event may the funds in the Escrow Account, including any interest earned thereon, be used for expenses associated with the evaluation and structuring of a contemplated Business Combination. Upon disbursement of the Escrow Account to the Company, the Escrow Agent shall notify in writing Community Investment Services, Inc., 15600 S.W. 288th Street, Suite 100, Homestead, Florida 33033, attention Hershel Smith.

## 5. ESCROW AGENT.

5.1 The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statements or assertions contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any written instructions delivered to it; nor as to the identity, authority, or rights of any person executing the same. The duties of the Escrow Agent shall be limited to the safekeeping of the Escrow Account and to disbursements of same in accordance with the provisions hereof. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, and no implied duties or obligations of the Escrow Agent shall be implied by virtue of this Agreement.

5.2 The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent shall not be liable for any mistakes of fact or error of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence.

5.3 The Escrow Agent shall be indemnified and held harmless by the Company from and against any reasonable expenses, including counsel fees and disbursements, or loss suffered by the Escrow Agent in connection with any third party action, suit or other proceeding involving any claim, or in connection with any

claim or demand, which in any way directly or indirectly arises out of or relates to this Agreement, the services of the Escrow Agent hereunder, the monies or other property held by it hereunder or any such expense or loss. Promptly after the receipt by the Escrow Agent of notice of any demand or claim or the commencement of any action, suit or proceeding, the Escrow Agent shall, if a claim in respect thereof shall be made against the other parties hereto, notify such parties thereof in writing; but the failure by the Escrow Agent to give such notice shall not relieve any party from any liability which such party may have to the Escrow Agent hereunder. In the event of the receipt of such notice, the Escrow Agent, in its sole discretion, may commence an action in the nature of interpleader in an appropriate court to determine ownership or disposition of the Escrow Account or it may deposit the Escrow Account with the clerk of any appropriate court or it may retain the Escrow Account pending receipt of a final, non-appealable order of a court having jurisdiction over all of the parties hereto directing to whom and under what circumstances the Escrow Account is to be disbursed and delivered.

5.4 During the term hereof, the Escrow Agent shall invest the Offering Proceeds at the discretion of the Company in either short-term U.S. government securities or in short-term U.S. treasury collateralized instruments and all monies earned as a result of such investment shall remain in escrow and shall be for the benefit of the Company and shall be used by the Company either (i) following a Business Combination in connection with the operation of an Acquired Business (as such term is defined in the Prospectus) or (ii) in connection with the distribution to the shareholders through the exercise of the Redemption Offer or the liquidation of the Company. In the event the Escrow Agent receives no direction from the Company with respect to the investment of the Offering Proceeds, the Escrow Agent shall invest the Offering Proceeds in direct obligations of the U.S. Government or in short-term U.S. treasury collateralized instruments and all interest earned thereon shall be for the benefit of the Company.

5.5 The Escrow Agent shall be entitled to reasonable compensation from the Company for all services rendered by it hereunder, not to exceed half of one percent of the market value of the Escrow Account, on an annualized basis.

5.6 From time to time on and after the date hereof, the Company shall deliver or cause to be delivered to the Escrow Agent such further documents and instruments and shall do or cause to be done such further acts as the Escrow Agent shall reasonably request (it being understood that the Escrow Agent shall have no obligation to make such request) to carry out more effectively the provisions and purposes of this Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

-3-

5.7 The Escrow Agent may resign at any time and be discharged from its duties as Escrow Agent hereunder by its giving the other parties hereto at least thirty (30) days prior written notice thereof. As soon as practicable after its resignation, the Escrow Agent shall turn over to a successor escrow agent appointed by the other parties hereto, jointly, all monies and property held hereunder upon presentation of the document appointing the new escrow agent and its acceptance thereof. If no new escrow agent is so appointed within the sixty (60) day period following the giving of such notice of resignation, the Escrow Agent may deposit the Escrow Account with any court it deems appropriate.

5.8 The Escrow Agent shall resign and be discharged from its duties as Escrow Agent hereunder if so requested in writing at anytime by the Company, provided, however, that such resignation shall become effective only upon acceptance of appointment by a successor escrow agent as provided in paragraph 5.7.

