



We Work with the Best



On Assignment[®]

ANNUAL REPORT 2002

CEO's Letter

DEAR SHAREHOLDERS,

2002 was a year of tremendous evolution for On Assignment; a year in which we laid much of the foundation for On Assignment's next chapter of success.

We renovated our business model to successfully address medium and long-term opportunities in the changing environment of specialty temporary staff. The marketplace for temporary scientific and medical staff has become very dynamic in the last 12 months. Downward economic pressures on our clients, increased competition for clients and the growth of competitors and consolidation in the staffing industry now characterize the marketplace. For On Assignment, this means that we are building solutions to conquer these challenges as we address the opportunities for successful growth in the years ahead. In order to do so, we have written our prescription for success by listening very carefully to our clients, temporary professionals and employees.

OUR CLIENTS ARE TELLING US of their frustrations with a highly fragmented staffing industry, and that they want simplicity and efficiency. Clients today want to turn to a few trusted suppliers to obtain the quality temporary staff they need. We responded to their priorities in several ways in 2002. In the Spring, we acquired a centralized supplier of temporary nursing and allied staff to complement our existing local offices supplying allied healthcare professionals. As a result, hospitals and other members of our diverse group of healthcare clients can now turn to On Assignment for essentially any of their needs for temporary nurses, medical, surgical and operating room technicians, radiology technologists, cytotechnologists, administrators and financial specialists. Throughout the year we integrated our existing operational divisions with this new centralized capacity so that by year's end we had a single, integrated sales force that presents clients with face-to-face sales and account management, giving a personalized single point of contact, all uncommon and distinctive in our marketplace.

OUR TEMPORARY PROFESSIONALS ARE TELLING US that they are looking for career partners. There is an acute shortage of nurses and allied healthcare staff, and we must always work hard to find quality scientists. Unless we keep pace with the needs of temporary employees, we risk our ability to deliver quality staff to our clients. Today all levels of On Assignment management, beginning with me, spend time in group meetings with temporary professionals so that we can clearly understand and respond to what "career partner" means to them. We're responding by providing educational opportunities, helping them manage the nuances of personal finance as a "temp," increasing the hours we are available to counsel and place them, all the while maintaining a live voice on our end, and a relationship with every temporary employee. We are going to see to it that temporary work with On Assignment is no longer a "second class" opportunity, but instead is a more professionally and personally fulfilling career development option.

And did we ever learn from our employees this past year! We initiated and maintained a structured and responsive process to collect their experiences and guidance, and have acted expeditiously to respond. They showed us how our lack of technology was handicapping our efficiency and giving our competitors an advantage. By year's end we had moved our local offices and California back-office and corporate operations on to a new, state-of-the-art PeopleSoft information platform. We filled basic needs like Internet access and e-mail, and moved into the future with portable connectivity and a comprehensive fixed and wireless telephony solution. We have created new efficiencies, and captured new corporate-wide savings, and we are just beginning to exploit our new technologies.

FINALLY, WE BEGAN CRAFTING ON ASSIGNMENT into a "best place to work." We introduced a new management team and brought senior experience and a fresh perspective to bear on this dynamic industry. They responded by empowering our very experienced market leaders with leadership and management of their teams; everyone worked together to implement new team-based compensation programs and communications systems. The results have been quick to see, and terrific! In a field force with the highest performance requirements in On Assignment's history, turnover has dropped dramatically.

We spent a year listening, accelerating our evolution and building. Today, the big changes have been accomplished, and in 2003 we will be heads down executing a clear vision and strategy, but listening carefully along the way. On behalf of the employees of On Assignment, the Board of Directors and myself, thank you for contributing to On Assignment's success this past year.

Respectfully,



Joe Peterson, MD
President & Chief Executive Officer





Our Vision

WE WILL CONSISTENTLY EXCEED THE EXPECTATIONS OF ALL OF OUR PARTNERS

WE WILL DELIVER THE BEST EMPLOYEE SOLUTIONS FOR OUR CLIENTS

WE WILL PROVIDE CAREER PARTNERSHIP AS OUR TEMPORARY PROFESSIONALS DEFINE IT

WE WILL BEAT THE COMPETITION BY LISTENING VERY CAREFULLY AND RESPONDING VERY EFFECTIVELY TO THE NEEDS
AND PRIORITIES OF OUR TEMPORARY PROFESSIONALS AND CLIENTS

Our Values

WE BELIEVE ...

