

ON ASSIGNMENT INC  
Form DEF 14A  
April 27, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. \_\_\_\_ )

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

ON ASSIGNMENT, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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  - (4) Proposed maximum aggregate value of transaction:
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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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- (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

26651 West Agoura Road

Calabasas, California 91302

April 27, 2010

Dear Shareholder:

On behalf of your Board and management, you are cordially invited to attend the 2010 Annual Meeting of Shareholders of On Assignment, Inc. on Thursday June 3, 2010, at 10:00 a.m. Pacific Daylight Time, at our corporate headquarters located at 26651 West Agoura Road, Calabasas, California 91302.

The Notice of Annual Meeting of Shareholders and Proxy Statement accompanying this letter describe the business to be acted upon.

Your vote is important no matter how many shares you own. In order to ensure that your shares will be represented at the Annual Meeting, we have enclosed a proxy card by which you can direct the voting of your shares. Please sign and promptly return the enclosed proxy card whether or not you plan to attend the Annual Meeting. If you attend the Annual Meeting and desire to vote in person, you may do so even though you have previously submitted your proxy card.

We thank you for your continued interest in On Assignment, Inc. and look forward to seeing you at the Annual Meeting.

Sincerely,

Peter T. Dameris  
President and Chief Executive Officer

26651 West Agoura Road  
Calabasas, California 91302

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on Thursday, June 3, 2010

The 2010 Annual Meeting of Shareholders of On Assignment, Inc. will be held on Thursday, June 3, 2010, at 10:00 a.m. Pacific Daylight Time, at our corporate headquarters located at 26651 West Agoura Road, Calabasas, California 91302, for the purpose of considering and voting upon:

1. the election of Senator Brock as a director for a three-year term to expire at our 2013 Annual Meeting;
2. the adoption of On Assignment's 2010 Incentive Award Plan;
3. the adoption of On Assignment's 2010 Employee Stock Purchase Plan;
4. the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010; and
5. such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice. The expenses of printing proxy material, including expenses involved in forwarding materials to beneficial owners of stock will be paid by On Assignment. We have retained Morrow & Co. to assist in the solicitation of proxies. Only shareholders of record at the close of business on April 15, 2010 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting in person. Please call (818) 878-7900 to obtain directions. However, to ensure your representation at the Annual Meeting, you are urged to sign and return the enclosed proxy card as promptly as possible in the envelope enclosed for that purpose. Any shareholder of record attending the Annual Meeting may vote in person even if he or she has previously returned a proxy card. If you hold your shares in "street name," you must obtain a proxy in your name from your bank, broker or other holder of record in order to vote by ballot at the Annual Meeting.

By Order of the Board,

Tarini Ramaprakash  
Secretary

April 27, 2010  
Calabasas, California



IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 3, 2010

This Proxy Statement and our Annual Report on Form 10-K filed with the SEC on March 16, 2010 are available free of charge on our website (<http://www.onassignment.com>).

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2010 PROXY STATEMENT

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On Assignment, Inc.  
26651 West Agoura Road  
Calabasas, California 91302

PROXY STATEMENT

For the Annual Meeting of Shareholders to be Held

Thursday, June 3, 2010

On Assignment, Inc. (the “Company,” “On Assignment,” “we,” “our,” “us”) is providing these proxy materials in connection with the solicitation by the Board of On Assignment, Inc. of proxies to be voted at On Assignment’s 2010 Annual Meeting of Shareholders to be held on Thursday, June 3, 2010 at 10:00 a.m. Pacific Daylight Time, or at any adjournment or postponement thereof. This Proxy Statement, the proxy card and On Assignment, Inc.’s Annual Report to Shareholders will be mailed to each shareholder entitled to vote at the 2010 Annual Meeting of Shareholders commencing on or about May 3, 2010.

General Information about the Annual Meeting and Voting

Who is soliciting my vote?

The Board of On Assignment, Inc. is soliciting your vote at the 2010 Annual Meeting of Shareholders.

What proposals will be voted on at the Annual Meeting?

The items scheduled to be voted on at the Annual Meeting are:

- n the election of Senator Brock as a director for a three-year terms to expire at our 2013 Annual Meeting; and
- n the adoption of the On Assignment 2010 Incentive Award Plan; and
- n the adoption of the On Assignment 2010 Employee Stock Purchase Plan; and
- n the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the 2010 fiscal year; and
- n such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

If any such other matters properly come before the Annual Meeting or any adjournments or postponements thereof, the persons named as proxies shall vote the shares represented thereby in their discretion.

Who may vote at the Annual Meeting?

The Board has set April 15, 2010, as the record date for the Annual Meeting. If you were the owner of shares of On Assignment, Inc. common stock at the close of business on April 15, 2010, you may vote at the Annual Meeting. You are entitled to one vote for each share of common stock you held on the record date, including shares:

- held directly in your name with our transfer agent as a “holder of record”; and
- held for you in an account with a broker, bank or other nominee (shares held in “street name”).

A list of shareholders entitled to vote at the Annual Meeting will be open to the examination of any shareholder, for any purpose germane to the Annual Meeting, during normal business hours for a period of ten days before the Annual Meeting at our corporate offices at 26651 West Agoura Road, Calabasas, California 91302, and at the time and place of the Annual Meeting.

How many shares must be present to hold the meeting?

A majority of On Assignment’s outstanding shares of common stock as of the record date must be present at the Annual Meeting in order to hold the meeting and conduct business. This is called a quorum. Abstentions and

broker non-votes will be counted for purposes of establishing a quorum at the meeting. On April 15, 2010, there were 36,406,367 shares of On Assignment common stock outstanding. Your shares will be counted as present at the Annual Meeting if you:

- are present and vote in person at the Annual Meeting; or
- have properly submitted a proxy card prior to the Annual Meeting

How many votes are required to approve each item?

Directors are elected by a plurality of the votes cast at the Annual Meeting. This means that the nominee who receives the largest number of “FOR” votes cast will be elected as a director.

The proposed approval of the On Assignment 2010 Incentive Award Plan requires the “FOR” vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote on that proposal.

The proposed approval of the On Assignment 2010 Employee Stock Purchase Plan requires the “FOR” vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote on that proposal.

The ratification of the appointment of the independent accountants requires the “FOR” vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote on that proposal.

How are votes counted?

You may either vote “FOR” or “WITHHOLD AUTHORITY TO VOTE” for the director nominee. You may vote “FOR,” “AGAINST” or “ABSTAIN” on the approval of the On Assignment 2010 Incentive Award Plan, the approval of the On Assignment 2010 Employee Stock Purchase Plan, and the ratification of the appointment of our independent accountants.

If you withhold authority to vote with respect to the director nominee, your shares will be counted for purposes of establishing a quorum, but will have no effect on the election of the nominee. If you abstain from voting on a proposal, your shares will be counted as present for purposes of establishing a quorum at the Annual Meeting, and the abstention will have the same effect as a vote against that proposal. If you sign and submit your proxy card without voting instructions, your shares will be voted “FOR” the director nominee put forth by the Board, “FOR” the approval of the On Assignment 2010 Incentive Award Plan, “FOR” the approval of the On Assignment 2010 Employee Stock Purchase Plan and “FOR” the appointment of Deloitte & Touche LLP as our independent accountants.

