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FORM 10-K

ASGN Inc - ASGN

Filed: March 01, 2019 (period: December 31, 2018)

Annual report with a comprehensive overview of the company

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (the "Act")

For the fiscal year ended December 31, 2018

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

Commission File Number 000-20540

ASGN Incorporated

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-4023433
(I.R.S. Employer
Identification No.)

26745 Malibu Hills Road
Calabasas, California 91301
(Address of Principal Executive Offices)
Registrant's telephone number, including area code: **(818) 878-7900**

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

Title of each class	Name of each exchange on which registered
Common Stock, \$0.01 par value	New York Stock Exchange

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

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements of the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 29, 2018, the aggregate market value of our common stock (based upon the closing price of the stock on the New York Stock Exchange) held by non-affiliates of the registrant was approximately \$3,914,732,709.

As of February 20, 2019, the registrant had 52,655,248 outstanding shares of Common Stock, \$0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

We are incorporating by reference into Part III of this Annual Report on Form 10-K portions of the registrant's definitive proxy statement for the 2019 Annual Meeting of Stockholders, to be filed within 120 days of the close of the registrant's fiscal year 2018.

ASGN INCORPORATED
ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2018
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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements are based upon current expectations, as well as management's beliefs and assumptions and involve a high degree of risk and uncertainty. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Statements that include the words "believes," "anticipates," "plans," "expects," "intends," and similar expressions that convey uncertainty of future events or outcomes are forward-looking statements. Forward-looking statements include statements regarding our anticipated financial and operating performance for future periods. Our actual results could differ materially from those discussed or suggested in the forward-looking statements herein. Factors that could cause or contribute to such differences include, but are not limited to, the following: (1) actual demand for our services; (2) the availability of qualified contract professionals and our ability to attract, train and retain them; (3) our ability to remain competitive in obtaining and retaining clients; (4) management of our growth; (5) continued performance and integration of our enterprise-wide information systems; (6) our ability to manage our litigation matters; (7) the successful integration of our acquired subsidiaries; (8) maintenance of our ECS Segment contract backlog; and the factors described in Item 1A of this Annual Report on Form 10-K ("2018 10-K") under the section titled "Risk Factors." Other factors also may contribute to the differences between our forward-looking statements and our actual results. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements in this document are based on information available to us as of the date we file this 2018 10-K and we assume no obligation to update any forward-looking statement or the reasons why our actual results may differ.

PART I

Item 1. Business

Overview and History

ASGN Incorporated (the "Company") (NYSE: ASGN) is one of the foremost providers of information technology ("IT") and professional staffing services in the technology, digital, creative, engineering and life sciences fields across commercial and government sectors. Operating through our Apex, Oxford and ECS segments, we help leading corporate enterprises and government organizations develop, implement and operate critical IT and business solutions through our integrated offering of professional staffing and IT solutions.

We were incorporated in 1985 and commenced operation of our first contract staffing line of business in the life sciences sector. Expansion into other professional staffing markets has been achieved through acquisitions and internal growth. The following is a summary of acquisitions in the past five years:

- On April 2, 2018, we acquired ECS Federal, LLC ("ECS"), headquartered in Fairfax, Virginia. ECS delivers advanced solutions in cloud, cybersecurity, artificial intelligence, machine learning, software development, IT modernization and science and engineering and is primarily focused on federal government activities. ECS is reported as a separate operating segment.
- On August 8, 2017, we acquired StratAcuity Staffing Partners, Inc. ("Stratacuity"), a provider of specialized clinical/scientific staffing solutions headquartered in Portsmouth, NH. Stratacuity is included in the Apex operating segment.
- On June 5, 2015, we acquired Creative Circle, LLC ("Creative Circle"), one of the largest digital/creative staffing firms in North America that provides digital, marketing, advertising and creative talent to both advertising agencies and corporate clients. Creative Circle, which is headquartered in Los Angeles, California, is included in the Apex operating segment.
- On April 14, 2015, we acquired LabResource B.V. ("LabResource"), a provider of specialized clinical/scientific staffing solutions headquartered in Amsterdam, the Netherlands. LabResource is included in the Oxford operating segment.

Our Physician segment was sold on February 1, 2015.

Financial information regarding our operating segments and our domestic and international revenues is included under "Financial Statements and Supplementary Data" in Part II, Item 8 of this 2018 10-K. We conduct approximately 95 percent of our business in the United States.

Our principal office is located at 26745 Malibu Hills Road, Calabasas, California 91301, and our telephone number is (818) 878-7900. We have approximately 170 branch offices within the United States and in six foreign countries.

Industry and Market Dynamics

ASGN delivers IT and professional staffing services in the technology, digital, creative, engineering and life sciences fields across commercial and government sectors to clients through contingent labor and light deliverables-based professional services models with a combined addressable end market of \$280.0 billion (\$51.0 billion in professional staffing, \$100.0 billion in commercial IT consulting/services and \$129.0 billion in Federal IT and professional services).

The Staffing Industry Analysts ("SIA") September 2018 Industry Forecast report estimates the U.S. staffing industry will grow its revenues four percent in 2018 and three percent in 2019 to \$147.8 billion and \$152.4 billion, respectively. The largest industry segment, temporary staffing, is forecast to grow its revenues at an annual rate of three percent in 2019 to \$131.3 billion, up from \$127.6 billion in 2018. Within the temporary staffing segment, professional staffing is expected to grow its revenues four percent in 2019 to \$78.5 billion, up from \$75.8 billion in 2018. The temporary staffing industry is historically cyclical and typically has a strong correlation to employment and gross domestic product ("GDP") growth. Permanent placement services revenues are forecast to grow five percent in 2019 to \$21.2 billion, up from \$20.3 billion in 2018.

ASGN operates in the most attractive subsectors of the professional staffing market - technology, digital, creative, engineering and life sciences. SIA projects 2019 professional staffing revenue growth of three percent for IT, seven percent for digital and creative, four percent for engineering, four percent for clinical/scientific and five percent for permanent placement services.

Adjacent to professional staffing is the large and growing IT services market. ASGN serves this market by leveraging its expertise in contingent labor with a light deliverables-based professional services model whereby we perform certain project oversight functions. Through independent research, we estimate the size of this IT services market to be \$100.0 billion based on the skill sets we provide.

Finally, the ECS acquisition expanded ASGN's addressable end market as we now compete in the Federal IT and professional services sector. Independent research estimates the size of this market to be \$129.0 billion based on the skill sets we provide. The Federal IT and professional services sector consists of both Civilian and Defense and is estimated to be \$65.0 and \$64.0 billion, respectively in 2018.

We believe the rate of adoption of our contingent labor and light deliverables-based professional services models will continue to expand, driven by a number of factors including constant technology change and specialization, increase in adoption and use of mobile applications and smartphones, increasing cybersecurity threats, increasing compliance requirements and immigration/H-1B visa reform. We anticipate our clients will increase their use of contract labor to meet the need for increases in their workforce. By using contract labor, these clients will benefit from cost structure advantages, improved flexibility to address fluctuating demand in business, access to greater expertise and protection from the misclassification of contract employees hired as independent contractors. Entry into the Federal IT and professional services sector nearly doubles our addressable end market and ECS's highly specialized skill sets reinforce our positioning as a premium human capital provider and complements our highly technical IT offerings.

When clients use independent contractors, they face the potential risk of worker misclassification and the resulting liability of federal and state taxes, wage and hour, immigration, diversity, employee rights and other laws and regulations. By working with a reputable human capital provider like ASGN, clients can ensure compliance with federal and state employment laws and avoid employee misclassification and the related lawsuits and financial penalties.

Clients

We serve our clients by effectively understanding their IT and professional services needs and providing them qualified professionals with the unique combination of skills, experience and expertise to meet those needs. We believe effective engagements of contract IT, engineering, digital, creative and scientific professionals require the people involved in making assignments to have significant knowledge of the client's industry and the ability to assess the specific needs of the client as well as the contract professional's qualifications. During the year ended December 31, 2018, we provided services to approximately 15,000 clients, including U.S. government agencies. In 2018, no single client represented more than six percent of our consolidated revenues. Contracts with the U.S. Army generated approximately 32 percent of our ECS Segment revenues.

Our clients set rigorous requirements for the talent they are seeking and we use our extensive databases and deep relationships with our contract professionals to quickly identify and pre-screen candidates whose qualifications meet those requirements. We are responsible for recruiting, verifying credentials upon request, hiring, administering pay and benefits, compliance and training as applicable. Clients select the candidate, provide on-the-job supervision and approve hours worked.

Candidates

We recruit candidates with backgrounds in IT, digital, creative, engineering and life sciences who seek contract work or permanent placement opportunities.

Hourly wage or contract rates for our contract professionals, both employees and subcontractors, are established based on their specific skills and whether or not the assignment involves travel away from their primary residence. For our contract professionals who are our employees, we pay the related costs of employment including social security taxes, federal and state unemployment taxes, workers' compensation insurance and other similar costs. After achieving minimum service periods and/or hours worked, our contract employees are offered access to medical and other voluntary benefit programs (e.g., dental, vision, disability) and the right to participate in our 401(k) Retirement Savings Plan. Each contract professional's employment relationship with us is terminable at will.

Professionals looking for a permanent placement may apply directly for open positions within a company or partner with a staffing agency to ensure they receive the best opportunities available in their industry. Candidates may work with one or more staffing companies during this process and often develop long-term relationships with their recruiter for future career advancement. Once placed in a permanent position, the professional is paid and receives benefits directly through the employer.

Strategy

ASGN's strategy is to identify, enter and be a dominant player in the most attractive subsectors of the IT and professional staffing services markets through organic and acquisitive growth. We have set a revenue goal of \$5.0 billion by 2022 while maintaining an attractive gross margin, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin and earnings per share ("EPS") growth. To achieve these goals we will continue to specialize in the large and growing technology, engineering, digital, creative and life sciences markets, reinforce our position as a dominant competitor in each, advance our pursuit of the IT services market with our light deliverables-based professional services model, invest primarily in domestic markets, and pursue further disciplined acquisitions.

Our strategic innovation efforts and technology investments focus on putting the best productivity tools in the hands of our account executives recruiters, candidates and clients which makes it easy for clients and consultants to work with us. We continually respond to emerging trends in digitization and candidate sourcing by using technology to better position our businesses and improve how we serve clients and consultants.

We consolidate our corporate support services (finance, accounting, human resources, legal, marketing and IT) in centralized locations where we can most effectively and efficiently perform these functions, allowing us to leverage our fixed costs and generate higher incremental earnings as our revenues grow. In addition, we invest in leasehold improvements as we expand, relocate and rationalize our branch facilities to increase the productivity of our staffing consultants. In 2018, we continued to focus on increasing market share in each of our businesses, expanded our service offerings and controlled our operating costs.

Competition

We compete with other large publicly-held and privately-owned providers of human capital in the IT and professional staffing services segments on a local, regional, national and international basis across commercial and government sectors.

The principal competitive factors in attracting qualified candidates for contract or permanent placements are contract rates, salaries and benefits; availability and variety of opportunities; quality, duration and location of assignments; and responsiveness to requests for placement. Many people seeking contract employment or permanent placements through us are also pursuing employment through other means, including other human capital providers. Therefore, the speed at which we assign prospective professionals and the availability of attractive and appropriate assignments are important factors in our ability to fill open positions. In addition to having high quality candidates to assign in a timely manner, the principal competitive factors in obtaining and retaining clients are properly assessing the clients' specific job and project requirements, the appropriateness of the professional assigned to the client, the price of services and monitoring our clients' satisfaction. Although we believe we compete favorably with respect to these factors, we expect competition to continue to increase.