5.9 Notwithstanding anything herein to the contrary, the Escrow Agent shall not be relieved from liability hereunder for its own gross negligence or its own willful misconduct.

## 6. MISCELLANEOUS.

6.1 This Agreement shall for all purposes be deemed to be made under and shall be construed in accordance with the laws of the State of Florida. This Agreement shall be subject to the exclusive jurisdiction of the courts of Dade County, Florida. The parties to this Agreement agree that any breach of any term or condition of this Agreement shall be deemed to be a breach occurring in the State of Florida by virtue of a failure to perform an act required to be

performed in the State of Florida and irrevocably and expressly agree to submit to the jurisdiction of the courts of the State of Florida for the purpose of resolving any disputes among the parties relating to this Agreement or the transactions contemplated hereby. The parties irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement, or any judgment entered by any court in respect hereof brought in the State of Florida, and further irrevocably waive any claim that any suit, action or proceeding brought in Dade County, Florida has been brought in an inconvenient forum.

6.2 This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and, except as expressly provided herein, may not be changed or modified except by an instrument in writing signed by the party to be charged.

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6.3 The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation thereof.

6.4 This Agreement shall be binding upon and inure to the benefit of the respective parties hereto and their legal representatives, successors and assigns.

6.5 Any notice or other communication required or which may be given hereunder shall be in writing and either be delivered personally or be mailed, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed given when so delivered personally or, if mailed, two (2) days after the date of mailing, as follows:

If to the Company, to:

Frost Hanna Capital Group, Inc.  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432  
Attention: Mark J. Hanna, President

With a copy to:

Stearns Weaver Miller Weissler  
Alhadeff & Sitterson, P.A.  
150 West Flagler Street, Suite 2200  
Miami, Florida 33130  
Attention: Richard E. Schatz, Esq.

and if to the Escrow Agent, to:

Fiduciary Trust International  
of the South  
100 S.E. 2nd Street, Suite 2300  
Miami, Florida 33131  
Attention: Mario Rivera, Chief Financial Officer

The parties may change the persons and addresses to which the notices or other communications are to be sent by giving written notice of any such change in the manner provided herein for giving notice.

6.6 This Agreement may be executed in any number of counterparts,

each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

6.7 Nothing contained in this Agreement is intended or shall be construed to give any person, corporation or other entity, other than the parties hereto and their respective successors and permitted assigns, any legal, equitable right, remedy or claim under or in respect to this Agreement or any provision herein

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contained, this Agreement being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns.

WITNESS the execution of this Agreement as of the date first above written.

FROST HANNA CAPITAL GROUP, INC.

By:

-----  
Mark J. Hanna, President

Attest:

-----  
Donald H. Baxter, Secretary

This Escrow Agreement is accepted as of the 16th day of October, 1997.

FIDUCIARY TRUST INTERNATIONAL  
OF THE SOUTH

By:

-----  
Authorized Representative

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ESCROW AGREEMENT dated as of the \_\_\_\_ day of October, 1997 (The "Agreement") by and among FROST HANNA CAPITAL GROUP, INC., a Florida corporation (the "Company"), RICHARD B. FROST, MARK J. HANNA, MARSHAL E. ROSENBERG, Ph.D., DONALD H. BAXTER and CHARLES FERNANDEZ (collectively, the "Company Principals") and AMERICAN STOCK TRANSFER & TRUST COMPANY, a New York limited purpose trust company (the "Escrow Agent")

ESCROW AGREEMENT

The Company has entered into an Underwriting Agreement dated September 22, 1997 (the "Underwriting Agreement") with COMMUNITY INVESTMENT SERVICES, INC., as representative to a certain selling group of underwriters (the "Underwriter") whereby the Underwriter has agreed to sell through licensed dealers 1,350,000 shares of Common Stock, par value \$.0001 per share (the "Shares"), as more fully described in the Company's definitive Prospectus dated September 22, 1997 (the "Prospectus") comprising part of the Company's Registration Statement on Form SB-2 under the Securities Act of 1933, as amended (File No. 333-31001), declared effective on September 22, 1997 (the "Registration Statement").