Broker non-votes are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business but will not be counted for purposes of determining whether a proposal has been approved.

What is a broker non-vote?

If a broker does not have discretion to vote shares held in street name on a particular proposal and does not receive instructions from the beneficial owner on how to vote those shares, the broker may return the proxy card without voting on that proposal. This is known as a broker non-vote.

How does the Board recommend that I vote?

The Board recommends that you vote “FOR” Senator Brock, the director nominee named in this Proxy Statement, “FOR” the adoption of the On Assignment 2010 Incentive Award Plan, “FOR” the adoption of the On Assignment 2010

Employee Stock Option Plan and “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent accountants.

How do I vote my shares without attending the Annual Meeting?

Whether you hold shares directly or in “street name,” you may direct your vote without attending the Annual Meeting. If you are a shareholder of record, you may vote by signing and dating your proxy card and mailing it in the postage-paid envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney or officer of a corporation), you should indicate your name and title or capacity.

For shares held in “street name,” you should follow the voting directions provided by your broker or nominee. You may complete and mail a voting instruction card to your broker or nominee or, in most cases, submit voting instructions by telephone or the Internet. If you provide specific voting instructions by mail, telephone or the Internet, your shares will be voted by your broker or nominee as you have directed.

How do I vote my shares in person at the Annual Meeting?

Even if you plan to attend the Annual Meeting, we encourage you to vote by signing, dating and returning the enclosed proxy card so your vote will be counted if you later decide not to attend the Annual Meeting.

If you choose to vote in person at the Annual Meeting:

- if you are a shareholder of record, you may vote by the ballot to be provided at the Annual Meeting; or
- if you hold your shares in “street name,” you must obtain a proxy in your name from your bank, broker or other holder of record in order to vote by ballot at the Annual Meeting.

Please call (818) 878-7900 to obtain directions to attend the Annual Meeting.

What happens if my shares are held in more than one account?

If your shares are held in more than one account, you will receive a proxy card for each account. To ensure that all of your shares in each account are voted, you must sign, date and return each proxy card you receive.

If you and other residents at your mailing address own shares of On Assignment stock in “street name,” your bank, broker or other holder of record may have notified you that your household will receive only one Annual Report and Proxy Statement for each company in which you hold stock through that bank, broker or other holder of record. This practice is known as “householding.” Unless you responded that you did not want to participate in householding, you were deemed to have consented to the process. Therefore, your bank, broker or other holder of record will send only one copy of our Annual Report and Proxy Statement to your address. Each shareholder in your household will continue to receive a separate voting instruction form.

If you would like to receive your own set of our Annual Report and Proxy Statement in the future, or if you share an address with another On Assignment shareholder and together both of you would like to receive only a single set of On Assignment annual disclosure documents, please contact our Investor Relations department by telephone at (818) 878-3136. As a part of this process, you will be asked to provide your name, the name of your bank, broker or other holder of record, and your account number. The revocation of your consent to householding should be effective 30 days following receipt of your instructions.

If you did not receive an individual copy of this year’s Annual Report or Proxy Statement, we will send a copy to you upon a written or oral request. Written requests for such copies should be addressed to On Assignment, Inc., Attention: Investor Relations, 26651 West Agoura Road, Calabasas, CA 91302. Please contact our Investor Relations department by telephone at (818) 878-3136 with any oral requests for such copies.

May I revoke my proxy and change my vote?

You may revoke your proxy at any time before it is voted by:

- submitting a properly signed proxy card with a later date;

- delivering to the Secretary of On Assignment a written revocation notice bearing a later date than the proxy card; or
- voting in person at the Annual Meeting.

Will my shares be voted if I do not provide my proxy card and do not attend the Annual Meeting?

If you do not provide a proxy card or vote your shares held in your name, your shares will not be voted.

If you hold your shares in street name, your broker may be able to vote your shares for certain “routine” matters even if you do not provide the broker with voting instructions. The ratification of Deloitte & Touche LLP as our independent accountants for 2010 is considered a routine matter. Please note that because of a change in applicable rules on broker discretionary voting in director elections which are effective for the first time this year, your broker cannot vote on the election of directors unless you provide voting instructions to your broker. Therefore, brokers cannot vote shares held on behalf of their clients on “non-routine” matters, such as Proposal One regarding the election of a director, Proposal Two regarding the approval of the On Assignment 2010 Incentive Award Plan and Proposal Three regarding the approval of the On Assignment 2010 Employee Stock Purchase Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 31, 2010, the beneficial ownership of On Assignment's common stock for the following persons:

- all shareholders known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our named executive officers, as identified; and
- all of our directors and named executive officers as a group.

Certain information in the table concerning shareholders other than our directors and officers is based on information contained in filings made by such beneficial owner with the Securities and Exchange Commission. Pursuant to Rule 13d-3 of the Securities Exchange Act of 1934, as amended, among other determining factors, shares are deemed to be beneficially owned by a person if that person has the right to acquire shares (for example, upon exercise of an option) within 60 days of the date that information is provided. In addition, we note that Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of securities ownership and changes in such ownership with the SEC. In determining the percentage ownership of any person, the amount of shares outstanding is deemed to include any shares beneficially owned by such person (and only such person) by reason of the acquisition rights described above, but excludes any securities held by or for the account of the Company or its subsidiaries. As a result, the percentage of outstanding shares held by any person in the table below does not necessarily reflect the person's actual voting power. As of March 31, 2010, there were 36,387,851 shares of On Assignment common stock outstanding.

The address of each person listed is in care of On Assignment, 26651 West Agoura Road, Calabasas, California 91302, unless otherwise set forth below such person's name. In addition, unless otherwise indicated, each person listed has sole voting power and sole investment power.



Name	Shares of Common Stock(1)	Shares Beneficially Owned	
		Right to Acquire within 60 days of March 31, 2010(2)	Percent of Outstanding Shares
Wells Fargo & Co (3) 420 Montgomery Street San Francisco, CA 94104	8,073,384		22.2
T. Rowe Price Associates, Inc. (6) 100 E. Pratt Street Baltimore, MD 21202	4,283,950		11.8
TimesSquare Capital Management, LLC (4) 1177 Avenue of the Americas – 39th Floor New York, NY 10036	3,182,150		8.7
BlackRock, Inc. (5) 40 East 52nd Street New York, NY 10022	2,800,225		7.7
William Blair & Company, LLC (7) 222 W Adams Chicago, IL 60606	1,911,929		5.3
William E. Brock**	25,830(8)	18,000	*
Jonathan S. Holman**	46,499(9)	36,000	*
Jeremy M. Jones**	86,436(10)	18,000	*
Edward L. Pierce**	17,049(11)	12,000	*
Peter T. Dameris**	193,158(12)	703,199	2.5
James L. Brill**	95,289(13)	85,852	*
Emmett B. McGrath**	67,844(14)	119,375	*
Michael J. McGowan**	166,312(15)	101,250	*
Mark S. Brouse**	97,418(16)	24,375	*
All directors and executive officers as a group (9 persons)	795,835	1,118,051	5.3

\* Represents less than 1% of the shares outstanding.