Trademarks

ASGN and its subsidiaries maintain registered trademarks and service marks in the United States, as well as abroad, including but not limited to Canada and the European Union. Our registered marks in the United States include the following: ASGN®, Apex Systems®, Apex Life Sciences®, Creative Circle®, CyberCoders®, Cyrus®, Lab Support®, Oxford®, Oxford Global Resources®, Oxford & Associates®, Oxford Life Sciences®, Oxford International®, Oxford Healthcare IT®, Oxford HIM®, We're Ready Before You Are®, Recruiting With Precision®, The Right Talent. Right Now®, In Demand Talent For Today's On Demand World®, Because People Are The Future Of Technology®, Staffing In Step With The Future®, Talent For The Digital World®, ECS®, InfoReliance®, and InfoReliance Capital Cloud®. Marks registered in the European Union include ASGN®, LabResource®, Valesta®, Lab Support logo®, CLEAR®, and Tomorrow's Workforce®. Our registered marks in Canada include Talent for the Digital World®, Creative Circle®, CyberCoders®, Cyrus®, Oxford®, Oxford Life Sciences®, Recruiting With Precision®, and We're Ready Before You Are®. We believe these marks carry significant value, differentiate our brands in the marketplace, and are important to our business. In addition, we maintain other intangible property rights.

Operating Segments

ASGN operates through its Apex, Oxford and ECS segments. The Apex Segment provides technical, scientific, digital and creative services and solutions to Fortune 1000 and mid-market clients across the United States and Canada. The businesses in this segment include Apex Systems, LLC ("Apex Systems"), Apex Life Sciences and Creative Circle. The Oxford Segment provides hard-to-find technical, digital, engineering and life sciences resources and consulting services in select skill and geographic markets. The businesses in this segment include Oxford Global Resources, LLC ("Oxford"), CyberCoders, Inc. ("CyberCoders") and Life Sciences Europe. The ECS Segment delivers advanced solutions in cloud, cybersecurity, artificial intelligence, machine learning, software development, IT modernization and science and engineering and is primarily focused on federal government activities.

Apex Segment

The Apex Segment provides a broad spectrum of technical, digital, creative and scientific professionals for contract, contract-to-hire and permanent placement positions to Fortune 1000 and mid-market clients across the United States and Canada. The businesses in this segment include Apex Systems, Apex Life Sciences and Creative Circle. Apex Segment revenues for 2018 were \$2.3 billion and represented 67.7 percent of our total revenues.

Apex Systems

Apex Systems provides IT staffing and services for clients across the United States and Canada. The sales and recruiting teams focus on 15 primary skill disciplines that cover the entire IT project life-cycle, including IT infrastructure, application development, project management and healthcare IT. These contract professionals encompass a wide variety of backgrounds and levels of experience within IT. The consulting services group provides light deliverables-based professional services to help clients drive better business performance. These service offerings include managed processes, such as support service centers and managed projects, such as software development. Clients primarily include organizations in the following industries: technology, financial services, healthcare, business services, telecommunications, government services and consumer/industrials. Assignments for Apex Systems typically range from four months to a year.

Corporate support services for Apex Systems and Apex Life Sciences are based in Richmond, Virginia and there are 82 branch offices across the United States and two in Canada that support our sales, recruiting and field activities.

Apex Life Sciences

Apex Life Sciences provides scientific, engineering and clinical research staffing and services for clients across the United States and Canada. Stratacuity was acquired in August 2017 and is included in Apex Life Sciences. The sales and recruiting teams match life sciences professionals for temporary and permanent assignments with clients in biotechnology, pharmaceutical, food and beverage, personal care, chemical, medical device, automotive, municipal, education, environmental and clinical research industries. Primary client contacts include a mix of end users and process facilitators. End users consist of lab directors, managers and department heads. Facilitators consist of human resource managers, procurement departments and administrators. Life sciences professionals include chemists, clinical research associates, clinical lab assistants, engineers, biologists, biochemists, microbiologists, molecular biologists, biostatisticians, drug safety specialists, SAS programmers, medical writers, food scientists, regulatory affairs specialists, lab assistants and other skilled professionals. Their experience ranges from technicians with entry-level science, engineering, or clinical research backgrounds and experience to individuals with bachelors, masters and/or doctorate degrees and considerable experience. Assignments for Apex Life Sciences typically range from one to six months.

Creative Circle

Creative Circle provides creative, marketing, advertising and digital talent to a wide range of companies in North America. Consumers' rapidly growing demand for real-time information and services requires an increase in both creative and technical professionals to support these digital platforms. To help our clients effectively respond to this demand, Creative Circle offers talent across the spectrum of traditional advertising and digital marketing skill sets. Creative Circle's professionals include account planners and strategists, information architects, content strategists, copywriters, interactive art directors, UX and UI specialists, designers and front-end developers. Creative Circle's clients include advertising agencies and company marketing departments in retail, entertainment, technology, food and beverage, education and other industries. Assignments for Creative Circle typically range from one to seven weeks. Creative Circle's corporate support activities are based in Los Angeles, California and their field activities are located in 28 branch offices across the United States and one in Canada.

Oxford Segment

The Oxford Segment provides specialized staffing and permanent placement services in select skill and geographic markets. The businesses in this segment include Oxford, CyberCoders and Life Sciences Europe. Segment revenues for 2018 were \$606.5 million and represented 17.8 percent of our total revenues.

Oxford Global Resources

Oxford specializes in recruiting and delivering experienced IT, engineering and regulatory and compliance consultants to clients for temporary assignments and project engagements. These consultants typically have a great deal of knowledge and experience in specialized technical fields which make them uniquely qualified to fill a given assignment or project. Demand for Oxford's services is driven by a shortage of experienced consultants with specialized technical skills that organizations need quickly but cannot find on their own. Additionally, the push for adoption of health information technology, compliance with FDA regulations and increasing digitization of business processes is accelerating the demand for services. Services are provided to clients in a wide range of industries from large companies that may, for example, be installing new enterprise-wide computer systems and have a need for a subject matter expert with a specific technical and industry-specific experience, to small and mid-sized companies, such as a medical device manufacturer who needs a specialized hardware engineer. Assignments for Oxford typically range from two months to 13 months.

Oxford's sales and recruiting activities are delivered through seven recruiting centers across the United States and two in Europe, along with 15 local offices serving major metropolitan markets in the United States. Corporate support activities for Oxford are based in Beverly, Massachusetts, Calabasas, California and Cork, Ireland.

CyberCoders

CyberCoders specializes in recruiting professionals for permanent placements in technology, engineering, sales, executive, financial, accounting, scientific, legal and operations positions. CyberCoders' proprietary software and unique matching algorithm combine to deliver an impressive turnaround time for employers and help candidates find jobs that truly fit their background and career goals. CyberCoders is based in Irvine, California, with corporate support activities in Beverly, Massachusetts. Their field activities are operated from four hub locations across the United States.

Life Sciences Europe

Life Sciences Europe includes the brands Lab Support, LabResource and Valesta, which provide locally-based contract and permanent life science professionals to clients with research and development projects in the biotechnology, pharmaceutical, food and beverage, personal care, chemical, medical device, automotive, municipal, education and environmental industries. Assignments for Life Sciences Europe typically range from five to 18 months, although they can be longer. Life Sciences Europe sales and recruiting services are delivered from six branch offices in the Netherlands, Belgium and Spain and the corporate support services are based in Cork, Ireland.

ECS Segment

The ECS Segment delivers advanced solutions in cloud, cybersecurity, artificial intelligence, machine learning, software development, IT modernization and science and engineering and is primarily focused on federal government activities. ECS maintains relationships with the world's leading cyber and cloud technology organizations, bringing high-end, mission critical technology solutions that address multi-faceted challenges. Revenues are derived from a mix of firm-fixed-price, time and materials and cost-plus-fixed-fee contracts across Department of Defense and Intelligence Agencies, Federal Civilian, and Commercial customers. Contracts with ECS's clients typically average five years in length. Corporate support activities for ECS are based in Fairfax, Virginia and their field activities are supported through 18 branch offices located throughout the United States.

ECS has a backlog of awarded contracts. This contract backlog represents the estimated amount of future revenues to be recognized under awarded contracts including task orders and options. Contract backlog as of December 31, 2018 was \$1.4 billion. For a further discussion of contract backlog see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of this Annual Report on Form 10-K.

Employees

At December 31, 2018, we employed approximately 4,300 internal employees, including staffing consultants, regional sales directors, account managers, recruiters and corporate office employees. Throughout 2018, we placed approximately 61,900 contract professionals who are our employees on assignments/contracts with clients. Those assignments/contracts varied in length as described in the Operating Segments discussion above.

Government Regulation

We take reasonable steps to ensure that our contract professionals possess all current licenses and certifications required for each placement. We provide state-mandated workers' compensation insurance, unemployment insurance and professional liability insurance for our internal employees and our contract professionals who are our employees. These expenses have a direct effect on our costs of services, margins and likelihood of achieving or maintaining profitability.

For a further discussion of government regulation associated with our business, see "Risk Factors" within Item 1A of Part I of this 2018 10-K.

Available Information and Access to Reports

We electronically file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and all amendments to those reports and statements with the Securities and Exchange Commission ("SEC"). The SEC maintains an internet site sec.gov that contains reports, proxy and information statements, and other information technology regarding issuers that file electronically with the SEC. You may also read and copy any of our reports that are filed with the SEC by visiting:

- Our website, asgn.com; or
- By contacting our Investor Relations Department at (818) 878-7900.

Our reports are available through any of the foregoing means and are available free of charge on our website as soon as practicable after such material is electronically filed with or furnished to the SEC. Also available on our website are copies of our Code of Ethics for the Principal Executive Officer and Senior Financial Officers, Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters for the committees of our Board of Directors. We intend to disclose any amendment to, or waiver from, a provision of our Code of Ethics for Principal Executive Officer and Senior Financial Officers on our website promptly after the amendment or waiver has been granted.

Item 1A. Risk Factors

Our business is subject to a number of risks including, but not limited to, the following:

U.S. and global market and economic developments could adversely affect our business, financial condition and results of operations.

Demand for the contract staffing services that we provide is significantly affected by global market and economic conditions. As economic activity slows, many clients or potential clients reduce their use of and reliance upon contract professionals. During periods of reduced economic activity, we may also be subject to increased competition for market share and pricing pressure. As a result, a recession or periods of reduced economic activity could harm our business and results of operations.

If we are not able to remain competitive in obtaining and retaining temporary staffing clients, our future growth will suffer. Agreements may be terminated by clients at will and the termination of a significant number of such agreements would adversely affect our revenues and results of operations.

The contract staffing industry is highly competitive and fragmented with limited barriers to entry. We compete in national, regional and local markets with full-service agencies and in regional and local markets with specialized contract staffing agencies. The success of our business depends upon our ability to continually secure new orders from clients and to fill those orders with our contract professionals.

Our agreements with clients do not provide for exclusive use of our services and in some instances we provide services without entering into contracts. As such, clients are free to place orders with our competitors. If clients terminate a significant number of our staffing agreements or do not use us for future assignments and we are unable to generate new contract staffing orders to replace lost revenues, the growth of our business could be adversely affected and our revenues and results of operations could be harmed. As a result, it is imperative to our business that we maintain positive relationships with our clients. We are expanding our light deliverables-based professional services model whereby we perform certain project oversight functions. If we are not able to comply with these performance requirements, our revenues and relationships with our clients may be adversely affected.

To the extent that competitors seek to gain or retain market share by reducing prices or increasing marketing expenditures, we could lose revenues and our margins could decline, which could harm our operating results and cause the trading price of our stock to decline. We expect competition for clients to increase in the future and the success and growth of our business depends on our ability to remain competitive. In addition, we participate in a number of third-party contracts as a subcontractor and that requires us to participate in vendor management contracts, which may subject us to greater risks or lower margins.

If we are unable to attract and retain qualified contract professionals, our business could be adversely affected.