...THAT EVERY INDIVIDUAL CAN AND MUST IMPACT OUR SUCCESS

...THAT THE BEST SOLUTIONS HAVE NO CREATIVE LIMITS

...THAT BRAVERY IS ESSENTIAL TO OUR SUCCESS

...THAT WE CONTROL OUR DESTINY

...THAT WINNING IS FUN

...IN THE POWER OF PERSONAL RELATIONSHIPS

...IN QUALITY, EXCELLENCE AND INTEGRITY

...IN THE POWER OF CONVERSATION

...IN LEADING BY EXAMPLE



Healthcare Division

THE CLIENTS

ON ASSIGNMENT serves a diverse collection of healthcare clients, including hospitals, integrated delivery systems, clinics, physician offices, managed care organizations and third-party administrators. In doing so, we address occupations that are “high-value,” which generally means a type of staff – like operating room nurses – that are essential to maintaining the hospital’s ability to care for patients and maintain business and revenue. By targeting such mission-critical occupations we are able to compete successfully on speed, quality and service without compromising our margins.

Today our healthcare clients face large shortages of these mission-critical staff, and the shortages are likely to continue for years to come. Dissatisfaction with nursing and allied healthcare careers is causing these professionals to abandon clinical care just as the aging population and their healthcare needs are increasing significantly. The same dissatisfaction is preventing significant growth in enrollment in nursing and allied healthcare education. The result is a marketplace crowded with staffing companies of dramatically varying quality; clients who are inundated with solicitations and options; and nomadic temporary nurses and allied professionals.

Our vision at On Assignment is to bring a unique solution to both clients and temporary professionals that is clear, simple and efficient. In 2002, we made great progress crafting this vision into commercial reality.

Historically, On Assignment has provided allied and financial staff to our healthcare clients through local staffing offices manned by Staffing Consultants who recruit and manage both clients and temporary professionals. These local staffing operations provide very valuable personalized relationships with our clients when most national healthcare staffing companies sell over the telephone. In 2002, we increased the efficiency of these local operations by consolidating pre-existing “silo” divisions of Diagnostic Imaging, Clinical Lab and Healthcare Financial Staffing into a single Healthcare Division. We condensed inefficient offices, trimmed our physical locations, and flattened our field management structure. At the same time we added nurses to our mix of temporary healthcare staff through the acquisition of Health Personnel Options Corporation (“HPO”), in the Spring of 2002.

THE ACQUISITION OF HPO puts us much further towards our goal of being a “full-service” provider to our healthcare clients. Today, we are distinctive in the healthcare staffing marketplace in the following ways:

- We have national scope yet sell face-to-face, one client at a time
- We offer all mission-critical occupations
- We provide a single person as point of contact for sales and account management activities
- We have both local and centralized recruiting operations

IN 2003 we will continue to develop our vision of becoming a comprehensive partner to our healthcare clients. Our HPO acquisition expanded our capacity to include the temporary staffing of nurses. Today we only provide highly specialized short-term travel nurses: mature, well-qualified nurses that leave on a moment’s notice to work for 4 to 12 weeks at a hospital or other facility. They are a great entrée to clients, but there are other pieces of the nursing staffing puzzle we must offer to our clients. Our strategy is to keep broadening the types of mission-critical staff we offer.

As we expand our service offerings, we will refine the administrative efficiency and simplicity we offer to our clients. Our new PeopleSoft enterprise system, along with a sophisticated web presence, will allow nearly complete online interactivity. We will also be deploying automated solutions for timecards and payroll, as well as nurse evaluations and feedback.

OVERALL, WE ARE BUILDING RELATIONSHIPS, not just selling “people.” In a sea of changing options and dynamics we are looking to expand our client base and deepen our existing relationship with every one of our clients. As we go forward, this strategy will sharpen our understanding of their issues and provide the most efficient means of generating growth.