\*\* Directors' and officers' shares as of March 31, 2010.

(1) Includes shares for which the named person has sole voting and investment power and/or has shared voting and investment power with a spouse or minor child. Excludes shares that may be acquired through exercise of stock

options, warrants and vesting of restricted stock units.

- (2) Includes shares that can be acquired upon the exercise of stock options which vested prior to or on March 31, 2010, but remain unexercised, as well as stock options which vest within 60 days after March 31, 2010 and restricted stock units that vest within 60 days after March 31, 2010.
- (3) Pursuant to a Schedule 13G/A filed with the Securities and Exchange Commission on January 13, 2010. The reporting person has sole voting power for 4,070,137 and sole dispositive power for 7,961,972 shares.
- (4) Pursuant to a Schedule 13G/A filed with the Securities and Exchange Commission on February 9, 2010. The reporting person has sole voting power for 2,946,150 and sole dispositive power for 3,182,150 shares.
- (5) Pursuant to a Schedule 13G filed with the Securities and Exchange Commission on January 29, 2010. The reporting person has sole voting power for 2,800,225 shares and sole dispositive power for 2,800,225 shares.
- (6) Pursuant to a Schedule 13G filed with the Securities and Exchange Commission on February 12, 2010. The reporting person has sole voting power for 2,292,600 shares and sole dispositive power for 2,313,950.
- (7) Pursuant to a Schedule 13G filed with the Securities and Exchange Commission on February 5, 2010. The reporting person has sole voting power for 1,911,929 shares and sole dispositive power for 1,911,929 shares.

- (8)The total number of shares beneficially owned does not include 6,281 unvested restricted stock units which were reported in a Form 4 at or around the time of the grant. Senator Brock has sole voting and investment power over all shares.
- (9)Includes 39,000 shares held in The Holman Group, Inc. Profit Sharing Trust for which Mr. Holman has sole voting and investment power. Mr. Holman also has sole voting and investment power for the remaining shares. The total number of shares beneficially owned does not include 6,281 unvested restricted stock units which were reported in a Form 4 at or around the time of grant.
- (10)All shares are held by the Jones Family Trust for which Mr. Jones has sole voting and investment power. The total number of shares beneficially owned does not include 6,281 unvested restricted stock units which were reported in a Form 4 at or around the time of grant.
- (11)The total number of shares beneficially owned does not include 6,281 unvested restricted stock units which were reported in a Form 4 at or around the time of the grant. Mr. Pierce has sole voting and investment power for all shares.
- (12)Mr. Dameris has sole voting and investment power for all shares. The total number of shares beneficially owned does not include 160,525 unvested restricted stock units which were reported in Form 4s filed at or around the time of the grants. The total number of shares beneficially owned includes 51,789 restricted stock units that would vest and to which Mr. Dameris would be entitled to if he had been terminated by the Company without cause on March 31, 2010.
- (13)Mr. Brill and his wife share voting and investment power for all shares. The total number of shares beneficially owned does not include 111,671 unvested restricted stock units which were reported in Form 4s filed at or around the time of the grants.
- (14)All shares are held by the McGrath Living Trust for which Mr. McGrath has sole voting and investment power. The total number of shares beneficially owned does not include 53,604 unvested restricted stock units which were reported in Form 4s filed at or around the time of the grants.
- (15)Includes 5,000 shares held by Mr. McGowan in a trust for which Mr. McGowan has sole voting and investment power. The total number of shares beneficially owned does not include 70,711 unvested restricted stock units which were reported in Form 4s filed at or around the time of the grants.
- (16)Includes 4,250 shares that are held in a family trust for which Mr. Brouse and his wife share voting and investment power and 4,250 shares that are held in a family foundation for which Mr. Brouse and his wife share voting and investment power. Mr. Brouse has sole voting and investment power over the remaining shares. The total number of shares beneficially owned does not include 35,588 unvested restricted stock units which were reported in Form 4s filed at or around the time of the grants.

PROPOSAL ONE—ELECTION OF DIRECTOR

The Bylaws of On Assignment provide that our Board shall be comprised of not less than four or more than seven directors, and the exact number may be fixed by the Board. The Board fixed the authorized number of directors at five following the 2007 Annual Meeting. The Board is divided into three classes, as equal in number as possible. At each Annual Meeting, one class of directors is elected for a three-year term.

At this year's Annual Meeting, one director will be elected to serve until our 2013 Annual Meeting or until his successor is elected and qualified. Senator William E. Brock, who currently serves as an independent director and Chairman of the Nominating and Corporate Governance Committee and whose term is expiring, has been nominated to stand for re-election. Unless otherwise instructed by shareholders, the persons named as proxies will vote the proxies received by them "FOR" the election of Senator Brock. Senator Brock has consented to serve if elected, but if he is unable or unwilling to serve, the persons named as proxies may exercise their discretion to vote for substitute nominees.

Approval of Proposal One

The nominee receiving the highest number of "FOR" votes cast will be elected as director. Our Board unanimously recommends that our shareholders vote "FOR" the election of our nominee.

Set forth below is certain information regarding On Assignment's director nominee including the age as of the Annual Meeting, term of office as director and business experience.

Nominee for Election with Term Ending in 2013

Name	Age	Principal Occupation and Directorship
Senator William E. Brock	79	Senator Brock has served as a director of the Company since April 1996. Senator Brock is the founder, and from 1994 to present, CEO of The Brock Offices, a consulting firm specializing in international trade and human resource development. From 1988 to 1991, Senator Brock served as Chairman of the National Endowment for Democracy, an organization he helped found in 1980. Senator Brock served in President Reagan's cabinet as Secretary of Labor from 1985 to 1987 and as United States Trade Representative from 1981 to 1985. As United States Trade Representative, Senator Brock organized the Quad Forum of trade and economic ministers from Europe, Japan and Canada and led the group to initiate the World Trade Organization. From 1977 to 1981, Senator Brock served as National Chairman of the Republican Party. From 1970 to 1976, he was a member of the U.S. Senate and from 1962 to 1970, he was a member of the U.S. House of Representatives. The National Academy of Human Resources has recognized Senator Brock for his outstanding contribution

to human development in the United States. Senator Brock is a member of the Board for Catalyst Health Solutions, Inc., a publicly traded company centered on the management of prescription drug benefits, and serves on its Executive and Audit Committees. Senator Brock is a member of the Board of Strayer Education, Inc., a publicly traded education services holding company that owns Strayer University, which provided professional education to working adults, and serves on its Compensation Committee and its Nomination and Governance Committee. Senator Brock is a member of the Board of ResCare, a publicly traded provider of home care, residential support services to the elderly and persons with disabilities as well as vocational training and job placement for people of all ages and skill levels, and serves on its Audit and Executive Compensation Committees. Senator Brock provides our board with a wealth of business operations experience including direct experience with healthcare, government services, human resource development and public company corporate governance experience.

## Continuing Directors

Set forth below is certain information regarding On Assignment's continuing directors including the age as of the Annual Meeting, term of office as director and business experience.