Our business is substantially dependent upon our ability to attract and retain contract professionals who possess the skills, experience and licenses which may be required to meet the specified requirements of our clients. We compete for such contract professionals with other temporary staffing companies and with our clients and potential clients. There can be no assurance that qualified professionals will be available to us in adequate numbers to staff our temporary assignments. Moreover, our contract professionals are often hired to become regular employees of our clients, and their employment is terminable at will. Attracting and retaining contract professionals depends on several factors, including our ability to provide contract professionals with desirable assignments and competitive wages and benefits. The cost of attracting and retaining contract professionals in the future may be higher than we anticipate if there is an increase in competitive wages and benefits and, as a result, if we are unable to pass these costs on to our clients, our likelihood of achieving or maintaining profitability could decline. In periods of low unemployment, there may be a shortage of, and significant competition for, the skilled contract professionals sought by our clients. If we are unable to attract and retain a sufficient number of contract professionals to meet client demand, we may be required to forgo staffing and revenue opportunities, which may hurt the growth of our business. In periods of high unemployment, contract professionals frequently opt for full-time employment directly with clients and, due to a large pool of available candidates, clients are able to directly hire and recruit qualified candidates without the involvement of staffing agencies.

We utilize subcontractor firms who employ individuals with the H-1B visa classification. The H-1B visa classification is subject to legislative and administrative changes, as well as changes in the application of standards and enforcement. Immigration laws and regulations can be significantly affected by political developments and levels of economic activity. Current and future restrictions on the availability of such visas could limit our subcontractors' ability to employ and/or retain the skilled professionals we need to meet our clients' needs, which could have a material adverse impact on our business.

If we are unable to meet our expectations for growth, our forecasted results and stock price are likely to be adversely affected.

Over the past several years, we have experienced revenue and earnings growth both organically and through acquisitions. There is no assurance that we will be able to continue this pace of growth in the future or meet our strategic objectives for growth. Our growth could be adversely affected by many factors, including future technology industry conditions, macroeconomic events, competition and labor market trends or regulations. If our growth rate slows, or if it fails to grow at the pace anticipated and we are unable to be successful in our growth initiatives and strategies, our financial results could be less than our expectations or those of investors or analysts and our stock price could be adversely affected.

Our business strategy also includes continuing efforts to integrate and optimize our organization, programs, technology and delivery of services to make us a more agile and effective competitor, to reduce the cost of operating our business and to increase our operating profit and operating profit margin. We may not be successful in our continuing integration and optimization efforts and they may fail to achieve the cost savings we anticipate or limit our ability to scale growth. Further, we may fail to prevent the return of costs eliminated in these efforts. If we are not successful in implementing our integration and optimization efforts, our business, financial condition and results of operations could be materially adversely affected.

Our business is subject to government regulation, which in the future could restrict the types of employment services we are permitted to offer or result in additional or increased costs that reduce our revenues and earnings.

The temporary staffing services industry is regulated in the United States and other countries in which we operate. We are subject to federal, state and local laws and regulations governing the employer/employee relationship, such as those related to payment of federal, state and local payroll and unemployment taxes for our corporate employees and contractor professional employees, tax withholding, social security or retirement benefits, licensing, wage and hour requirements, paid sick leave, paid family leave and other leaves, employee benefits, pay equity, non-discrimination, sexual harassment, workers' compensation, and we must further comply with immigration laws and a wide variety of notice and administrative requirements, such as record keeping, written contracts and reporting. We are also subject to U.S. laws and regulations relating to government contracts with federal agencies, as well as the requirements of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"). In certain other countries, we may not be considered the legal employers of our temporary personnel, however are still responsible for collecting taxes and social security deductions and transmitting these amounts to the taxing authorities.

In addition, we are subject to data privacy, protection and security laws and regulations, the most significant of which is the European General Data Protection Act ("GDPR") that governs the personal information of European persons which we may collect, use and retain in the ordinary course of our business. This law impacts our U.S. operations as well as our European operations as it applies not only to third-party transactions, but also to transfers of information among the Company and its subsidiaries. The GDPR imposes more stringent operational requirements for entities processing personal information that is potentially confidential and/or personally identifiable and sensitive, such as stronger safeguards for data transfers to countries outside the European Union and stronger enforcement authorities and mechanisms. California has recently enacted the California Consumer Privacy Act of 2018 which goes into effect in 2020 and models the GDPR in part. Any inadvertent non-compliance of the GDPR or other data privacy laws could result in governmental enforcement actions, fines, and other penalties that could potentially have an adverse effect on the Company's operations and reputation.

Future changes in the laws or governmental regulations affecting our business may result in the prohibition or restriction of certain types of employment services that we are permitted to offer, or the imposition of new or additional legal requirements that could increase our costs and reduce our revenues and earnings. Due to the substantial number of state and local jurisdictions in which we operate, there also is a risk that we may be unaware of, or unable to adequately monitor, actual or proposed changes in, or the interpretation of, the laws or governmental regulations of such states and localities. Any delay in our compliance with changes in such laws or governmental regulations could result in potential fines, penalties, or other sanctions for non-compliance. In addition, although we may elect to bill some or all of any additional costs to our customers, there can be no assurances that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to fully cover any increased costs as a result of future changes in laws or government regulations.

Significant legal actions and claims could subject us to substantial uninsured liabilities, result in damage to our business reputation, result in the discontinuation of our client relationships and adversely affect our recruitment and retention efforts.

We employ people internally and in the workplaces of other businesses. Our ability to control or influence the workplace environment of our clients is limited. Further, many of the individuals that we place with our clients have access to client information systems and confidential information. As the employer of record of our contract professionals, we incur a risk of liability to our contract professionals for various workplace events, including claims of physical injury, discrimination, harassment or failure to protect confidential personal information. Other inherent risks include possible claims of errors and omissions; intentional misconduct; release, misuse or misappropriation of client intellectual property; criminal activity; torts; or other claims. We also have been subject to legal actions alleging vicarious liability, intentional torts, negligent hiring, discrimination, sexual harassment, retroactive entitlement to employee benefits, violation of wage and hour requirements, retaliation and related legal theories. These types of actions could involve large claims and significant defense costs. We may be subject to liability in such cases even if the contribution to the alleged injury was minimal. Moreover, in most instances, we are required to indemnify clients against some or all of these risks and we could be required to pay substantial sums to fulfill our indemnification obligations. In addition, certain of our clients currently require, and other clients in the future may require, that we indemnify them against losses in the event that the client is determined to be non-compliant with the ACA due to a joint employer claim.

A failure of any of our employees internally or contract professionals in client's workplaces to observe our policies and guidelines intended to reduce these risks could result in negative publicity, injunctive relief, criminal investigations and/or charges, payment of monetary damages or fines, or other material adverse impacts on our business. Claims raised by clients stemming from the improper actions of our contract professionals, even if without merit, could cause us to incur significant expense associated with the costs or damages related to such claims. Further, such claims by clients could damage our business reputation and result in the discontinuation of client relationships. Any associated negative publicity could adversely affect our ability to attract and retain qualified contract professionals in the future.

We proactively address many of these issues with our robust compliance program. Further, to protect ourselves from the costs and damages of significant legal actions and claims, we maintain workers' compensation, errors and omissions, employment practices and general liability insurance coverage in amounts and with deductibles that we believe are appropriate for our operations. Our coverage includes a retention amount and our insurance coverage may not cover all claims against us or continue to be available to us at a reasonable cost. In addition, we face various employment-related risks not covered by insurance, such as wage and hour laws and employment tax responsibility. If we do not maintain adequate insurance coverage or are made party to significant uninsured claims, we may be exposed to substantial liabilities that could have a material adverse impact on our results of operations and financial condition.

A loss or reduction in revenues from one or more large client accounts could have a material adverse impact on our business.

Our clients range in size from large national or multinational companies to small and mid-market businesses. In 2018, no single client represented more than six percent of our consolidated revenues. Contracts with the U.S. Army generated approximately 32 percent of our ECS Segment revenues. Our large clients may enter into non-exclusive arrangements with several staffing firms and the client is generally able to terminate our contracts on short notice without penalty. The deterioration of the financial condition or business prospects of these large clients, or a change in their strategy around the use of our services, could reduce their need for our services and result in a significant decrease in the revenues and earnings we derive from them. The loss of one or more of our large national or multinational clients, or a significant decrease in their demand for our services, could have a material adverse impact on our results of operations.

We may not successfully make or integrate acquisitions, which could harm our business and growth.

As part of our growth strategy, we intend to opportunistically pursue selected acquisitions. We compete with other companies in the professional staffing and consulting industries for acquisition opportunities and there can be no assurance that we will be able to successfully identify suitable acquisition candidates or be able to complete future acquisitions on favorable terms, if at all. There also can be no assurance that we will realize the benefits expected from any transaction or receive a favorable return on investment from our acquisitions.

We may pay substantial amounts of cash or incur debt to finance our acquisitions, which could adversely affect our liquidity and capital resources. The incurrence of indebtedness would also result in increased interest expense and could also include covenants or other restrictions that would impede our ability to manage our operations. We may also issue equity securities to pay for acquisitions, which could result in dilution to our stockholders. In addition, any acquisitions we announce could be viewed negatively by investors, which may adversely affect the price of our common stock.

The integration of an acquisition involves a number of factors that may affect our operations. These factors include diversion of management's attention from other business concerns, difficulties or delay in the integration of acquired operations, retention of key personnel, entry into unfamiliar markets, significant unanticipated costs or legal liabilities, and tax and accounting issues. If we fail to accurately forecast the financial impact of an acquisition transaction, we may incur tax and accounting changes. Furthermore, once we have integrated an acquired business, the business may not achieve anticipated levels of revenue, profitability or productivity, or otherwise perform as expected. Any of these factors may have a material adverse effect on our results of operations and financial condition.

The loss of key members of our senior management team could adversely affect the execution of our business strategy and our financial results.

We believe that the successful execution of our business strategy and our ability to build upon our business and acquisitions of new businesses depends on the continued employment of key members of our senior management team. We have provided short-term and long-term incentive compensation to our key management in an effort to retain them. However, if members of our senior management team become unable or unwilling to continue in their present positions, we could incur significant costs and experience business disruption related to time spent on efforts to replace them and our financial results and our business could be materially adversely affected.

Impairment of goodwill or identifiable intangible assets could materially affect future results of operations.

We review goodwill and indefinite-lived identifiable intangible assets (consisting entirely of trademarks) for impairment at least annually and when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets having finite lives are amortized over their useful lives and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Events and changes in circumstances indicating that the carrying amount of goodwill and identifiable intangible assets may not be recoverable may include: (i) macroeconomic conditions, such as deterioration in general economic conditions, (ii) industry and market considerations, such as deterioration in the environment in which we operate, (iii) cost factors, such as increases in labor or other costs that have a negative effect on earnings and cash flows, (iv) our financial performance, such as negative or declining cash flows or a decline in actual or projected earnings, (v) sustained decreases in our market capitalization and (vi) other relevant entity-specific events, such as changes in management, key personnel, strategy or customers. We may be required to record a charge in our financial statements during the period in which we determine an impairment has occurred. Although an impairment charge would not affect our cash flow, it would adversely impact our operating results.

We are subject to business risks associated with international operations, which could increase our costs, cause our results of operations to fluctuate, and adversely affect our business.

Although we have limited experience in marketing, selling and supporting our services outside of the United States, we had international sales in Canada and Europe in 2018. Our international operations comprised approximately five percent of total sales in 2018. We also have offices and employees outside the United States. Our sales and operations outside the United States expose us to currency, operational, regulatory and political risks in the countries in which we operate. With respect to currency risks, significant changes in the value of the U.S. dollar in relation to foreign currencies could adversely affect our costs and operating margins and could result in exchange losses or otherwise have a material effect on our business, financial condition, and results of operations. Other risks associated with our international operations include, among other things, the effects of local economic and political conditions, competition from local companies, lack of brand recognition, increased costs, difficulty in establishing staffing and managing foreign operations, changes in foreign labor laws and regulations affecting our ability to hire and retain contract professionals and employees, trade protectionism, restrictions on the transfer of capital across borders, U.S. relations with the governments of foreign countries in which we operate, difficulty in complying with foreign law, and changes in tax laws. If we are not able to manage these risks, our business and results of operations would be adversely affected.