The Company Principals have agreed, as a condition of the consummation of the sale of the Shares, to deposit their shares of Common Stock of the Company, as set forth opposite their respective names in Exhibit A attached hereto (collectively, the Escrow Shares"), in escrow as hereinafter provided.

The Company and the Company Principals desire that the Escrow Agent accept the Escrow Shares, in escrow, to be held and disbursed as hereinafter provided.

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

1. APPOINTMENT OF ESCROW AGENT. The Company and the Company Principals hereby appoint the Escrow Agent to act in accordance with and subject to the terms of this Agreement, and the Escrow Agent hereby accepts such appointment and agrees to act in accordance with and subject to such terms.

2. DEPOSIT OF ESCROW SHARES. On or before the closing date of the sale of the Shares, each of the Company Principals shall deliver to the Escrow Agent certificates, either endorsed in blank or accompanied by stock powers endorsed in blank, in either instance with signatures guaranteed by a commercial bank or a member of the New York Stock Exchange, Inc. representing his

respective Escrow Shares, to be held and disbursed subject to the terms and conditions of this Agreement.

3. DISBURSEMENT OF THE ESCROW ACCOUNT. Upon written notification from the Company to the Escrow Agent of consummation of the Company's first Business

Combination (as such term is defined in the Prospectus), the Escrow Agent shall disburse the Escrow Shares to the Company Principals in accordance with their respective interests therein as set forth upon the aforementioned Exhibit A, whereupon the Escrow Agent shall be released from further liability hereunder.

4. RIGHTS OF COMPANY PRINCIPALS IN ESCROW SHARES. The Company Principals shall retain all of their rights as shareholders of the Company during such period as the Escrow Shares shall be retained by the Escrow Agent pursuant to this Agreement including, without limitation, the right to vote such shares and to receive cash dividends payable thereon, if any. No sale, transfer or other disposition may be made of any or all of such shares.

5. ESCROW AGENT.

5.1 The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine; may assume the validity and accuracy of any statements or assertions contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any written instructions delivered to it; nor as to the identity, authority, or rights of any person executing the same. The duties of the Escrow Agent shall be limited to the safekeeping of the Escrow Shares and to disbursements of same in accordance with the provisions hereof. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, and no implied duties or obligations of the Escrow Agent shall be implied by virtue of this Agreement.

5.2 The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent shall not be liable for any mistakes of fact or error of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence.

5.3 The Escrow Agent shall be indemnified and held harmless by the Company and the Company Principals, jointly and severally, from and against any reasonable expenses, including counsel fees and disbursements, or loss suffered by the Escrow Agent in connection with any third party action, suit or other

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proceeding involving any claim, or in connection with any claim or demand, which in any way directly or indirectly, arises out of or relates to this Agreement, the services of the Escrow Agent hereunder, the monies or other property held by it hereunder or any such expenses or loss. Promptly after the receipt by the Escrow Agent of notice of any demand or claim or the commencement of any action, suit or proceeding, the Escrow Agent shall, if a claim in respect thereof shall be made against the other parties hereto, notify such parties thereof, in writing; but the failure by the Escrow Agent to give such notice shall not relieve any party from any liability which such party may have to the Escrow Agent hereunder. In the event of the receipt of such notice, the Escrow Agent, in its sole discretion, may commence an action in the nature of interpleader in an appropriate court to determine ownership or disposition of the Escrow Shares or it may deposit the Escrow Shares with the clerk of any appropriate court or it may retain the Escrow Shares pending receipt of a final, non-appealable order of a court having jurisdiction over all of the parties hereto directing to whom and under what circumstances the Escrow Shares are to be disbursed and delivered.

5.4 The Escrow Agent shall not be entitled to receive compensation from the Company for the services rendered by it hereunder. The Escrow Agent shall be entitled to reimbursement from the Company for all reasonable expenses paid or incurred by it in the administration of its duties hereunder including, but not limited to, all counsel, advisors' and agents' fees and disbursement and all taxes or other governmental charges.