## Directors with Term Ending in 2011

Name	Age	Principal Occupation and Directorship
Peter T. Dameris	50	<p>Peter Dameris was appointed our Chief Executive Officer and President as of September 28, 2004, and has served as a director since December 10, 2004. Prior to such appointment, Mr. Dameris had been Executive Vice President and Chief Operating Officer of On Assignment since November 2003. From February 2001 through October 2002, Mr. Dameris served as Executive Vice President and Chief Operating Officer of Quanta Services, Inc., a publicly-held provider of specialized contracting services for the electric and gas utility, cable and telecommunications industries. Mr. Dameris created a regional operating organization for 85 acquired businesses and developed materials to support marketing and a national corporate image to support outsourcing initiatives, established cash generation, credit management, balance sheet improvement initiatives. From December 1994 through September 2000, Mr. Dameris served in a number of different positions at Metamor Worldwide, Inc., then an international, publicly-traded IT consulting/staffing company. Mr. Dameris' positions at Metamor Worldwide included Chairman of the Board, President and Chief Executive Officer, Executive Vice President, General Counsel, Senior Vice President and Secretary. Mr. Dameris negotiated the \$1.9 billion sale of Metamor to PSINet. Mr. Dameris was a member of the Board of Bindview Corporation, a publicly-traded network security software development company (acquired by Symantec Corporation in January 2006) from November 2002 to January 2006. Mr. Dameris is currently a director of Seismic Micro-Technology, Inc. Mr. Dameris holds a Juris Doctorate from the University of Texas Law School and a Bachelor of Science degree in Business Administration from Southern Methodist University. Mr. Dameris provides our board with extensive staffing industry experience, having served in various capacities at staffing companies with significant operational, legal and governance responsibilities.</p>

Jonathan S. Holman

65

Jonathan Holman has served as a director since March 1994. Mr. Holman is the founder and since 1981 has been the President of The Holman Group, Inc., an executive search firm. To date, Mr. Holman has recruited over 140 CEOs to public and private companies, ranging from start-ups to companies with over \$1 billion in revenue and in a variety of industries. Mr. Holman was named as one of the top 200 executive recruiters in the world in The Global 200 Executive Recruiters and named as one of the top 250 executive recruiters in The New Career Makers. Mr. Holman regularly speaks at technology industry gatherings. Prior to founding The Holman Group, Mr. Holman served in various human resources-related positions. Mr. Holman holds his Master of Business Administration from Stanford University and a Bachelor of Arts degree from Princeton University, both with high academic honors. Mr. Holman provides our Board, including our Compensation Committee, with helpful insight regarding hiring and salary practices of publicly-traded companies. In addition, Mr. Holman provides our Board with human resources experiences.

## Directors with Term Ending in 2012

Name	Age	Principal Occupation and Directorship
Jeremy M. Jones	68	<p>Jeremy Jones has served as a director since May 1995 and was appointed Chairman of the Board in February 2003. Mr. Jones has been an investor and business development consultant since February 1998. From 1987 to 1995, Mr. Jones was Chief Executive Officer and Chairman of the Board of Homedco Group, Inc., a home healthcare services company, which became publicly traded in 1991. Homedco merged into Apria Healthcare Group, Inc. in 1995 and from 1995 through January 1998, Mr. Jones was Chief Executive Officer and Chairman of the Board of Apria Healthcare Group, Inc., which also provided home healthcare services. Mr. Jones served as Chairman of the Board of Byram Healthcare Centers, a provider of retail medical supplies and wholesale medical and hospital equipment, from February 1999 until its sale in March of 2008. Mr. Jones was a director for Access Point Medical from May 2004 to December 2005. Mr. Jones was a director of US Labs, an esoteric oncology and hematopathology laboratory from November 2003 through February 2005. Since July 2003, Mr. Jones has served as a director for Lifecare Solutions, Inc., a provider of integrated home healthcare products and services. Mr. Jones possesses significant business management and corporate governance experience and contributes an extensive understanding of the healthcare industry.</p>
Edward L. Pierce	53	<p>Edward Pierce has served as a director since December 2007. From February 2008 to present, Mr. Pierce has served as the President of First Acceptance Corporation, a publicly-traded retailer, servicer and underwriter of non-standard private passenger automobile insurance. Mr. Pierce served as Executive Vice President and Chief Financial Officer of First Acceptance Corporation from October 2006 through February 2008. From May 2001 through February 2006, Mr. Pierce served as Executive Vice President and Chief Financial Officer and as a director of BindView Development Corporation, a publicly-traded network security software development company where he was responsible for accounting, finance, risk management, information technology, human resources and other administrative functions. From November 1994 through</p>



January 2001, Mr. Pierce held various financial management positions, including Executive Vice President and Chief Financial Officer, of Metamor Worldwide, Inc., then an international publicly-traded IT consulting/ staffing company. Mr. Pierce also worked as a senior audit manager at Arthur Andersen & Co. where he planned, supervised and managed financial audits of publicly-traded companies. Prior to that time, from November 1989 to November 1994, Mr. Pierce was the corporate controller of American Oil and Gas Corporation, a NYSE traded intra-state pipeline and natural gas liquids processor. Mr. Pierce received his Bachelor of Science degree in Accounting from Harding University. Mr. Pierce provides the board with business, corporate management, strategy and extensive finance experience as well as staffing industry experience.

### Independent Directors and Material Proceedings

Following the Annual Meeting, the Board will continue to consist of five members, a majority of which are deemed by the Board to be “independent directors” under the current listing standards of the NASDAQ Stock Market. Our independent directors are Senator Brock, Mr. Holman, Mr. Jones and Mr. Pierce. The Board has made a subjective determination as to each independent director that no relationships exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out his responsibilities as a director. In making these determinations, the Board discussed information provided by the directors and management with regard to the business and personal activities of each director as they may relate to On Assignment and members of management. There are no family relationships among our executive officers and directors.

There are no material legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is subject. There are no material legal proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of the Company’s voting securities, or any associate of any such director, officer, affiliate of the Company or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

### Role of Board

The Board oversees the Company’s Chief Executive Officer and other executive officers in the competent and ethical operation of the Company. The Board ensures that the long-term interests of the shareholders are considered in the operation of the Company.

## Board Committees and Meetings

The Board held eight meetings during the year ended December 31, 2009. The Board has a Compensation Committee, an Audit Committee, a Nominating and Corporate Governance Committee and a Stock Option Committee. The Board has determined that the Chairmen and committee members of each of the Compensation Committee, the Audit Committee and the Nominating and Corporate Governance Committee are independent under the applicable NASDAQ and SEC rules.

Of the named executive officers, Mr. Dameris currently serves as a director of Seismic Micro-Technologies and Mr. Brill currently serves as a director of Onvia, Inc., where he is a member of the Audit Committee. Mr. Brill served as a member of the Compensation Committee of Onvia, Inc. in 2007.

**Compensation Committee.** The Compensation Committee consists of three directors, Senator Brock, Mr. Jones and Mr. Holman, who serves as Chairman of the committee. The Compensation Committee held ten meetings during 2009 and acted by unanimous written consent on six occasions. The Compensation Committee meets in executive session without management present on a regular basis. The Compensation Committee reviews our general compensation policies, sets the compensation levels for our executive officers, including the CEO, and administers our equity plans. The Compensation Committee approves the compensation of certain senior executive officers of On Assignment and determines the terms of key agreements concerning employment, compensation and termination of employment. The Board has determined that each member of the Compensation Committee is independent within the meaning of the NASDAQ Stock Market rules requiring members of compensation committees to be independent.