On March 29, 2017, the Prime Minister of the United Kingdom (“UK”) officially triggered Article 50 of the Treaty of Lisbon, signaling the start of a two-year period in which the UK will negotiate the terms for its exit from the European Union (“EU”) (commonly known as “Brexit”). Political negotiations are ongoing, however, there is a significant lack of clarity over the terms of the UK’s exit from the EU and the terms of the UK’s future relationship with the EU. While it is difficult to predict the effect of Brexit on the European and global economy, uncertainty regarding new or modified arrangements between the UK and the EU has created uncertainties affecting business operations in the UK and the EU. Until the terms of the UK’s exit from the EU are determined, including any transition period, it is difficult to predict its impact. It is possible that the withdrawal could, among other things, affect the legal and regulatory environments to which our businesses are subject, impact trade between the UK and the EU and other parties, and create economic and political uncertainty in the region.

Our results of operations could be adversely affected if we cannot successfully keep pace with technological changes in the development and implementation of our services.

Our success depends on our ability to keep pace with rapid technological changes in the development and implementation of our services. We rely on a variety of technologies to support important functions in our business, including the recruitment, placement and monitoring of our contract professionals; billing; and candidate and client data analytics. If we do not sufficiently invest in new technology and industry developments, such as emerging job and resume posting services, appropriately implement new technologies, or evolve our business at sufficient speed and scale in response to such developments, or if we do not make the right strategic investments to respond to these developments, our services, results of operations, and ability to develop and maintain our business could be adversely affected.

An information technology system failure or security breach could materially and adversely affect our business.

Our information technology systems are used in daily business operations to, among other things, identify staffing resources, match personnel with client assignments and manage our accounting and financial reporting functions. In conducting our business, we routinely collect and retain personal information on our employees and contract professionals and their dependents including, without limitation, full names, social security numbers, addresses, birth dates and payroll-related information. Our information systems are vulnerable to fire, storm, flood, power loss, telecommunications failures, terrorist attacks and similar events. Although we use commercially available information security technologies and have implemented security controls to help protect the security and privacy of our business information, our information technology systems are subject to potential security breaches through employee negligence, fraud or misappropriation, business email compromise, and cybersecurity threats, including denial of service attacks, viruses or other malicious software programs and third parties gaining unauthorized access to our information technology systems for purposes of misappropriating assets or confidential information, corrupting data or causing operational disruption. Because the techniques used in cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. All of these risks are also applicable wherever we rely on outside vendors to provide services.

If our information technology systems and security controls do not provide sufficient protection from these threats, we could experience the loss or unauthorized disclosure of confidential data about us or our employees, contract professionals or customers, as well as business interruptions or delays and increased costs that could materially and adversely affect our business and financial results. We may also be subject to liability and claims for monetary damages for any unauthorized disclosure of confidential information about our employees, contract professionals or customers, which could result in adverse publicity, reputational damage and a reduced demand for our services by clients and/or consultants. In addition, privacy breaches may require notification and other remedies, which can be costly, and which may have other serious adverse consequences for our business, including regulatory enforcement actions resulting in fines and penalties under laws that protect personal data and confidential information.

Failure of internal controls may leave us susceptible to errors and fraud.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the control system are met. Furthermore, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, would be detected, particularly in our acquired companies and international operations. If our internal controls are unsuccessful, our business and results of operations could be adversely affected.

As of December 31, 2018, we had \$1.1 billion of total debt, which could adversely affect our operating flexibility, and the restrictive covenants under our debt instruments could trigger prepayment obligations or additional costs.

Our level of debt and the limitations imposed on us by our credit agreements could have important consequences for investors, including the following:

- we have to use a portion of our cash flow from operations for debt service rather than for our operations;
- we may not be able to obtain additional debt financing for future working capital, capital expenditures or other corporate purposes or may have to pay more for such financing;
- the debt under our credit facilities is at a variable interest rate, making us more vulnerable to increases in interest rates;
- we could be less able to take advantage of significant business opportunities, such as acquisition opportunities and to react to changes in market or industry conditions; and
- we may be disadvantaged compared to competitors with less leverage.

Our failure to comply with restrictive covenants under our credit facilities and other debt instruments could result in an event of default, which, if not cured or waived, could result in the requirement to repay such borrowings before their due date. Some covenants are tied to our operating results and thus may be breached if we do not perform as expected. Further, the terms of our credit facility permit additional borrowings, subject to certain conditions. If new debt is added to our current debt levels, the related risks we now face could intensify.

We expect to obtain the money to pay our expenses and to repay borrowings under our credit facility primarily from our operations. Our ability to pay our expenses thus depends on our future performance, which will be affected by financial, business, economic and other factors. If we do not have enough money, we may be required to refinance all or part of our existing debt, sell assets or borrow additional funds. We may not be able to take such actions on terms that are favorable to us, if at all. The lenders may require fees and expenses to be paid or other changes to terms in connection with waivers or amendments. If we are forced to refinance these borrowings on less favorable terms, our results of operations and financial condition could be adversely affected by increased costs and/or rates.

A significant loss or suspension of our facility security clearances with the federal government could lead to a reduction in our revenues, cash flows and operating results.

We act as a contractor and a subcontractor to the U.S. federal government and its agencies. Some government contracts require us to maintain facility security clearances and require some of our employees to maintain individual security clearances. If our employees lose or are unable to timely obtain security clearances, or we lose a facility clearance, a government agency client may terminate the contract or decide not to renew it upon its expiration. In addition, a security breach by us could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on sensitive or classified systems for federal government clients.

We derive significant revenues from contracts and task orders awarded through a competitive bidding process. Our revenues and profitability may be adversely impacted if we fail to compete effectively in such processes.

Our contracts and task orders with the federal government are typically awarded through a competitive bidding process, which creates significant competition and pricing pressure. We spend time and resources to prepare bids and proposals for contracts. Some of these contracts may not be awarded to us, or if awarded we may not receive meaningful task orders under these contracts. We may encounter delays and additional expenses if our competitors protest or challenge contracts awarded to us in competitive bidding and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract. If we are unable to win particular contracts, we may be prevented from providing to customers services that are purchased under those contracts for a number of years. In addition, upon the expiration of a contract, if the customer requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract and the termination or non-renewal of any of our significant contracts could cause our actual results to differ materially and adversely from those anticipated.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time and resources.

Our ECS Segment generates revenues under various types of contracts: firm-fixed-price, cost-plus-fixed-fee and time and materials. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the costs incurred in their performance and the nature of services or solutions provided. Under firm-fixed-price contracts, we perform specific tasks and services for a fixed price. Compared to cost-plus-fixed-fee, firm-fixed-price contracts generally offer higher margin opportunities, but involve greater financial risk because we bear the impact of cost overruns. When making proposals on firm-fixed-price contracts, we rely heavily on our estimates of costs and timing for completing the associated projects. Failure to accurately estimate costs, resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of work could result in reduced profits or in losses. Under cost-plus-fixed-fee contracts, we are reimbursed for allowable costs plus a profit margin or fee. These contracts generally have lower profitability and less financial risk. Under time and materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain expenses. We assume financial risk on time and materials contracts because we assume the risk of performing those contracts at negotiated hourly rates.

We are required to comply with numerous laws and regulations related to government contracts, some of which are complex and our failure to comply could result in fines or civil or criminal penalties, or suspension or debarment, which could materially and adversely affect our results of operations.

We must comply with laws and regulations relating to the formation, administration and performance of federal government contracts. These laws and regulations affect how we conduct business with our federal government customers. Such laws and regulations may potentially impose added costs on our business and our failure to comply with them may lead to civil or criminal penalties, termination of our U.S. government contracts and/or suspension or debarment from contracting with U.S. government agencies. All of our U.S. government contracts can be terminated by the U.S. government either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of costs incurred or committed settlement expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U.S. government in procuring undelivered items from another source and could damage our reputation and impair our ability to compete for future contracts. Failure to comply with regulations and required practices and procedures could harm our reputation or influence the award of new contracts.

Audits by U.S. government agencies for contracts with federal government clients could result in unfavorable audit results that could subject us to a variety of penalties and sanctions and could harm our reputation and relationships with our customers and adversely impact results of operations.

Federal government agencies, including the Defense Contract Audit Agency ("DCAA") and the Defense Contract Management Agency ("DCMA"), routinely audit and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If a government audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with federal government agencies.

Changes in U.S. government spending or budgetary priorities, the failure of government budgets to be approved on a timely basis, or delays in contract awards and other procurement activity may significantly and adversely affect our future financial results.

Our business depends upon continued U.S. government expenditures on intelligence, defense, homeland security, federal health IT and other programs that we support. The U.S. government conducts periodic reviews of U.S. defense strategies and priorities which may shift Department of Defense budgetary priorities, reduce overall spending or delay contract or task order awards for defense-related programs from which we would otherwise expect to derive a significant portion of our future revenues. Any of these changes could impair our ability to obtain new contracts or contract renewals. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement. Our revenues, cash flows and operating results could be adversely affected by spending caps or changes in budgetary priorities, as well as by delays in the government budget process, program starts or the award of contracts or task orders under contracts.

We may not realize the full value of our ECS Segment contract backlog, which may result in lower revenues than anticipated.

Contract backlog is a useful measure of potential future revenues for our ECS Segment. Our ECS Segment contract backlog consists of contracts for which funding has been formally awarded (funded backlog), and unfunded backlog, which represents the estimated future revenues to be earned from negotiated contract awards for which funding has not been awarded and from unexercised contract options.

The U.S. government's ability to not exercise contract options or to modify, curtail or terminate our contracts makes the calculation of our ECS Segment backlog subject to numerous uncertainties. Due to the uncertain nature of our contracts with the U.S. government, we may never realize revenue from some of the engagements that are included in our contract backlog. Our unfunded backlog, in particular, contains amounts that we may never realize as revenue because the maximum contract value specified under a U.S. government contract or task order awarded to us is not necessarily indicative of the revenue that we will realize under that contract.

Our business may be materially affected by changes to fiscal and tax policies that could adversely affect our results of operations and cash flows.

Our business is subject to taxation in the United States and the foreign jurisdictions where we operate. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. The company's future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates or by changes in the tax laws or their interpretation.

In the U.S., the Tax Cuts and Jobs Act was signed into law on December 22, 2017. The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a dividends received deduction for dividends from foreign subsidiaries, imposing a repatriation tax on deemed repatriated earnings of foreign

subsidiaries, a minimum tax on foreign earnings, limitations on deduction of business interest expense and limits on deducting compensation to certain executive officers.

Various levels of government also are increasingly focused on tax reform and other legislative action to increase tax revenue. Further changes in tax laws in the U.S. or foreign jurisdictions where we operate, or in the interpretation of such laws, could have a material adverse effect on our business, results of operations, financial condition or cash flows.

The trading price of our common stock has experienced significant fluctuations, which could make it difficult for us to access the public markets for financing or use our common stock as consideration in a strategic transaction.

In 2018, the trading price of our common stock experienced significant fluctuations, ranging from a high of \$94.25 to a low of \$51.05. The closing price of our common stock on the NYSE was \$65.86 on February 20, 2019. Our common stock may continue to fluctuate widely as a result of a large number of factors, many of which are beyond our control, including:

- period to period fluctuations in our financial results or those of our competitors;
- failure to meet previously announced guidance or analysts' expectations of our quarterly results;
- announcements by us or our competitors of acquisitions, significant contracts, commercial relationships or capital commitments;
- commencement of, or involvement in, any significant litigation matter;
- any major change in our board or management;
- changes in government regulations;
- recommendations by securities analysts or changes in earnings estimates;
- the volume of shares of common stock available for public sale;
- announcements by our competitors of their earnings that are not in line with analyst expectations;
- sale or purchase of stock by us or by our stockholders;
- short sales, hedging and other derivative transactions in shares of our common stock; and
- general economic conditions, slow or negative growth of unrelated markets and other external factors.