THE TEMPORARY PROFESSIONALS

Professional nomads. Highly empowered free agents. It’s hard to describe the dramatic evolution of how medical professionals – nursing and allied staff – work on a temporary basis. They surf the web continuously looking for the best option; they know they are in demand and, in many ways, in control. They make more money working as temporary employees than they do working full time; it provides variety and independence, new professional growth and, frequently, travel opportunities. In many ways they have made very real the saying, “it’s not just a job, it’s an adventure.”

We understand their opportunities and their issues – such as working for multiple staffing companies in one year and accumulating multiple 401(k) contributions and tax receipts – and we are crafting a partnership with them to help them manage these and other challenges. Temporary work comes not only with challenges, but also with opportunities. Professional growth can be accelerated by experience in different intensive care units, for example, and we’re helping our temporary professionals build their résumés with premeditation and care. Experience must be interspersed with formal education and certification, and so we’re providing educational resources and opportunities that fit their “on the go” lifestyles.

PARTNERSHIP IS WHAT WE’RE BUILDING, one step at a time. In order to get there, every manager at On Assignment participates in focus groups and feedback sessions with nurses and allied professionals, and later feedback sessions about what we’ve attempted in order to find out what we’ve actually accomplished. As we go forward we intend to continue to strengthen our career partnership with our temporary professionals through this combination of creative initiative and first-hand feedback.





Lab Support Division

ON ASSIGNMENT'S Lab Support division operates in the United States and Europe, and places scientists on temporary assignments in many industries including biotechnology, pharmaceutical, food and beverage, chemical, personal care, petrochemical, agribusiness and other science industries. Our temporary professionals include chemists, biologists, biochemists, microbiologists, molecular biologists, food scientists, lab assistants and other skilled technicians on temporary assignments that vary from three to six months. Lab Support recruits staff and clients from local offices in the United States and Europe, operated by local Staffing Consultants and overseen by a single layer of Regional Managers.

Lab Support is the "original" activity of On Assignment, founded in 1985 and demonstrating stunning growth over the years. Today we are a multinational company with an industry reputation for quality, speed and personalized service. As a provider of specialty science staff, we address a client base that is economically sensitive, and has been under economic pressure for the past two years. During that time we have retooled Lab Support to deliver ever more compelling quality and service while maintaining our traditionally best-in-class margins.

IN 2002 we narrowed our complement of Staffing Consultants in Lab Support to our superior performers, and condensed these experienced Staffing Consultants into markets least affected by the dismal economy. As with our other local operations, we pushed management responsibility – and thereby performance control, and rewards – out into local teams and a team-based compensation plan. As with our healthcare division, these structural changes have ended high turnover. We are now building a next generation of business development skills into this leaner but much more stable workforce. Lab Support will also benefit from our investment in PeopleSoft, most visibly in our ability to interact electronically with clients on billing and administrative issues, but also in providing us with a detailed collection of client information.

FINALLY, as we close our year of great change, we recognize that Lab Support, as the emeritus division within On Assignment, has much to lend in the terms of best practices for field force motivation and management, and we will be working in the year ahead to export these practices to Healthcare Staffing.

LISTENING: LAB SUPPORT CLIENTS/EMPLOYEES...

"I turned to Lab Support early in my career to help find the right job for me. I was quickly placed with a large beverage company where I gained valuable skills in the quality assurance field. Then I relocated and called Lab Support for assistance again. Once more they found the right match. Now I am the lab director for that company and always use Lab Support to help me find qualified candidates to fill needs in our growing QA and R&D laboratories. As a former employee and now a client, I have a unique perspective on the benefits of Lab Support. I experienced their support and investment in me as an employee. With their help, my career path was well defined and more practical for today's business environment. Now, as a client, I see the value in letting Lab Support perform the recruiting for qualified technicians and scientists. I can devote my time to managing the QA and R&D programs, having the reassurance that a Lab Support Staffing Consultant is looking for candidates whose skills match our company's needs."

— Jennifer Bencz, R. L. Schreiber Company

"I highly recommend Lab Support for scientific staffing needs. Having been both an employee and a client, I can attest to the high quality service provided to both clients and employees. They screen candidates thoroughly, work to provide a good match between employees and clients and strive to ensure both parties are happy with the arrangement. They provide intelligent, diligent and qualified individuals whenever I need someone with a scientific background. I've hired all the people they've sent me. . ."