The Compensation Committee Charter provides that the Compensation committee may delegate its authority, subject to the terms in the charter, but the Compensation Committee has never delegated such authority.

**Audit Committee.** The Audit Committee consists of three directors, Mr. Holman, Mr. Jones and Mr. Pierce, who serves as Chairman of the committee. The Audit Committee held four meetings during 2009. The Audit Committee reviews, acts on and reports to the Board with respect to various auditing and accounting matters. The Audit Committee performs functions required of audit committees of public companies under applicable laws, rules and regulations and the requirements of the NASDAQ Stock Market. The primary functions of the Audit Committee are to assist the Board in its responsibility for oversight of:

- the quality and integrity of our financial statements and our financial reporting and disclosure practices;
- our systems of internal controls regarding finance and accounting compliance;
- the independence and performance of our outside accountants appointment, compensation, evaluation, retention and oversight of On Assignment's independent accountants and
- our ethical compliance programs.

In addition to the functions stated above, the Audit Committee's functions include, but are not limited to, reviewing compliance with and reporting under Section 404 of the Sarbanes-Oxley Act of 2002, reviewing matters of disagreement, if any, between management and our independent auditors, and regularly meeting with our independent auditors and internal audit staff to review the adequacy of our internal controls.

Rules adopted by the NASDAQ Stock Market and the Securities and Exchange Commission (SEC) impose strict independence requirements for all members of the Audit Committee. Audit Committee members are barred from accepting, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or an affiliate

of the Company, other than in the member's capacity as a member of the Board and any Board committee. In addition, an Audit Committee member may not be an affiliated person, as defined in Securities Exchange Act of 1934, as amended, of the Company except in his capacity as a member of the Board and any Board committee. The Board has determined that each member of the Audit Committee meets all applicable independence requirements. The Board has determined that Mr. Pierce, based on his experience, skills and education as described above, is the Audit Committee financial expert, as that term is defined under the SEC rules and also meets the additional criteria for independence of audit committee members set forth in the Exchange Act.

The Company has adopted a process, which the Audit Committee oversees, for disclosing related-party transactions and identifying significant deficiencies each quarter in connection with filing our quarterly reports on Form 10-Q and our annual report on Form 10-K.

**Nominating and Corporate Governance Committee.** The Nominating and Corporate Governance Committee consists of three directors, Mr. Holman, Mr. Jones, and Senator Brock, who serves as Chairman of the committee. The Nominating and Corporate Governance Committee evaluates director nominee candidates and makes recommendations to the Board with respect to the nomination of individuals for election to the Board and to serve as committee members. In addition, the Nominating and Corporate Governance Committee makes recommendations to the Board concerning the size, structure and composition of the Board and its committees. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the NASDAQ Stock Market rules requiring members of nominating committees to be independent. The Nominating and Corporate Governance Committee met once in 2009. The Nominating and Corporate Governance Committee recommended the nomination of Senator Brock for election at this year's Annual Meeting.

The Nominating and Corporate Governance Committee charter, and the Corporate Governance Guidelines established by the Nominating and Corporate Governance Committee, set forth certain criteria for the committee to consider in evaluating potential director nominees. However, in considering potential director nominees, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials. Qualifications considered by the Nominating and Corporate Governance Committee vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board and include:

- personal and professional ethics and integrity;
- sound judgment;
- the ability to make independent analytical inquiries;
- willingness and ability to devote adequate time and resources to diligently perform the duties of a director;
- relevant business experience and acumen;
- possesses specific industry expertise;
- familiarity with general issues affecting our business;
- qualifications as an audit committee financial expert;
- diversity in a variety of areas;
- qualifications as an independent director; and
- areas of expertise that the Board should collectively possess such as board experience, CEO experience, human resources experience, accounting and financial oversight experience and corporate governance experience.

The Nominating and Corporate Governance Committee relies primarily on recommendations for director candidates from its members, other directors, the Chief Executive Officer and third parties, including professional recruiting firms. In 2009, no professional recruiting firms or consultants were needed and, accordingly, no fees were paid in this regard to professional recruiting firms or consultants. Existing directors being considered for re-nomination will be evaluated based on their performance as directors, experience, skills, education and independence to ensure that they continue to meet the qualifications above. In addition, On Assignment's Corporate

Governance Guidelines provide that the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise will be considered for purposes of nominating directors. The Nominating and Corporate Governance Committee considers diversity in identifying nominees, including differences in skill, viewpoints and experience as well as gender, race and nationality.

The Nominating and Corporate Governance Committee will also consider timely written suggestions from our shareholders. Shareholders wishing to suggest a candidate for director nomination for the 2011 Annual Meeting should mail their suggestions to On Assignment, Inc., 26651 West Agoura Road, Calabasas, California 91302, Attn: Secretary. Pursuant to our Bylaws, suggestions must be received by the Secretary of On Assignment not less than thirty days or more than sixty days prior to the 2011 Annual Meeting. The manner in which director nominee candidates suggested in accordance with this policy are evaluated shall not differ from the manner in which candidates recommended by other sources are evaluated. There were no director candidates put forward by shareholders for consideration at the 2010 Annual Meeting.

In addition, the Nominating and Corporate Governance Committee evaluates the Board's leadership structure and believes that separation of the CEO and Chairman of the board positions is in the best interest of the Company and is best aligned with the interests of its shareholders.

The written charters governing the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are posted on the Investor Relations—Corporate Governance page of our website at <http://www.onassignment.com>. You may also obtain a copy of any of these documents without charge by writing to: On Assignment, Inc., 26651 West Agoura Road, Calabasas, California 91302, Attn: Secretary.

**Stock Option Committee.** The Stock Option Committee consists of one director, Mr. Dameris. The Stock Option Committee acted by written consent on 25 occasions during 2009. The Stock Option Committee has been delegated limited authority by our Board to grant stock options to eligible individuals who are not executive officers or directors within pre-approved limits.

**Board Leadership Structure.** The Board has consistently maintained an independent Chairman of the Board. The Board has made a determination that the Board leadership structure is appropriate and that the structure allows the Board to fulfill its duties effectively and efficiently. The Company has determined its leadership structure is appropriate because the Chairman of the Board is independent, as defined by NASDAQ and the SEC, and an officer of the Company. An independent Chairman, like independent Board members, allows for an objective evaluation of the performance of the Company and its offices. Nonetheless, the Board recognizes that the President and CEO has invaluable insight into the Company due to the nature of his position and recognizes the value of his position on the Board. Accordingly, the Board believes that the Company's shareholders and interests are best served by keeping the position of President/Chief Executive Officer and Chairman of the Board as separate and independent positions.

Upon evaluation, the Compensation Committee has determined that the Company's compensation practices and policies are not reasonably likely to have a material adverse effect on the Company. In making this determination, the Compensation Committee considered that none of the compensation policies and practices at a business unit carry a significant portion of the Company's risk profile, has a significantly different compensation structure than other units, is significantly more profitable than other units, or pays compensation expense as a significant percentage of the unit's revenues.