Our results of operations may vary from quarter to quarter as a result of a number of factors, including, among other things, the level of demand for our temporary staffing services, changes in our pricing policies or those of our competitors, our ability to control costs and our ability to manage our accounts receivable balances, which may make it difficult to evaluate our business and could cause instability in the trading price of our common stock. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the trading prices of the common stock of many companies involved in the temporary staffing industry.

As a result of these fluctuations, we may encounter difficulty should we desire to access the public markets for financing or use our common stock as consideration in a strategic transaction.

Provisions in our corporate documents and Delaware law may delay or prevent a change in control that our stockholders consider favorable.

Provisions in our certificate of incorporation and bylaws could have the impact of delaying or preventing a change of control or changes in our management. These provisions include the following:

- Our Board of Directors has the right to elect directors to fill a vacancy in the Board of Directors upon the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors until the next applicable annual meeting of stockholders.
- Stockholders must provide advance notice to nominate individuals for election to the Board of Directors or to propose matters that can be acted upon at a stockholders' meeting. Further, our Board of Directors is divided into three classes, and only one class is up for election each year. These provisions may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.
- Our Board of Directors may issue, without stockholder approval, up to one million shares of undesignated or "blank check" preferred stock. The ability to issue undesignated or "blank check" preferred stock makes it possible for our Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt by, or make it more difficult for, a third-party to acquire us.

As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions, including Section 203 of the Delaware General Corporation Law. Under these provisions, a corporation may not engage in a business combination with any large stockholders who hold 15 percent or more of our outstanding voting capital stock in a merger or business combination unless the holder has held the stock for three years, the Board of Directors has expressly approved the merger or business transaction, or at least two-thirds of the outstanding voting capital stock not owned by such large stockholder approves the merger or the transaction. These provisions of Delaware law may have the impact of delaying, deferring, or preventing a change of control and may discourage bids for our common stock at a premium over its market price. In addition, our Board of Directors could rely on these provisions of Delaware law to discourage, prevent, or delay an acquisition of us.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

As of December 31, 2018, we leased approximately 37,200 square feet of office space through November 2021 for our corporate headquarters in Calabasas, California. Additionally, we leased approximately 67,600 square feet of office space through December 2025 at our Oxford headquarters in Beverly, Massachusetts; 58,000 square feet of office space through October 2024 at our Apex headquarters in Richmond, Virginia; and 53,400 square feet of office space through June 2024 at our ECS headquarters in Fairfax, Virginia.

In addition, as of December 31, 2018, we leased approximately 934,300 square feet of total office space in approximately 170 branch office locations in the United States, Canada, the Netherlands, Belgium, Ireland, Switzerland and Spain. A branch office typically occupies space ranging from approximately 1,000 to 41,000 square feet with lease terms that range from 6 months to 11 years. We believe that our facilities are suitable and adequate for our current operations.

Item 3. Legal Proceedings

We are involved in various legal proceedings, claims and litigation arising in the ordinary course of business. However, based on the facts currently available, we do not believe that the disposition of matters that are pending or asserted will have a material effect on our financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol ASGN. At February 20, 2019 we had approximately 24 holders of record, approximately 32,784 beneficial owners of our common stock and 52,655,248 shares outstanding.

Dividend Information

Since inception, we have not declared or paid any cash dividends on our common stock and we have no present intention of paying any dividends on our common stock in the foreseeable future. Our Board of Directors periodically reviews our dividend policy to determine whether the declaration of dividends is appropriate. Terms of our credit facility restrict our ability to pay dividends. The restriction is variable based upon our leverage ratio and certain other circumstances, as outlined in the agreement.

Recent Sales of Unregistered Securities

None.

Item 6. Selected Financial Data

The following table presents selected financial data that should be read in conjunction with the consolidated financial statements and notes thereto included under "Financial Statements and Supplementary Data" in Part II, Item 8 of this report.

	Year Ended December 31,				
	2018 ⁽¹⁾	2017	2016	2015 ⁽²⁾	2014
	(in thousands, except per share data)				
Summary Results of Operations:					
Revenues	\$ 3,399,781	\$ 2,625,924	\$ 2,440,413	\$ 2,065,008	\$ 1,724,741
Costs of services	2,376,130	1,775,851	1,645,230	1,386,263	1,167,306
Gross profit	1,023,651	850,073	795,183	678,745	557,435
Selling, general and administrative expenses	704,997	591,893	565,829	492,170	397,523
Amortization of intangible assets	58,506	33,444	39,628	34,467	22,130
Operating income	260,148	224,736	189,726	152,108	137,782
Interest expense	(55,973)	(27,643)	(32,327)	(26,444)	(12,730)
Write-off of loan costs	—	—	—	(3,751)	—
Income before income taxes	204,175	197,093	157,399	121,913	125,052
Provision for income taxes	46,191	39,219	60,203	50,491	51,557
Income from continuing operations	157,984	157,874	97,196	71,422	73,495
Gain on sale of discontinued operations, net of income taxes ⁽³⁾	—	—	—	25,703	—
Income (loss) from discontinued operations, net of income taxes	(278)	(199)	5	525	3,689
Net income	\$ 157,706	\$ 157,675	\$ 97,201	\$ 97,650	\$ 77,184
Basic earnings per common share:					
Continuing operations	\$ 3.02	\$ 3.01	\$ 1.83	\$ 1.37	\$ 1.38
Discontinued operations	—	—	—	0.50	0.06
Net income	\$ 3.02	\$ 3.01	\$ 1.83	\$ 1.87	\$ 1.44
Diluted earnings per common share:					
Continuing operations	\$ 2.98	\$ 2.97	\$ 1.81	\$ 1.35	\$ 1.35
Discontinued operations	—	—	—	0.49	0.07
Net income	\$ 2.98	\$ 2.97	\$ 1.81	\$ 1.84	\$ 1.42
Number of shares and share equivalents used to calculate earnings per share:					
Basic	52,333	52,503	53,192	52,259	53,437
Diluted	53,061	53,205	53,747	53,005	54,294
Balance Sheet Data (at end of year):					
Cash and cash equivalents	\$ 41,826	\$ 36,667	\$ 27,044	\$ 23,869	\$ 28,860
Working capital (current assets less current liabilities)	378,123	332,806	275,025	253,858	201,271
Total assets	2,687,851	1,810,129	1,752,667	1,767,307	1,251,839
Long-term liabilities	1,197,540	652,021	721,229	822,163	452,676
Stockholders' equity	1,182,062	991,391	868,939	784,794	634,408

⁽¹⁾ Includes the operating results of ECS from the date of its acquisition on April 2, 2018. ECS contributed \$493.0 million in revenues and \$14.2 million in income before income taxes in 2018. Total assets at December 31, 2018 included \$865.6 million from ECS.

⁽²⁾ Includes the operating results of Creative Circle from the date of its acquisition on June 5, 2015. Creative Circle contributed \$167.2 million in revenues and \$22.9 million in income before income taxes in 2015. Total assets at December 31, 2015 included \$587.2 million from Creative Circle.

⁽³⁾ Gain (net of income taxes) from the sale of our Physician Segment in 2015.

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

The following discussion should be read in conjunction with the other sections of this 2018 10-K, including the Special Note on Forward-looking Statements and Part I, "Item 1A — Risk Factors."

OVERVIEW

ASGN operates through its Apex, Oxford and ECS segments. The Apex Segment provides technical, scientific, digital and creative services and solutions to Fortune 1000 and mid-market clients across the United States and Canada. The businesses in this segment include Apex Systems, Apex Life Sciences and Creative Circle. The Oxford Segment provides hard-to-find technical, digital, engineering and life sciences resources and consulting services in select skill and geographic markets. The businesses in this segment include Oxford, CyberCoders and Life Sciences Europe. The ECS Segment delivers advanced solutions in cloud, cybersecurity, artificial intelligence, machine learning, software development, IT modernization and science and engineering and is primarily focused on federal government activities.

Critical Accounting Policies

Our accounting policies are described in Note 1 – Summary of Significant Accounting Policies, in Item 8 of this report. Our financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. We consider the following policies to be the most critical in understanding the judgments that are involved in preparing our financial statements and the uncertainties that could impact our results of operations, financial condition and cash flows.

Business Combinations and Related Acquired Intangible Assets and Goodwill. We record all tangible and intangible assets acquired and liabilities assumed in a business combination at fair value as of the acquisition date in accordance with Accounting Standards Codification ("ASC") 805 Business Combinations. Acquisition date fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as measured on the acquisition date. The valuations are based on information that existed as of the acquisition date. During the measurement period, which shall not exceed one year from the acquisition date, we may adjust provisional amounts recorded for assets acquired and liabilities assumed to reflect new information that we have subsequently obtained regarding facts and circumstances that existed as of the acquisition date. Such fair value assessments require judgments and estimates, which may cause final amounts to differ materially from original estimates.

We acquired ECS on April 2, 2018 for \$775.0 million and it is a separate reporting unit and operating segment. As part of the transaction, we acquired certain identifiable intangible assets, which are valued as of the acquisition date using a discounted cash flow ("DCF") model. Key assumptions in the DCF model include (i) future revenues, (ii) earnings before interest, taxes depreciation and amortization ("EBITDA") and (iii) the weighted average cost of capital discount rate. Estimated future revenues include assumptions about our ability to renew contracts in a competitive bidding process. We assigned probability rates for winning contracts based on ECS' historical win rates and available industry information. There can be no assurance that we will win any particular bid, or that we will be able to replace or continue business with a client upon completion of a contract. Estimated gross and EBITDA margins are based on ECS' historical results and forecasts prepared by management. Unexpected increases in costs may affect these margins. A decrease in revenues or gross and EBITDA margins may adversely affect the value of identifiable intangible assets. The discount rate focuses on rates of return for equity and debt and is calculated using public information from selected guideline companies. The magnitude of the discount rate reflects the perceived risk of an investment. A change in the estimated risk of the acquired company cash flows would change the discount rate, which in turn could significantly affect the valuation of acquired identifiable intangible assets.

The excess amount of the aggregated purchase consideration paid over the fair value of the net of assets acquired and liabilities assumed is recorded as goodwill. Goodwill is evaluated for impairment annually or more frequently if an event occurs or circumstances change, such as material deterioration in performance that would indicate an impairment may exist. We perform an annual impairment assessment as of October 31st for each of our four reporting units. When evaluating goodwill for impairment, we may first perform a qualitative assessment ("step zero" of the impairment test) to determine whether it is more likely than not that a reporting unit is impaired. If we decide not to perform a qualitative assessment, or if we determine that it is more likely than not the carrying amount of a reporting unit exceeds its fair value, then we perform a quantitative assessment ("step one" of the impairment test) and calculate the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge would be recorded to reduce the carrying amount to its estimated fair value. The decision to perform a qualitative impairment assessment in a given year is influenced by a number of factors, including the significance of the excess of the reporting units' estimated fair value over carrying amount at the last quantitative assessment date, the amount of time in between quantitative fair value assessments, and the date of our acquisitions.

Given the low risk of impairment identified in the prior year, and the recent valuation of ECS, we performed a qualitative assessment for the October 31, 2018 annual impairment evaluation for all reporting units. By review of macroeconomic conditions, industry and market conditions, cost factors, overall financial performance compared with prior projections, and other relevant entity-specific events, we determined it was more likely than not that the fair value of each reporting unit exceeded its carrying amount, therefore it was concluded there were no indicators of impairment. No indicators of impairment were identified from the date of our annual impairment test through December 31, 2018. We performed a quantitative assessment for one reporting unit and qualitative assessments for the rest of our reporting units for the 2017 annual impairment test. We performed quantitative assessments for all reporting units for our 2016 annual impairment test. At each year it was determined that there were no impairments of goodwill.