— Quality Assurance Manager, Company in the Food/Beverage Industry



TECHNOLOGY

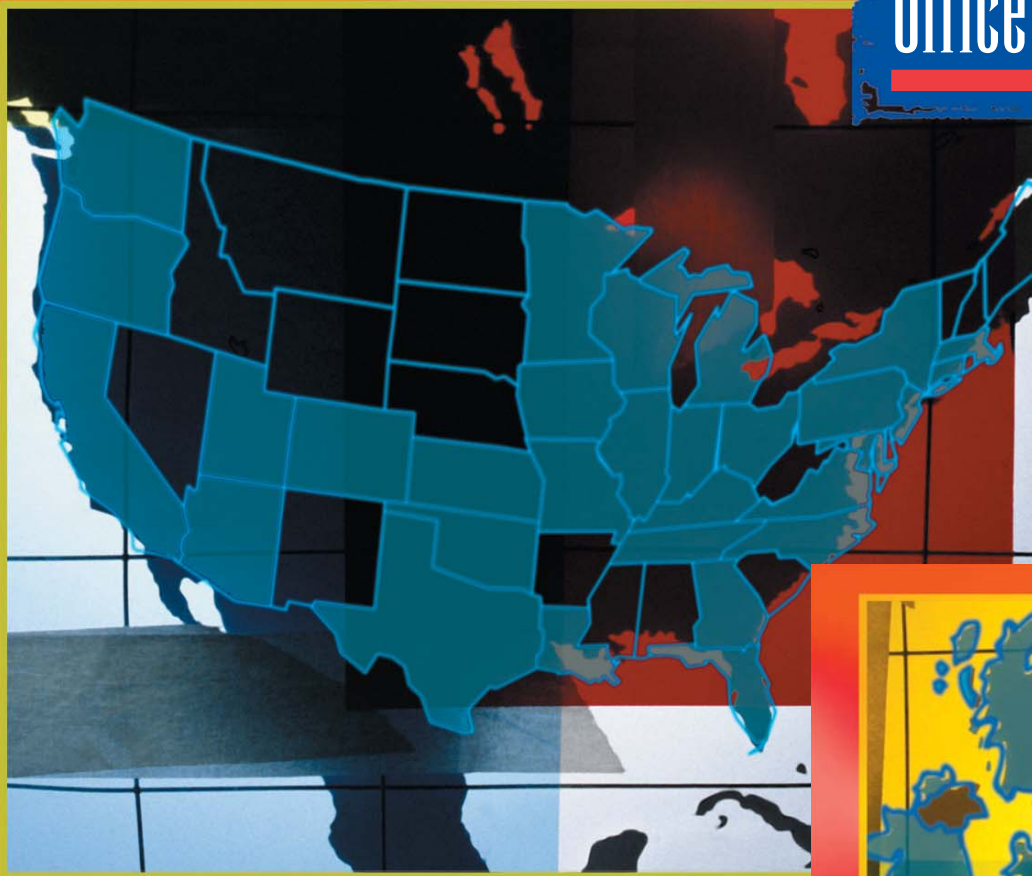
FINANCE

MARKETING

PEOPLE SUPPORT

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Office Locations



**CORPORATE HEADQUARTERS &
LAB SUPPORT DIVISION:**
CALABASAS, CALIFORNIA

HEALTHCARE DIVISION:
CINCINNATI, OHIO

U.S. OFFICES

ARIZONA
CALIFORNIA
COLORADO
CONNECTICUT
FLORIDA
GEORGIA
ILLINOIS
INDIANA
IOWA
KANSAS
KENTUCKY
LOUISIANA
MARYLAND
MASSACHUSETTS
MICHIGAN
MINNESOTA
MISSISSIPPI
MISSOURI
NEW JERSEY
NEW YORK
NORTH CAROLINA
OHIO
OKLAHOMA
OREGON
PENNSYLVANIA
TENNESSEE
TEXAS
UTAH
VIRGINIA
WASHINGTON
WISCONSIN



EUROPEAN OFFICES:

UNITED KINGDOM
THE NETHERLANDS
BELGIUM

On Assignment-The People



From left to right:

Mike Tatum, Senior Vice President,
Lab Support

Kerry Rafferty, Senior Vice President,
Solutions Group

Michael Jones, Senior Vice President,
Healthcare Business Development

Dr. Joe Peterson, President and
Chief Executive Officer

Ron Rudolph, Executive Vice President,
Finance and Chief Financial Officer

FEATURED FROM THE FIELD

On Assignment is presented to clients and temporary professionals by sophisticated, experienced Staffing Consultants and Executives. Here are two examples of our local and travel executives whose personal excellence is representative of our entire field force.