5.5 From time to time on and after the date hereof, the Company and the Company Principals shall deliver or cause to be delivered to the Escrow Agent such further documents and instruments and shall do or cause to be done such further acts as the Escrow Agent shall reasonably request (it being understood that the Escrow Agent shall have no obligations to make such request) to carry out more effectively the provisions and purposes of this Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

5.6 The Escrow Agent may resign at any time and be discharged from its duties as Escrow Agent hereunder by its giving the other parties hereto at least thirty (30) days prior written notice thereof. As soon as practicable after its resignation, the Escrow Agent shall turn over to a successor escrow agent appointed by the other parties hereto, jointly, all monies and property held hereunder upon presentation of the document appointing the new escrow agent and its acceptance thereof. If no new Escrow Agent is appointed within the six (6) day period following the giving of such notices of resignation, the Escrow Agent may deposit the Escrow Shares with any court it deems appropriate.

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5.7 The Escrow Agent shall resign and be discharged from its duties as Escrow Agent hereunder if so requested in writing at any time by the other parties hereof, jointly, provided, however, that such resignation shall become effective only upon acceptance of appointment by a successor escrow agent as provided in paragraph 5.6.

5.8 Notwithstanding anything herein to the contrary, the Escrow Agent shall not be relieved from liability hereunder for its own gross negligence or its own willful misconduct.

#### 6. MISCELLANEOUS.

6.1 This Agreement shall for all purposes be deemed to be made under and shall be construed in accordance with the laws of the State of Florida. This Agreement shall be subject to the exclusive jurisdiction of the courts of Dade County, Florida. The parties to this Agreement agree that any breach of any term or condition of this Agreement shall be deemed to be a breach occurring in the State of Florida by virtue of a failure to perform an act required to be performed in the State of Florida and irrevocably and expressly agree to submit to the jurisdiction of the courts of the State of Florida for the purpose of resolving any disputes among the parties relating to this Agreement or the transactions contemplated hereby. The parties irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement, or any judgment entered by any court in respect hereof brought in the State of Florida, and further irrevocably waive any claim that any suit, action or proceeding brought in Dade County, Florida has been brought in an inconvenient forum.

6.2 This Agreement contains the entire agreement of the parties

hereto with respect to the subject matter hereof and, except as expressly provided herein, may not be changed or modified except by an instrument in writing signed by the party to the charged.

6.3 The headings contained in this Agreement are for reference purposes only and shall not effect in any way the meaning or interpretation thereof.

6.4 This Agreement shall be binding upon and inure to the benefit of the respective parties hereto and their legal representatives, successors and assigns.

6.5 Any notice or other communication required or which may be given hereunder shall be in writing and either be delivered personally or be mailed, certified or registered mail, return receipt requested, postage prepaid, and shall be deemed given when

-4-

so delivered personally or if mailed, two (2) days after the date of mailing, as follows:

If to the Company, to:

Frost Hanna Capital Group, Inc.  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432  
Attn: Donald H. Baxter, Secretary

With a copy to:

Stearns Weaver Miller Weissler  
Alhadeff & Sitterson, P.A.  
150 West Flagler Street, Suite 2200  
Miami, Florida 33130  
Attention: Richard E. Schatz, Esq.

If to the Company Principals, to each as follows:

(i) Richard B. Frost  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

(ii) Mark J. Hanna  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

(iii) Marshal E. Rosenberg, Ph.D.  
2333 Ponce de Leon Boulevard  
Suite 314  
Coral Gables, Florida 33134

(iv) Donald H. Baxter  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

(v) Charles Fernandez  
100 S.E. 2nd Street  
NationsBank Tower  
Miami, Florida 33131-2100

and if to Escrow Agent, to:

American Stock Transfer & Trust Company  
40 Wall Street  
New York, New York 10005  
Attention: President

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and if to any party, to:

Community Investment Services, Inc.  
15600 S.W. 288th Street, Suite 100  
Homestead, Florida 33033

The parties may change the persons and addresses to which the notices or other communications are to be sent by giving written notice of any such change in the manner provided herein for giving notice.

6.6 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

6.7 Nothing contained in this Agreement is intended or shall be construed to give any person, corporation or other entity, other than the parties hereto and their respective successors and permitted assigns, any legal, equitable right, remedy or claim under or in respect to this Agreement or any provision herein contained, this Agreement being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns.

WITNESS the execution of this Agreement as of the date first above written.