A qualitative assessment is performed for trademarks to determine if there are any indicators that the carrying amount might not be recovered. A quantitative analysis may be performed in order to test the trademarks for impairment. If a quantitative analysis is necessary, an income approach, specifically a relief from royalty method, is used to estimate the fair value of the trademarks. Principal factors used in the relief from royalty method that require judgment are projected net sales, discount rates, royalty rates and terminal growth assumptions. The estimated fair value of each trademark is compared to its carrying amount to determine if impairment exists. If the carrying amount of a trademark exceeds the estimated fair value, an impairment charge would be recorded to reduce the carrying amount of the trademark. Given the low risk of impairment identified in the prior year, in 2018 a qualitative assessment was performed for our trademarks. In 2017 and 2016 a quantitative assessment was performed for certain of our trademarks and qualitative assessments were performed for the rest of the trademarks. At each year it was determined that there were no impairments of our trademarks.

Results of Operations

Pro forma revenues and gross profit by segment are presented in the tables and discussion below to provide a more consistent basis for comparison among periods. Pro forma data were prepared as if the acquisition of ECS occurred at the beginning of 2017. Although the pro forma segment data are considered non-GAAP measures, they were calculated in the same manner as the consolidated pro forma data, which are GAAP measures.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018 COMPARED WITH THE YEAR ENDED DECEMBER 31, 2017 (Dollars in millions)

	Reported			Pro Forma		
	2018	2017	% Change	2018	2017	% Change
Revenues by segment:						
Apex:						
Assignment	\$ 2,244.5	\$ 1,993.3	12.6%	\$ 2,244.5	\$ 1,993.3	12.6%
Permanent placement	55.8	43.9	27.0%	55.8	43.9	27.0%
	<u>2,300.3</u>	<u>2,037.2</u>	12.9%	<u>2,300.3</u>	<u>2,037.2</u>	12.9%
Oxford:						
Assignment	516.0	503.1	2.6%	516.0	503.1	2.6%
Permanent placement	90.5	85.7	5.5%	90.5	85.7	5.5%
	<u>606.5</u>	<u>588.8</u>	3.0%	<u>606.5</u>	<u>588.8</u>	3.0%
ECS	493.0	—	—	642.1	587.6	9.3%
Consolidated	<u>\$ 3,399.8</u>	<u>\$ 2,626.0</u>	29.5%	<u>\$ 3,548.9</u>	<u>\$ 3,213.6</u>	10.4%
Revenues by type:						
Assignment	\$ 2,760.5	\$ 2,496.4	10.6%	\$ 2,760.5	\$ 2,496.4	10.6%
Permanent placement	146.3	129.6	12.8%	146.3	129.6	12.8%
ECS	493.0	—	—	642.1	587.6	9.3%
	<u>\$ 3,399.8</u>	<u>\$ 2,626.0</u>	29.5%	<u>\$ 3,548.9</u>	<u>\$ 3,213.6</u>	10.4%
Percentage of total revenues:						
Apex	67.7%	77.6%		64.8%	63.4%	
Oxford	17.8%	22.4%		17.1%	18.3%	
ECS	14.5%	—		18.1%	18.3%	
	<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>	
Assignment	81.2%	95.1%		77.8%	77.7%	
Permanent placement	4.3%	4.9%		4.1%	4.0%	
ECS	14.5%	—		18.1%	18.3%	
	<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>	
Domestic	95.4%	95.0%		95.5%	95.9%	
Foreign	4.6%	5.0%		4.5%	4.1%	
	<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>	

Revenues on a reported basis increased \$773.8 million, or 29.5 percent year-over-year, comprised of (i) the contribution of \$493.0 million from ECS, which was acquired on April 2, 2018 and (ii) year-over-year growth of \$280.8 million, or 10.7 percent, from our other operating divisions. Excluding the contribution from ECS in 2018, revenues were \$2.9 billion, up 10.7 percent year-over-year. On a pro forma basis, revenues were up \$335.3 million, or 10.4 percent, year-over-year.

Revenues from our Apex Segment, which accounted for 67.7 percent of consolidated revenues for 2018, were \$2.3 billion, up 12.9 percent year-over-year. Assignment revenues, which accounted for 97.6 percent of the segment's revenues, were up 12.6 percent year-over-year, primarily related to growth in hours billed and to a lesser extent, growth in average bill rates.

IT services, which accounted for approximately 75.4 percent of total revenues of the Apex Segment, grew 13.8 percent year-over-year with all seven industry verticals reporting growth, four of which (consumer industrial, technology, financial services and healthcare) grew double-digits. Creative/digital services revenues, which accounted for 16.9 percent of the segment's revenues, grew 9.8 percent year-over-year mainly as a result of growth in corporate business accounts and top accounts. Life sciences revenues, which accounted for 7.7 percent of the segment's revenues, were up 11.5 percent year-over-year, primarily related to the \$22.7 million contribution from Stratacuity, which was acquired in August 2017.

Revenues from our Oxford Segment, which accounted for 17.8 percent of consolidated revenues for 2018, were \$606.5 million, up 3.0 percent year-over-year. Assignment revenues were \$516.0 million up from \$503.1 million in 2017. The growth in assignment revenues related primarily to an increase in the number of hours billed as average bill rates were only slightly higher than 2017. Growth mainly came from its European operations, which accounted for 25.2 percent of the segment's assignment revenues in 2018. This growth included a \$5.0 million benefit from favorable foreign exchange rates. Permanent placement revenues were up 5.5 percent year-over-year related to growth in the number of placements as the average fee per placement was flat relative to 2017.

Revenues from our ECS Segment, which accounted for 14.5 percent of consolidated revenues for 2018, were \$493.0 million on a reported basis. On a pro forma basis, ECS revenues were up 9.3 percent for 2018. This growth was largely from projects under which ECS delivers artificial intelligence and machine learning ("AI/ML") solutions, which generally include a higher complement of third-party hardware, software and subcontracted labor as part of the customer solution than other more labor-concentrated projects. Federal spending is expected to continue to increase in the near term, particularly in the higher-end AI/ML, cybersecurity and cloud solutions areas in which ECS has extensive expertise. Projects in these areas are typically larger and more focused on providing integrated solutions rather than just expert staff.

Gross Profit and Gross Margins

	Reported			Pro Forma		
	2018	2017	% Change	2018	2017	% Change
Gross profit:						
Apex	\$ 687.9	\$ 606.3	13.5 %	\$ 687.9	\$ 606.3	13.5 %
Oxford	248.9	243.8	2.1 %	248.9	243.8	2.1 %
ECS	86.9	—	—	113.6	111.9	1.5 %
Consolidated	\$ 1,023.7	\$ 850.1	20.4 %	\$ 1,050.4	\$ 962.0	9.2 %
Gross margin:						
Apex	29.9%	29.8%	0.1 %	29.9%	29.8%	0.1 %
Oxford	41.0%	41.4%	(0.4)%	41.0%	41.4%	(0.4)%
ECS	17.6%	—	—	17.7%	19.0%	(1.3)%
Consolidated	30.1%	32.4%	(2.3)%	29.6%	29.9%	(0.3)%

Gross profit is comprised of revenues less costs of services, which consist primarily of compensation for our contract professionals, other direct costs and reimbursable out-of-pocket expenses. Gross profit for 2018 was \$1.0 billion, up 20.4 percent year-over-year on a reported basis, as a result of growth in the business and the contribution from ECS from the date of acquisition. Excluding the contribution from ECS, gross profit was \$936.8 million, up 10.2 percent year-over-year. On a pro forma basis, gross profit was \$1.1 billion, up 9.2 percent.

Gross margin on a reported basis was 30.1 percent, compared with 32.4 percent in 2017. The change in gross margin was primarily due to the inclusion of ECS, which has lower margins than our Apex and Oxford segments. Excluding ECS, our gross margin was 32.2 percent, compared with 32.4 percent in 2017. On a pro forma basis, our gross margin was 29.6 percent compared with 29.9 percent for 2017. The year-over-year compression mainly related to changes in business mix at our Oxford and ECS segments.

Our Apex Segment accounted for 67.2 percent of consolidated gross profit for 2018. Its gross profit was \$687.9 million, up 13.5 percent year-over-year. Gross margin for the segment was 29.9 percent, an expansion of 10 basis points year-over-year, related to a higher mix of permanent placement revenues as the gross margin on assignment revenues was flat relative to 2017.

Our Oxford Segment accounted for 24.3 percent of consolidated gross profit for 2018. Its gross profit was \$248.9 million, up 2.1 percent year-over-year. Gross margin for the segment was 41.0 percent, compared with 41.4 percent in 2017. The compression in gross margin reflected a higher mix of revenues from European operations (which have lower gross margins than its domestic operations), and other changes in business mix, which was partially offset by a slightly higher mix of permanent placement revenues in 2018.

Our ECS Segment accounted for 8.5 percent of consolidated gross profit for 2018 on a reported basis. Its gross profit was \$113.6 million, up 1.5 percent year-over-year on a pro forma basis. As a solutions provider, gross profit and gross margin for ECS have more period-to-period variability than our Apex and Oxford segments. The fluctuations in gross margin are caused by a number of factors including (i) changes in contract types and (ii) changes in the mix between revenues from direct labor and that from third-party hardware, software and subcontracted labor. The year-over-year change in gross margin related to a higher mix of revenues from artificial intelligence and machine learning solutions. These solutions included a high complement of third-party hardware, software and subcontracted labor. Although these solutions have lower gross margins, they require less overhead support and, thus, a lower level of SG&A expense.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses consist primarily of compensation expense for our field operations and corporate staff, rent, information systems, marketing, telecommunications, public company expenses and other general and administrative expenses. SG&A expenses in 2018 were \$705.0 million, or 20.7 percent of revenues, compared with \$591.9 million, or 22.5 percent of revenues in 2017. The increase in SG&A expenses is primarily due to (i) an increase in compensation expenses commensurate with growth in the business, (ii) the inclusion of ECS, which had \$43.3 million of SG&A expenses from the date of acquisition and (iii) acquisition, integration and strategic planning expenses of \$16.6 million, up from \$4.1 million in 2017 (increase mainly related to the ECS acquisition).

Amortization of Intangible Assets. Amortization of intangible assets was \$58.5 million, compared with \$33.4 million in 2017. The increase is related to the intangible assets from the ECS acquisition.

Interest Expense. Interest expense was \$56.0 million, up from \$27.6 million in 2017. Interest expense was comprised of (i) interest on the credit facility of \$44.5 million up from \$21.3 million in 2017, (ii) \$6.2 million of costs related to the amendment to our credit facility, up from \$2.7 million in 2017 and (iii) amortization of deferred loan costs of \$5.3 million, up from \$3.6 million in 2017. The year-over-year increase in interest expense resulted from the new borrowings and the costs of amending our credit facility to fund the acquisition of ECS on April 2, 2018.

Provision for Income Taxes. The provision for income taxes was \$46.2 million compared with \$39.2 million in 2017. The effective tax rate for 2018 was 22.6 percent, compared with 19.9 percent for 2017. The effective rate included excess tax benefits on stock-based compensation of \$2.7 million in 2018, compared with \$4.5 million in 2017. The effective tax rate for 2017 included a one-time, non-cash benefit of \$31.4 million related to the re-measurement of our net deferred income tax liabilities as a result of the tax reform.

Net Income. Net income was \$157.7 million in 2018, compared with \$157.7 million in 2017.

ECS Segment Contract Backlog

Contract backlog is a useful measure of potential future revenues for our ECS Segment. Contract backlog represents the estimated amount of future revenues to be recognized under awarded contracts including task orders and options. Contract backlog does not include potential value from contract awards that have been protested by competitors until the protest is resolved in our favor. Contract backlog does not include any estimate of future work expected under indefinite delivery, indefinite quantity ("IDIQ") contracts or U.S. General Services Administration ("GSA") schedules. ECS segregates contract backlog into funded contract backlog and negotiated unfunded contract backlog, which together make up total contract backlog.

Funded contract backlog for contracts with U.S. government agencies primarily represents contracts for which funding has been formally awarded less revenues previously recognized on these contracts and does not include the unfunded portion of contracts where funding is incrementally awarded or authorized by the U.S. government even though the

contract may call for performance over a number of years. Funded contract backlog for contracts with non-government agencies represents the estimated value of contracts, which may cover multiple future years, less revenue previously recognized on these contracts.