Jeanette Figueroa,
*Staffing Consultant,
Lab Support*

A degreed scientist and lab professional for over nine years, Jeanette

wanted to make a difference in people's lives. That's why she joined On Assignment nearly four years ago. As she says: "With On Assignment I help people build careers. The best part of the job is when they call and thank you for helping them!"

Jeanette believes in giving back to her industry and community. She's been a leader in the Association for Women in Science, Central Jersey chapter, for over three years, and served as President in 2002. The association promotes women in science through providing college scholarships and mentoring students.

Presently studying for a Master's in Public Health, Jeanette has a BS in Biology with a minor in Chemistry.



Tanya McClendon,
*VP Clinical Services and
Chief Nurse Executive,
Healthcare Staffing*

A 32-year nursing veteran with an MHA, Tanya is the

link between On Assignment nurses and hospital clients, helping to ensure that clients receive a quality clinical solution to their staffing needs.

A special focus for Tanya is On Assignment's mission-critical nurse staffing operation that provides whole teams of nurses to open new intensive care units. Tanya provides leadership and experience to our recruiters and account managers, and directly supports new clients, as well as chairs the On Assignment Peer Review Committee.

Tanya has been with On Assignment since 2000. She has experience working as a consultant for the Department of Justice through the Public Health Service, and worked for the Department of Defense. Tanya holds an MS in Healthcare Administration from Columbia Southern University and is on the Board of Directors of the Faulkner County Red Cross.

BOARD OF DIRECTORS

Jeremy Jones ^{2,3}
Chairman
Chairman of the Board, Byram Healthcare

Joe Peterson, MD ¹
President and Chief Executive Officer of
On Assignment, Inc.

Senator William E. Brock ³
Chairman, Intellectual Development Systems, Inc.

Elliott Ettenberg
Chairman and Chief Executive Officer of
Customer Strategies Worldwide, LLC

Jonathan Holman ^{2, 3}
President of The Holman Group, Inc.

¹ Member of the Stock Option Committee

² Member of the Audit Committee

³ Member of the Compensation Committee

EXECUTIVE OFFICERS

Joe Peterson, MD
President and Chief Executive Officer

Ron Rudolph
Executive Vice President, Finance
Chief Financial Officer

Mike Tatum
Senior Vice President, Lab Support

Michael Jones
Senior Vice President, Healthcare Business Development

Kerry Rafferty
Senior Vice President, Solutions Group

FORM 10-K

Additional copies of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2003 are available without charge upon written request to:

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

A copy of our Form 10-K is also contained in the pocket of the back cover of this annual report.

COMMON STOCK

On Assignment, Inc., common stock is traded on the Nasdaq Stock Market under the symbol ASGN. Following are high and low sales prices for On Assignment, Inc. common stock by quarter, as reported by Nasdaq:

Price Range of Common Stock

	High	Low
Fiscal Year ended December 31, 2002		
First Quarter	\$25.26	\$17.75
Second Quarter	\$23.96	\$16.05
Third Quarter	\$17.87	\$6.81
Fourth Quarter	\$9.58	\$5.77
Fiscal Year ended December 31, 2001		
First Quarter	\$29.69	\$18.38
Second Quarter	\$23.20	\$16.30
Third Quarter	\$20.07	\$13.45
Fourth Quarter	\$24.00	\$15.66

INDEPENDENT ACCOUNTANTS

Deloitte & Touche LLP
Los Angeles, CA

LEGAL COUNSEL

Hogan and Hartson, LLP
Washington, DC

TRANSFER AGENT

U.S. Stock Transfer Corporation
Glendale, CA

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