**Risk Oversight.** The Board has an active role, as a whole and at the committee level, in overseeing the management of the Company's risks. The Board regularly reviews and determines the Company's risk management philosophies, policies and processes. The Board is primarily responsible for overseeing the management of the Company's risk associated with the Board's governance and delegation decisions, including decisions about compensation.

The Audit Committee is primarily responsible for overseeing the management of the Company's accounting and financial reporting matters. The Audit Committee charter provides that the Audit Committee's responsibilities include

inquiring of management and the Company's outside auditors regarding key financial statement risk areas, including the Company's processes for identifying and assessing such risk areas and the steps the Company has taken with regard to such risk areas. In connection with these responsibilities, the Audit Committee routinely reviews and evaluates the Company's processes for identifying and assessing key financial statement risk areas and for formulating and implementing steps to address such risk areas. The Audit Committee is also responsible for inquiring of management and the Company's outside auditors regarding significant business risks or exposures, including the Company's processes for identifying and assessing such risks and exposures and the steps management has taken to minimize such risks and exposures.



The Company's officers that are responsible for the day-to-day risk management responsibilities of the Company regularly report to the Audit Committee with regard thereto. The Audit Committee oversees such officers' identification and management of risk management issues and regularly meet with such officers regarding risk management issues of the Company and the processes and procedures used for identifying and managing risk. In addition, the Audit Committee also regularly reviews the reporting processes from those officers that are responsible for the day-to-day management of the Company's risk to determine if these reporting processes or other flow of information to the could be improved.

Meetings. Each current director attended 100% of the meetings of the Board and Committees of the Board on which he served during 2009. Our independent directors regularly meet as a group in executive sessions outside of the presence of management.

Attendance of Directors at 2009 Annual Meeting of Shareholders. On Assignment has not adopted a formal policy with respect to director attendance at the annual meetings of the shareholders and our Bylaws allow the annual meetings to be conducted by the presiding officer of such meeting. Of the current directors who were serving on our Board on June 1, 2009, Mr. Dameris and Mr. Jones attended our 2009 Annual Meeting of Shareholders.

#### Communicating with the Board

We invite shareholders and other interested parties to communicate any concerns they may have about On Assignment directly and confidentially with either the Chairman of the Board or the non-management directors as a group by writing to the attention of either the Chairman of the Board or the non-management Directors at On Assignment, Inc., 26651 West Agoura Road, Calabasas, California 91302. Any such communication will be forwarded, unopened, to Mr. Jeremy Jones, Chairman of the Board.

#### Ethics

On Assignment has adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of On Assignment. It complies with the requirements of Section 406 of the Sarbanes-Oxley Act of 2002. More importantly, it reflects On Assignment's policy for dealing with all persons, including its customers, employees, investors, regulators and vendors, with honesty and integrity. A copy of On Assignment's Code of Business Conduct and Ethics can be found on the Investor Relations—Corporate Governance page of our website at <http://www.onassignment.com>. You may also obtain a copy of any of this document without charge by writing to: On Assignment, Inc., 26651 West Agoura Road, Calabasas, California 91302, Attn: Secretary.

#### Proposal Two—Adoption of the On Assignment 2010 Incentive Award Plan

The Board unanimously approved adoption of the On Assignment, Inc. 2010 Incentive Award Plan (the 2010 Plan) on March 18, 2010. If the 2010 Plan is approved by our shareholders, the 2010 Plan will replace our On Assignment 1987 Stock Option Plan (the 1987 Plan) and we will not make any further grants of awards under the 1987 Plan.

#### Why the Board Believes You Should Vote for this Proposal

The Board recommends a vote for the 2010 Plan because it believes it is in the best interest of On Assignment and its shareholders for the following reasons:

- n Attracting, retaining and motivating talent are critical to our success.

Through the 2010 Plan, we can offer talented and motivated officers, directors, employees and consultants, who are critical to our success, an opportunity to acquire or increase a direct proprietary interest in our operations and future success. This aligns the interests of those service-providers with the interests of our shareholders.

n Our business is built around people.

o As a staffing company, our employees, not a product or process, are our most important asset. The availability of equity incentives under our 2010 Plan is critical to retain and motivate those individuals who build and sustain important relationships on which the success of our business depends. For this reason, our use of equity compensation may not fit within generic guidelines.

n Our executive compensation program supports shareholder value.

o Long-term incentive compensation is an integral component of our compensation philosophy, as described below, as the Company believes that long-term incentive compensation for our executive officers and key employees drives performance. Providing long-term incentives in the form of equity awards is a way to drive performance while further aligning the interests of our employees and directors with the interest of our shareholders.

o It is important for us to offer and maintain a compensation package that is competitive within our industry, which we believe requires the use of equity awards as a substantial component of compensation.

n Replacing equity awards with cash payments may not be in the best interest of our shareholders.

o If shareholders do not approve the 2010 Plan, we will have only limited shares available under the 1987 Plan to grant equity awards to employees, executive officers and directors in the near term and we will have to revise our compensation philosophy and components, including substantially increasing cash incentive levels, to remain competitive with our peers. We believe that our shareholders' interests would be better served by the use of equity compensation incentives.

o Other sources of compensation, including cash bonuses, do not carry the same value in terms of long-term alignment of the interests of key employees with our shareholders' interests and would cause us to direct more cash and other resources toward executive compensation and away from other useful development of our business.

n The 2010 Plan, in many cases, only pays out incentives based on the attainment of results.

o Many awards issued under the 2010 Plan vest and become payable only upon achievement of certain financial results or other performance objectives, the attainment of which benefits us and our shareholders. We believe that the passage of the 2010 Plan is crucial to incentivizing key employees to achieve financial results for the Company.

n We believe that On Assignment has demonstrated reasonable equity compensation practices.

o Our shareholders approved a replenishment of 2.9 million shares under the 1987 Plan at our Annual Shareholders meeting on June 1, 2007. We have utilized that replenishment responsibly such that 841,796 shares remain available under the 1987 Plan as of March 31, 2010.

o In early 2007, we acquired two new companies which doubled our number of employees and greatly expanded our need for capacity under our equity compensation program.

o If the new share authorization is approved by stockholders, the maximum dilution from the Company's equity compensation program would not exceed 15% of the fully-diluted shares outstanding.



n The 2010 Plan is designed to protect shareholder interests.

o We believe that the following characteristics of the 2010 Plan will help to protect shareholder interests while providing us a vehicle to continue this vitally important component of our compensation program:

§ Independent plan administrator.

§ 1.53:1 grant ratio on full value awards (meaning that each share subject to any equity award other than a stock option or stock appreciation right will reduce the number of shares available for grant under the 2010 Plan by 1.53 available shares).

§ No discount stock options or stock appreciation rights (meaning that these awards may not be granted with an exercise or strike price lower than the fair market value of the shares of stock underlying such award on the grant date).

§ No repricing or repurchasing of stock options without shareholder approval.

§ No payment of dividends on unvested awards prior to the vesting of such awards.

§ Extended vesting practices

#### Description of the On Assignment 2010 Incentive Award Plan

A description of the principal features of the 2010 Plan is set forth below and is qualified in its entirety by the terms of the 2010 Plan which is attached as Annex A. If our shareholders vote to approve the 2010 Plan, no further grants of awards will be made under the 1987 Plan.