Negotiated unfunded contract backlog represents the estimated future revenues to be earned from negotiated contract awards for which funding has not yet been awarded or authorized and from unexercised priced contract options.

Contract backlog estimates are subject to change and may be affected by the execution of new contracts, the extension or early termination of existing contracts, the non-renewal or completion of current contracts, and adjustments to estimates for previously included contracts. Changes in the funded contract backlog are also affected by the funding cycles of the government.

<i>(in millions)</i>	December 31, 2018	March 31, 2018 ⁽¹⁾
Funded Contract Backlog	\$ 350.0	\$ 309.3
Negotiated Unfunded Contract Backlog	1,096.6	1,057.7
Contract Backlog	<u>\$ 1,446.6</u>	<u>\$ 1,367.0</u>

⁽¹⁾ Backlog at March 31, 2018, (closely approximates the Backlog as of the acquisition date of April 2, 2018).

Results of Operations

**RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017
COMPARED WITH THE YEAR ENDED DECEMBER 31, 2016
(Dollars in millions)**

	2017	2016	% Change
Revenues by segment:			
Apex:			
Assignment	\$ 1,993.3	\$ 1,791.6	11.3 %
Permanent placement	43.9	44.9	(2.3)%
	<u>2,037.2</u>	<u>1,836.5</u>	10.9 %
Oxford:			
Assignment	503.1	520.7	(3.4)%
Permanent placement	85.7	83.2	3.0 %
	<u>588.8</u>	<u>603.9</u>	(2.5)%
Consolidated:			
Assignment	2,496.4	2,312.3	8.0 %
Permanent placement	129.6	128.1	1.1 %
	<u>\$ 2,626.0</u>	<u>\$ 2,440.4</u>	7.6 %
Percentage of total revenues:			
Apex	77.6%	75.3%	
Oxford	22.4%	24.7%	
	<u>100.0%</u>	<u>100.0%</u>	
Assignment	95.1%	94.7%	
Permanent placement	4.9%	5.3%	
	<u>100.0%</u>	<u>100.0%</u>	
Domestic	95.0%	95.3%	
Foreign	5.0%	4.7%	
	<u>100.0%</u>	<u>100.0%</u>	

Revenues increased \$185.6 million, or 7.6 percent year-over-year. Assignment revenues were \$2.5 billion, up 8.0 percent year-over-year. Permanent placement revenues, comprised of direct hire and conversion fees, were \$129.6 million, up 1.1 percent year-over-year. Permanent placement revenues accounted for 4.9 percent of total revenues in 2017, down from 5.3 percent in 2016. Revenues from our foreign operations accounted for 5.0 percent of total revenues in 2017, up from 4.7 percent in 2016. The financial statement effect of year-over-year changes in foreign exchange rates were not material.

Revenues from our Apex Segment were \$2.0 billion, up 10.9 percent year-over-year. Assignment revenues were up 11.3 percent year-over-year mainly related to growth in IT services, which account for approximately 74.9 percent of the segment's revenues. IT services revenues were up 12.5 percent year-over-year, related to the continued trend of higher growth in top accounts. Creative/digital services revenues were up 8.6 percent year-over-year, which was below the growth rate in 2016. This decline in growth rate reflected, among other things, lower demand from advertising agencies. Life Sciences revenues were up 2.3 percent after the inclusion of a \$7.5 million revenue contribution from Stratacuity, which was acquired in August 2017 (see Note 3 – Acquisitions in Part II, Item 8).

Revenues from our Oxford Segment were \$588.8 million, down 2.5 percent year-over-year, mainly related to a large customer project that was substantially completed in 2016. Assignment revenues were \$503.1 million in 2017, down from \$520.7 million in 2016. Permanent placement revenues in 2017 were \$85.7 million (14.6 percent of the segment's revenues), up from \$83.2 million (13.8 percent of the segment's revenues) in 2016.

Gross Profit and Gross Margins

	2017	2016	% Change
Gross profit:			
Apex	\$ 606.3	\$ 548.4	10.6 %
Oxford	243.8	246.8	(1.2)%
Consolidated	<u>\$ 850.1</u>	<u>\$ 795.2</u>	6.9 %
Gross margin:			
Apex	29.8%	29.9%	(0.1)%
Oxford	41.4%	40.9%	0.5 %
Consolidated	<u>32.4%</u>	<u>32.6%</u>	(0.2)%

Gross profit was \$850.1 million, up 6.9 percent in 2017. Gross margin was 32.4 percent, a compression of 20 basis points year-over-year primarily due to a lower mix of permanent placement revenues (4.9 percent in 2017 compared with 5.3 percent in 2016) and the shift in business mix related to the higher growth of the Apex Segment. Apex Segment accounted for 77.6 percent of consolidated revenues in 2017, up from 75.3 percent in 2016.

Apex Segment's gross profit was \$606.3 million, up 10.6 percent year-over-year. Gross margin for the segment was 29.8 percent, a compression of 10 basis points year-over-year primarily related to the lower mix of permanent placement revenues (2.2 percent of the segment's revenues, down from 2.4 percent in 2016). Gross margin on assignment revenues (excludes permanent placement and conversion fees) was up 10 basis points year-over-year to 28.2 percent.

Oxford Segment's gross profit was \$243.8 million, down 1.2 percent year-over-year. Gross margin for the segment was 41.4 percent, an expansion of 50 basis points year-over-year. The expansion in gross margin was primarily related to a higher mix of permanent placement revenues (14.6 percent of the Segment's revenues in 2017 compared with 13.8 percent in 2016). Gross margin on assignment revenues (excludes permanent placement and conversion fees), was 31.4 percent, the same as 2016.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of compensation for our field operations and corporate staff, rent, information systems, marketing, telecommunications, public company expenses and other general and administrative expenses.

SG&A expenses in 2017 were \$591.9 million, or 22.5 percent of revenues, compared with \$565.8 million, or 23.2 percent of revenues in 2016. The 70 basis points reduction in SG&A expenses as a percent of revenues primarily related to (i) lower growth in compensation expense for staffing consultants relative to revenue growth and (ii) lower acquisition, integration and strategic planning expenses (\$4.1 million in 2017, down from \$6.0 million in 2016) and lower stock-based compensation expense (\$24.0 million in 2017, down from \$27.0 million in 2016).

Amortization of Intangible Assets. Amortization of intangible assets was \$33.4 million, compared with \$39.6 million in 2016. The decrease is due to the accelerated amortization method for certain acquired intangibles, which have higher amortization rates at the beginning of their useful life.

Interest Expense. Interest expense was \$27.6 million, down from \$32.3 million in 2016. Interest expense was comprised of (i) interest on the credit facility of \$21.3 million, (ii) amortization of deferred loan costs of \$3.6 million and (iii) \$2.7 million of third-party fees related to the amendments to our credit facility. Interest expense for 2016 was comprised of (i) interest on the credit facility of \$26.7 million, (ii) amortization of deferred loan costs of \$3.8 million, (iii) accretion of discount of \$0.9 million on the contingent consideration liability related to acquisitions and (iv) \$0.9 million third-party fees related to the August 5, 2016 amendment to our credit facility. The year-over-year reduction in interest expense related to a lower average interest rate related to the amendments to the credit facility and lower average outstanding borrowings under our facilities related to principal repayments.

Provision for Income Taxes. The provision for income taxes was \$39.2 million compared with \$60.2 million in 2016. The effective tax rate for 2017 was 19.9 percent, compared with 38.2 percent for 2016. This lower effective tax rate was primarily due to (i) a one-time, non-cash income tax benefit of \$33.4 million, which was mainly the result of the revaluation of our net deferred income tax liabilities related to the recently enacted Tax Cuts and Jobs Act ("TCJA"), (ii) a provisional tax expense of \$2.0 million related to the TCJA including a one-time deemed repatriation transition tax for certain foreign subsidiaries, (iii) a \$4.5 million tax benefit related to stock-based compensation (which prior to 2017 was a direct adjustment to stockholders' equity) and (iv) approximately \$0.8 million in hiring-related tax credits related to a new employment category added in 2016.

Net Income. Net income was \$157.7 million in 2017, compared with \$97.2 million in 2016.

Liquidity and Capital Resources

Our cash flows from operating activities have been our primary source of liquidity and have been sufficient to fund our working capital and capital expenditure needs. Our working capital (current assets less current liabilities) requirements are primarily driven by the overall growth in our business and debt service requirements. We believe that our expected operating cash flows and availability under our revolving credit facility will be sufficient to meet our obligations, working capital requirements and capital expenditures for the next 12 months.

Our working capital at December 31, 2018 was \$378.1 million and our cash and cash equivalents were \$41.8 million, of which \$19.7 million was held in foreign countries and not available to fund domestic operations unless repatriated. We do not intend to repatriate cash held in foreign countries at this time.

Net cash provided by operating activities was \$287.5 million in 2018, compared with \$196.4 million in 2017. Net cash provided by operating activities before changes in operating assets and liabilities was \$313.9 million for 2018, up from \$256.8 million in 2017. The increase was due to year-over-year growth and the inclusion of ECS from the date of acquisition. Changes in operating assets and liabilities resulted in the use of cash of \$26.5 million in 2018, compared with \$60.3 million in 2017. This change was primarily related to (i) the timing of period end compensation, (ii) an increase in accounts payable in 2018 mainly due to year end purchases of software and equipment for certain customer projects at ECS and (iii) higher income tax prepayments in 2017. These items were partially offset by the growth of accounts receivable at ECS related to the timing of customer payments and the high level of revenues in December 2018.

Net cash used in investing activities was \$788.7 million in 2018, compared with \$50.1 million in 2017. Net cash used in investing activities for 2018 included \$760.2 million used for the acquisition of ECS on April 2, 2018 and \$28.7 million used to purchase property and equipment. Net cash used in investing activities in 2017 was primarily comprised of \$25.9 million used for the purchase of Stratacuity and \$24.3 million used to purchase property and equipment.

Net cash provided by financing activities was \$507.8 million in 2018, compared with net cash used in financing activities of \$138.5 million in 2017. Net cash provided by financing activities for 2018 was primarily comprised of (i) \$822.0 million of proceeds from our credit facility, (ii) \$286.0 million in principal payments of long-term debt and (iii) \$22.5 million of debt issuance and amendment costs. Net cash used in financing activities in 2017 was primarily comprised of (i) \$105.0 million in principal payments of long-term debt, (ii) \$60.1 million used for repurchases of our common stock and (iii) \$14.9 million used for payment of employment taxes related to the release of restricted stock units.

On April 2, 2018, in connection with the acquisition of ECS, we amended our credit facility mainly to add an \$822.0 million tranche to the term B loan facility that matures on April 2, 2025. The amendment also provided for the ability to increase the loan facilities by an amount not to exceed the sum of (i) \$300.0 million, (ii) the aggregate principal of voluntary prepayments of the term B loans and permanent reductions of the revolving commitments, and (iii) additional amounts so long as the pro forma consolidated secured leverage ratio is no greater than 3.25 to 1.00. The revolving credit facility was also amended to extend the maturity date to March 31, 2023. We incurred \$22.5 million of debt issuance and amendment costs, of which \$15.3 million were presented in the consolidated balance sheet as a reduction of outstanding debt and are being amortized over the term of the credit facility, \$6.2 million were expensed as incurred and presented in interest expense, and the remaining fees were presented in other current assets and other non-current assets and are being amortized over the term of the credit facility.