FROST HANNA CAPITAL GROUP, INC.

By:

-----  
Mark J. Hanna, President

Attest:

-----  
Donald H. Baxter

-----  
Richard B. Frost

-----  
Mark J. Hanna

-----  
Marshall E. Rosenberg, Ph.D.

-----  
Donald H. Baxter

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-----  
Charles Fernandez

AMERICAN STOCK TRANSFER & TRUST  
COMPANY

By:

-----  
Authorized Representative

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EXHIBIT A

NAME	NUMBER OF SHARES OF COMMON STOCK
Richard B. Frost	362,000
Mark J. Hanna	362,000
Marshal B. Rosenberg, Ph.D.	300,000
Donald H. Baxter	100,000
Charles Fernandez	150,000

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FROST HANNA CAPITAL GROUP, INC.  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

October 16, 1997

Richard B. Frost  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

Marshal E. Rosenberg, Ph.D.  
2333 Ponce de Leon Boulevard  
Suite 314  
Coral Gables, Florida 33134

Donald H. Baxter  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

Mark J. Hanna  
327 Plaza Real, Suite 319  
Boca Raton, Florida 33432

Charles Fernandez  
100 S.E. 2nd Street  
NationsBank Tower  
Miami, Florida 33131-2100

Re: VOTING, NEGOTIATION FOR SALE OF MANAGEMENT SHARES  
FINDER'S FEES AND CONFLICTS OF INTEREST

Gentlemen:

Frost Hanna Capital Group, Inc., a Florida corporation (the "Company"), has filed with the United States Securities and Exchange Commission (the "SEC") a Registration Statement on Form SB-2 (File No. 333-31001) (the "Registration Statement"), covering, among other securities, 1,350,000 shares of Common Stock, par value \$.0001 per share, of the Company (the "Shares"). The Company currently has 1,557,000 shares issued and outstanding held by 17 shareholders (the "Existing Shareholders"). The purchasers of the Shares are herein referred to as the "Public Shareholders."

As a condition precedent to the execution of the Underwriting Agreement to be entered into in connection with the above-referenced Registration Statement, all officers and directors of the Company, whom are each also Existing Shareholders, are required to execute a copy of this letter.

A. VOTING.

In connection with a future shareholder vote relating to the approval of any Business Combination (as defined in the Registration Statement), each of the undersigned hereby agree with respect to the shares of Common Stock now held by each of them, or their successors and assigns, to vote their respective shares of Common Stock of the Company in accordance with the majority of

October 16, 1997  
Page 2

Shares held by the Public Shareholders and any additional shareholders, who are not affiliates of the Company, with respect to such Business Combination.

B. NEGOTIATION FOR SALE OF MANAGEMENT'S SHARES.

Each of the undersigned hereby agree that they shall not actively negotiate for or otherwise consent to the disposition of any portion of their Common Stock as a condition to or in connection with a Business Combination or cause the Company to borrow funds to be used directly or indirectly to (i) purchase any shares of the Company's Common Stock owned by any of the undersigned or (ii) make payments to the Company's promoters, management or their affiliates or associates.

C. FINDER'S FEE.

Each of the undersigned hereby agree that neither they nor any entity with which they are affiliated will be entitled to receive a finder's fee in the event they originate a Business Combination.

D. CONFLICTS OF INTEREST.

Each of the undersigned hereby agree to present to the Company for its consideration, prior to presentation to any other entity, any prospective Acquired Business (as defined in the Registration Statement) which is appropriate for the Company to consider and which prospective Acquired Business participates in an industry dissimilar to any of the industries to which the undersigned individuals have corporate affiliations.

If the foregoing is acceptable to the undersigned, please countersign this letter in the space provided below, whereupon it shall become a binding agreement between the undersigned and the Company as of the date first above written. By your signature below you acknowledge that the Public Shareholders are intentional beneficiaries of this Agreement and that in addition to the foregoing sentence, this Agreement may be enforced by such Public Shareholders and this Agreement cannot be amended, waived, or modified without the favorable vote of the holders of a majority of the Shares held by the Public Shareholders and any additional

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED BALANCE SHEETS AND CONDENSED INCOME STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10-QSB.

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