#### Eligibility; Administration.

Employees, consultants and directors of the Company, and certain of its subsidiaries will be eligible to receive awards under the 2010 Plan. The 2010 Plan will be administered by our Compensation Committee, which may delegate its duties and responsibilities to subcommittees of our director and/or officers, subject to certain limitations that may be imposed under applicable law or regulation, including Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), Section 16 of the Exchange Act and/or stock exchange rules, as applicable. The Board will administer the 2010 Plan with respect to awards to non-employee directors. In addition, the Board has delegated authority to the Stock Option Committee, which currently consists of one director, Mr. Dameris, to grant stock options to eligible employees who are not executive officers or directors, within pre-approved limits. The plan administrator will have the authority to grant and set the terms of all awards under, make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2010 Plan, subject to its express terms and conditions.

#### Limitation on Awards and Shares Available.

An aggregate of (i) 1,300,000 shares of our common stock, plus (ii) 841,796 shares which were available for issuance under the 1987 Plan on March 31, 2010 (or such lesser number as remain available under the 1987 Plan as of the date of shareholder approval of the 2010 Plan) will be available for issuance under awards granted pursuant to the 2010 Plan, which shares may be treasury shares, authorized but unissued shares, or shares purchased in the open

market. The number of authorized shares will be reduced by 1 share for each share issued pursuant to a stock option or stock appreciation right (SAR) and by 1.53 shares for each share subject to a “full-value” equity award (which generally include awards other than stock options and SARs, such as restricted stock and restricted stock units).

The following types of shares will be added back to the available share limit under the 2010 Plan: (x) shares subject to awards that are forfeited, expire or are settled for cash, (y) shares tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an award, and (z) shares repurchased by the Company at the same price paid by a participant pursuant to the Company’s repurchase right with respect to restricted stock awards. However, the following types of shares will not be added back to the available share limit under the 2010 Plan: (A) shares subject to a SAR that are not issued in connection with the stock settlement of the SAR on its exercise, and (B) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the 2010 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which the Company enters into a merger or similar corporate transaction will not reduce the shares authorized for grant under the 2010 Plan. The maximum number of shares of our common stock that may be subject to one or more awards granted to any one participant pursuant to the 2010 Plan during any rolling three-year period is 2,000,000 and the maximum amount that may be paid in cash pursuant to the 2010 Plan to any one participant during any rolling three-year period is \$10,000,000.

#### Awards

The 2010 Plan provides for the grant of stock options, including incentive stock options (ISOs) and nonqualified stock options (NSOs), restricted stock, dividend equivalent rights, stock payments, deferred stock, restricted stock units (RSUs), performance shares, other incentive awards, SARs and cash awards. Except with respect to certain awards to Mr. Dameris under his 2010 employment agreement, no determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the 2010 Plan. Certain awards under the 2010 Plan may constitute or provide for a deferral of compensation, subject to Code Section 409A, which may impose additional requirements on the terms and conditions of such awards. All awards will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms. Awards other than cash awards will generally be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- n **Stock Options.** Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other Code requirements are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (110% in the case of ISOs granted to certain significant shareholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant shareholders). Vesting conditions determined by the plan administrator may apply to stock options, may include continued service, performance and/or other conditions.
- n **Stock Appreciation Rights.** SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs, and may include continued service, performance and/or other conditions.
- n **Restricted Stock; Deferred Stock; RSUs; Performance Shares.** Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. Dividends will not be paid on restricted stock awards unless and until the shares vest. Deferred stock and RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying these awards may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Performance shares are contractual rights to receive a range of shares of our common stock in the future based on the attainment of specified performance goals, in addition to other conditions which may apply to these awards. Conditions applicable to restricted stock, deferred stock, RSUs and performance shares may be based on continuing service with us or our affiliates, the attainment of performance goals and/or such other

conditions as the plan administrator may determine.



- n Stock Payments; Other Incentive Awards; Cash Awards. Stock payments are awards of fully vested shares of our common stock that may, but need not be, made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. Cash awards are cash incentive bonuses subject to performance goals.
- n Dividend Equivalent Rights. Dividend equivalent rights represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend payments dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator. Dividend equivalents may not be paid on awards under the 2010 Plan unless and until such awards have vested.

#### Performance Awards

All awards may be granted as performance awards (in addition to those identified above as performance awards), meaning that any such award will be subject to vesting and/or payment based on the attainment of specified performance goals. The plan administrator will determine whether performance awards are intended to constitute “qualified performance-based compensation” (QPBC) within the meaning of Code Section 162(m), in which case the applicable performance criteria will be selected from the list below in accordance with the requirements of Code Section 162(m).

Code Section 162(m) imposes a \$1,000,000 cap on the compensation deduction that we may take in respect of compensation paid to our “covered employees” (which should include our CEO and our next four most highly compensated employees other than our CFO), but excludes from the calculation of amounts subject to this limitation any amounts that constitute QPBC. In order to constitute QPBC under Code Section 162(m), in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our Compensation Committee during the first ninety days of the relevant performance period and linked to shareholder-approved performance criteria.

For purposes of the 2010 Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit; (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return on shareholders’ equity; (x) total shareholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs; (xiv) funds from operations; (xv) expenses; (xvi) working capital; (xvii) earnings per share; (xviii) adjusted earnings per share; (xix) price per share of common stock; (xx) regulatory body approval for commercialization of a product; (xxi) implementation or completion of critical projects; (xxii) market share; and (xxiii) economic value, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The 2010 Plan also permits the plan administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards.

#### Certain Transactions

The plan administrator has broad discretion to equitably adjust the provisions of the 2010 Plan, as well as the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate

necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our shareholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2010 Plan and outstanding awards. In the event of a change in control of On Assignment (as defined in the 2010 Plan), the surviving entity must assume outstanding awards or substitute economically equivalent awards for such outstanding awards; however, if the surviving entity refuses to assume or substitute for outstanding awards, then all awards will vest in full and be deemed exercised (as applicable) upon the transaction. Individual award agreements may provide for additional accelerated vesting and payment provisions.

### Foreign Participants; Transferability; Participant Payments

The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2010 Plan are generally non-transferable prior to vesting and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2010 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a “market sell order” or such other consideration as it deems suitable.

### Plan Amendment and Termination

The Board may amend or terminate the 2010 Plan at any time; however, except in connection with certain changes in capital structure, shareholder approval will be required for any amendment that increases the number of shares available under the 2010 Plan or “reprices” any stock option or SAR (including any grant of cash or another award in respect of any stock option or SAR when the option or SAR price per share exceeds the fair market value of the underlying shares). No award may be granted pursuant to the 2010 Plan after the tenth anniversary of the date on which we adopt the 2010 Plan.

### Federal Income Tax Consequences

The following is a general summary under current law of the material federal income tax consequences to participants in the 2010 Plan. This summary deals with the general tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign incomes taxes, are not discussed.

**Incentive Stock Options.** The grant of an ISO will not be a taxable event for the grantee or result in a business expense deduction for us. A grantee will not recognize taxable income upon exercise of an ISO (except that the alternative minimum tax may apply), and any gain realized upon a disposition of our common stock received pursuant to the exercise of an ISO will be taxed as long-term capital gain if the grantee holds the shares of common stock for at least two years after the date of grant and for one year after the date of exercise (the “holding period requirement”). We will not be entitled to any business expense deduction with respect to the exercise of an ISO, except as discussed below.

For the exercise of an option to qualify for the foregoing tax treatment, the grantee generally must be our employee or an employee of our subsidiary from the date the option is granted through a date within three months prior to the date of exercise of the option.

If all of the foregoing requirements are met except the holding period requirement mentioned above, the grantee will recognize ordinary income upon the disposition of the common stock in an amount generally equal to the excess of the fair market value of the common stock at the time the option was exercised over the option exercise price (but not in excess of the gain realized on the sale). The balance of the realized gain, if any, will be a capital gain. We will be allowed a business expense deduction to the extent the grantee recognizes ordinary income, subject to our compliance with Code Section 162(m) and to certain reporting requirements.

**Non-Qualified Options.** The grant of NSO will not be a taxable event for the grantee or result in a compensation expense deduction for us. Upon exercising a NSO, a grantee will recognize ordinary income in an amount equal to the

difference between the exercise price and the fair market value of the common stock on the date of exercise. Upon a subsequent sale or exchange of shares acquired pursuant to the exercise of a NSO, the grantee will have taxable capital gain or loss, measured by the difference between the amount realized on the disposition and the tax basis of the shares of common stock (generally, the amount paid for the shares plus the amount treated as ordinary income at the time the option was exercised).

If we comply with applicable reporting requirements and subject to the restrictions of Code Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

**Restricted Stock.** A grantee who is awarded shares of restricted stock will not recognize any taxable income for federal income tax purposes in the year of the award, provided that the shares of common stock are subject to restrictions requiring the restricted stock to be nontransferable and subject to a substantial risk of forfeiture. However, the grantee may elect under Code Section 83(b) to recognize compensation income in the year of the award in an amount equal to the fair market value of the common stock on the date of the award, less the purchase price, if any, determined without regard to the restrictions. If the grantee does not make such a Section 83(b) election, the fair market value of the common stock on the date the restrictions lapse, less the purchase price, if any, will be treated as compensation income to the grantee and will be taxable in the year the restrictions lapse. If we comply with applicable reporting requirements, subject to the restrictions of Code Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

**Restricted Stock Units.** There are no immediate tax consequences of receiving an award of restricted stock units under the 2010 Plan. A grantee who is awarded restricted stock units will be required to recognize ordinary income in an amount equal to the fair market value of shares issued to such grantee at the end of the restriction period or, if later, the date on which shares are delivered in respect of RSUs. If the delivery date of the shares is deferred more than a short period after vesting, employment taxes will be due in the year of vesting. If we comply with applicable reporting requirements and, subject to the restrictions of Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

**Dividend Equivalent Awards.** Grantees who receive dividend equivalent awards will be required to recognize ordinary income equal to the amount distributed to the grantee pursuant to the award. If we comply with applicable reporting requirements and, subject to the restrictions of Code Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

**Stock Appreciation Rights.** There are no immediate tax consequences of receiving an award of SARs under the 2010 Plan. Upon exercising a SAR, a grantee will recognize ordinary income in an amount equal to the difference between the exercise price and the fair market value of the common stock on the date of exercise. If we comply with applicable reporting requirements and with the restrictions of Code Section 162(m), we will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

**Performance Share Awards.** Grantees who receive performance share awards generally will not realize taxable income at the time of the grant of the performance shares, and we will not be entitled to a deduction at that time. When the award is paid, whether in cash or common stock, the grantee will have ordinary income, and, if we comply with applicable reporting requirements and, subject to the restrictions of Code Section 162(m), we will be entitled to a corresponding deduction.

**Stock Payment Awards.** Grantees who receive a stock payment in lieu of a cash payment that would otherwise have been made will be taxed as if the cash payment has been received, and, if we comply with applicable reporting requirements and subject to the restrictions of Section 162(m), we will have a deduction in the same amount.

**Deferred Stock.** A grantee receiving deferred stock generally will not have taxable income upon the issuance of the deferred stock and we will not then be entitled to a deduction. However, when shares underlying the deferred stock are issued to the grantee, he or she will realize ordinary income and, if we comply with applicable reporting requirements

and subject to the restrictions of Code Section 162(m), we will be entitled to a deduction in an amount equal to the difference between the fair market value of the shares at the date of issuance over the purchase price, if any, paid for the deferred stock. Employment taxes with respect to these awards will generally be due in the year of vesting.

Performance Awards. The award of a performance or annual incentive award will have no federal income tax consequences for us or for the grantee. The payment of the award is taxable to a grantee as ordinary income. If we comply with applicable reporting requirements and, subject to the restrictions of Section 162(m) of the Internal Revenue Code, we will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

Code Section 409A. Certain types of awards under the 2010 Plan, including, but not limited to RSUs and deferred stock, may constitute, or provide for, a deferral of compensation subject to Code Section 409A. Unless certain requirements set forth in Code Section 409A are complied with, holders of such awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax (and, potentially, certain interest penalties). To the extent applicable, the 2010 Plan and awards granted under the 2010 Plan are intended to be structured and interpreted to comply with Code Section 409A and the Department of Treasury regulations and other interpretive guidance that may be issued under Code Section 409A.

Code Section 162(m). In general, under Code Section 162(m), income tax deductions of publicly-held corporations may be limited to the extent total compensation for certain executive officers exceeds \$1 million (less the amount of any “excess parachute payments” as defined in Code Section 280G) in any taxable year of the corporation. However, under Code Section 162(m), the deduction limit does not apply to certain “performance-based” compensation. Stock options and SARs will satisfy the “performance-based” exception if (a) the awards are made by a qualifying compensation committee, (b) the plan sets the maximum number of shares that can be granted to any person within a specified period and (c) the compensation is based solely on an increase in the stock price after the grant date. The 2010 Plan has been designed to permit the plan administrator to grant stock options and SARs which will qualify as “performance-based compensation.” In addition, other performance-based awards under the 2010 Plan may be intended to constitute QPBC, as discussed above.

#### New Plan Benefits

Future benefits under the 2010 Plan are generally discretionary and therefore not currently determinable, except with respect to certain awards to our independent directors in 2010 and to Mr. Dameris under his employment agreement entered into on November 4, 2009 and effective January 1, 2010 (2010 Employment Agreement, as referenced elsewhere in this Proxy). These awards are described in the table below. The number of shares under these awards will depend on the closing share price on the day of grant and are not determinable at this time.

Name and Position	Dollar Value of Awards under 2010 Incentive Award Plan
Peter T. Dameris (1)	\$4,100,000
James L. Brill	\$
Emmett McGrath	\$
Michael McGowan	\$
Mark Brouse	\$
Executive Group	\$
	\$ 240,000

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Non-Executive Director

Group

Non-Executive Officer

Employee Group                   \$

(1) Pursuant to his 2010 Employment Agreement, Mr. Dameris is entitled to the following equity award values under the 2010 Plan: \$500,000 for 2010, \$1,800,000 for 2011 and \$1,800,000 for 2012.