The outstanding balance on the facility at December 31, 2018 was \$1.1 billion (see Note 6 – Long-Term Debt in Part II, Item 8). For the term B loan that matures on June 5, 2022, there are no required minimum payments until its maturity date. For the term B loan that matures on April 2, 2025, the Company is required to make minimum quarterly payments of \$2.1 million; however, as a result of principal payments made through December 31, 2018, the first required minimum quarterly payment of \$2.1 million is not due until September 30, 2022. We are also required to make mandatory prepayments on our term loans from excess cash flow and with the proceeds of asset sales, debt issuances and specified other events, subject to certain exceptions. The credit facility is secured by substantially all of our assets and includes various restrictive covenants including the maximum ratio of consolidated secured debt to consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), which steps down at regular intervals from 4.75 to 1.00 as of December 31, 2018, to 3.75 to 1.00 as of September 30, 2021 and thereafter. The credit facility also contains certain customary limitations including, among other terms and conditions, our ability to incur additional indebtedness, engage in mergers and acquisitions, and declare dividends.

At December 31, 2018, we were in compliance with our debt covenants, our ratio of consolidated secured debt to consolidated EBITDA was 2.69 to 1.00, and it had \$195.6 million available borrowing capacity under its revolving credit facility.

Commitments and Contingencies

We lease space for our corporate and branch offices. Rent expense was \$32.7 million in 2018, \$26.4 million in 2017 and \$25.6 million in 2016.

The following table sets forth on an aggregate basis the amounts of specified contractual cash obligations required to be paid in the future periods shown (in thousands):

Contractual Obligations	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Long-term debt obligations ⁽¹⁾	\$ 50,832	\$ 101,663	\$ 427,091	\$ 819,167	\$ 1,398,753
Operating lease obligations	29,664	43,865	23,121	6,285	102,935
Related party leases	1,285	2,667	2,801	1,082	7,835
Purchase obligations	23,162	9,039	—	—	32,201
Total	\$ 104,943	\$ 157,234	\$ 453,013	\$ 826,534	\$ 1,541,724

⁽¹⁾ Long-term debt obligations include interest calculated based on the rates in effect at December 31, 2018.

For additional information about these contractual cash obligations, see Note 6 – Long-Term Debt and Note 7 – Commitments and Contingencies in Part II, Item 8. Purchase obligations are non-cancelable job board service agreements, software maintenance and license agreements and software subscriptions.

We have retention policies for our workers' compensation liability exposures. The workers' compensation loss reserves are based upon an actuarial report obtained from a third-party and determined based on claims filed and claims incurred but not reported. We account for claims incurred but not yet reported based on estimates derived from historical claims experience and current trends of industry data. Changes in estimates, differences in estimates and actual payments for claims are recognized in the period that the estimates changed or the payments were made. The workers' compensation loss reserves were \$2.4 million and \$2.1 million, net of anticipated insurance and indemnification recoveries of \$15.0 million and \$12.7 million, at December 31, 2018 and 2017, respectively. We have unused stand-by letters of credit outstanding to secure obligations for workers' compensation claims with various insurance carriers. The unused stand-by letters of credit at December 31, 2018 and 2017 were \$4.4 million.

The Company's deferred compensation plan liability was \$6.2 million at December 31, 2018, and was included in other long-term liabilities. The Company established a rabbi trust to fund the deferred compensation plan (see Note 14 – Fair Value Measurements in Part II, Item 8).

Legal Proceedings

We are involved in various other legal proceedings, claims and litigation arising in the ordinary course of business. However, based on the facts currently available, we do not believe that the disposition of matters that are pending or asserted will have a material effect on our consolidated financial statements.

Off-Balance Sheet Arrangements

As of December 31, 2018, we had no off-balance sheet arrangements.

Accounting Standards Updates

See Note 2 – Accounting Standards Update in Part II, Item 8 for a discussion of new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks arising from transactions in the normal course of business, principally risks associated with foreign currency fluctuations and interest rates.

Foreign Currency Fluctuations. Our exposure to fluctuations in foreign currency exchange rates relates primarily to our foreign subsidiaries. Exchange rates impact the U.S. dollar value of our reported earnings, investments in our foreign subsidiaries and intercompany transactions with our foreign subsidiaries. Fluctuations in currency exchange rates impact the U.S. dollar amount of our stockholders' equity. The assets and liabilities of our non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at period end. The resulting translation adjustments are recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). Based on the relative size and nature of our foreign operations, we do not believe that a 10 percent change in the value of foreign currencies relative to the U.S. dollar would have a material impact on our financial statements.

Interest Rate Risk. Our exposure to interest rate risk is associated with our debt instruments. See Note 6 – Long-Term Debt in Part II, Item 8 for a further description of our debt instruments. A hypothetical 100 basis point change in interest rates on variable rate debt would have resulted in interest expense fluctuating approximately \$11.2 million based on \$1.1 billion of debt outstanding for any 12-month period. We have not entered into any market risk sensitive instruments for trading purposes.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of ASGN Incorporated
Calabasas, California

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ASGN Incorporated and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California
February 28, 2019

We have served as the Company's auditor since 1987.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,826	\$ 36,667
Accounts receivable, net	613,825	428,536
Prepaid expenses and income taxes	11,446	18,592
Workers' compensation receivable	15,011	12,702
Other current assets	4,264	3,026
Total current assets	686,372	499,523
Property and equipment, net	79,123	57,996
Identifiable intangible assets, net	488,691	352,766
Goodwill	1,421,076	894,095
Other non-current assets	12,589	5,749
Total assets	<u>\$ 2,687,851</u>	<u>\$ 1,810,129</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 43,125	\$ 6,870
Accrued payroll and contract professional pay	194,807	114,832
Workers' compensation loss reserves	17,382	14,777
Income taxes payable	3,411	1,229
Other current liabilities	49,524	29,009
Total current liabilities	308,249	166,717
Long-term debt	1,100,424	575,213
Deferred income tax liabilities	79,833	69,436
Other long-term liabilities	17,283	7,372
Total liabilities	1,505,789	818,738
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value, 75,000,000 shares authorized, 52,511,440 and 52,151,538 shares issued	525	521
Paid-in capital	601,754	566,090
Retained earnings	586,125	428,419
Accumulated other comprehensive loss	(6,342)	(3,639)
Total stockholders' equity	1,182,062	991,391
Total liabilities and stockholders' equity	<u>\$ 2,687,851</u>	<u>\$ 1,810,129</u>

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except per share amounts)

	Year Ended December 31,		
	2018	2017	2016
Revenues	\$ 3,399,781	\$ 2,625,924	\$ 2,440,413
Costs of services	2,376,130	1,775,851	1,645,230
Gross profit	1,023,651	850,073	795,183
Selling, general and administrative expenses	704,997	591,893	565,829
Amortization of intangible assets	58,506	33,444	39,628
Operating income	260,148	224,736	189,726
Interest expense	(55,973)	(27,643)	(32,327)
Income before income taxes	204,175	197,093	157,399
Provision for income taxes	46,191	39,219	60,203
Income from continuing operations	157,984	157,874	97,196
Income (loss) from discontinued operations, net of income taxes	(278)	(199)	5
Net income	\$ 157,706	\$ 157,675	\$ 97,201
Earnings per share:			
Basic	\$ 3.02	\$ 3.01	\$ 1.83
Diluted	\$ 2.98	\$ 2.97	\$ 1.81
Number of shares and share equivalents used to calculate earnings per share:			
Basic	52,333	52,503	53,192
Diluted	53,061	53,205	53,747
Reconciliation of net income to comprehensive income:			
Net income	\$ 157,706	\$ 157,675	\$ 97,201
Foreign currency translation adjustment	(2,703)	6,384	(1,861)
Comprehensive income	\$ 155,003	\$ 164,059	\$ 95,340

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Par Value				
Balance at December 31, 2015	53,024,972	\$ 530	\$ 542,859	\$ 249,567	\$ (8,162)	\$ 784,794
Vesting of restricted stock units	397,182	4	(7,164)	—	—	(7,160)
Employee stock purchase plan	242,303	2	7,505	—	—	7,507
Exercise of stock options	185,484	2	2,249	—	—	2,251
Stock-based compensation expense	—	—	26,559	—	—	26,559
Tax benefit from stock-based compensation	—	—	2,739	—	—	2,739
Stock repurchase and retirement of shares	(1,133,553)	(11)	(11,885)	(31,195)	—	(43,091)
Translation adjustments	—	—	—	—	(1,861)	(1,861)
Net income	—	—	—	97,201	—	97,201
Balance at December 31, 2016	52,716,388	527	562,862	315,573	(10,023)	868,939
Vesting of restricted stock units	413,372	4	(15,805)	—	—	(15,801)
Employee stock purchase plan	214,466	2	7,402	—	—	7,404
Exercise of stock options	36,561	—	351	—	—	351
Stock-based compensation expense	—	—	24,509	—	—	24,509
Stock repurchase and retirement of shares	(1,229,249)	(12)	(13,229)	(44,829)	—	(58,070)
Translation adjustments	—	—	—	—	6,384	6,384
Net income	—	—	—	157,675	—	157,675
Balance at December 31, 2017	52,151,538	521	566,090	428,419	(3,639)	991,391
Vesting of restricted stock units	155,029	2	(4,697)	—	—	(4,695)
Employee stock purchase plan	160,407	2	8,823	—	—	8,825
Exercise of stock options	44,466	—	547	—	—	547
Stock-based compensation expense	—	—	30,991	—	—	30,991
Translation adjustments	—	—	—	—	(2,703)	(2,703)
Net income	—	—	—	157,706	—	157,706
Balance at December 31, 2018	52,511,440	\$ 525	\$ 601,754	\$ 586,125	\$ (6,342)	\$ 1,182,062

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash Flows from Operating Activities:			
Net income	\$ 157,706	\$ 157,675	\$ 97,201
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	94,975	58,604	62,249
Provision for accounts receivable allowances	3,292	12,050	10,788
Provision (benefit) for deferred income taxes	11,215	(5,140)	12,834
Stock-based compensation	31,488	24,044	27,024
Workers' compensation provision	3,577	2,908	2,693
Other	11,651	6,610	5,642
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(90,668)	(50,461)	(43,289)
Prepaid expenses and income taxes	14,776	(11,861)	6,433
Income taxes payable	2,135	613	3,346
Accounts payable	23,320	315	(2,236)
Accrued payroll and contract professional pay	25,427	1,040	23,556
Workers' compensation loss reserve	(3,282)	(2,616)	(2,691)
Payments of earn-outs	—	—	(4,780)
Other	1,839	2,665	561
Net cash provided by operating activities	287,451	196,446	199,331
Cash Flows from Investing Activities:			
Cash paid for property and equipment	(28,701)	(24,265)	(27,138)
Cash paid for acquisitions, net of cash acquired	(760,216)	(25,940)	—
Cash received from sale of discontinued operations, net	—	—	6,000
Other	184	88	(846)
Net cash used in investing activities	(788,733)	(50,117)	(21,984)
Cash Flows from Financing Activities:			
Principal payments of long-term debt	(286,000)	(105,000)	(129,000)
Proceeds from long-term debt	822,000	37,000	11,000
Proceeds from option exercises and employee stock purchase plan	9,372	7,755	9,758
Payment of employment taxes related to release of restricted stock awards	(5,649)	(14,886)	(7,024)
Repurchase of common stock	—	(60,065)	(41,096)
Debt issuance or amendment costs	(22,450)	(3,273)	(889)
Payments of earn-outs	—	—	(16,814)
Other	(9,474)	—	—
Net cash provided by (used in) financing activities	507,799	(138,469)	(174,065)
Effect of exchange rate changes on cash and cash equivalents	(1,358)	1,763	(107)
Net Increase in Cash and Cash Equivalents	5,159	9,623	3,175
Cash and Cash Equivalents at Beginning of Year	36,667	27,044	23,869
Cash and Cash Equivalents at End of Year	\$ 41,826	\$ 36,667	\$ 27,044
Supplemental Disclosure of Cash Flow Information			
Cash paid for:			
Income taxes	\$ 21,399	\$ 55,326	\$ 38,190
Interest	\$ 50,966	\$ 24,074	\$ 26,829
Non-Cash Investing and Financing Activities:			
Unpaid portion of additions to property and equipment	\$ 2,466	\$ 2,313	\$ 438
Unsettled repurchases of common stock	\$ —	\$ —	\$ 1,995

See notes to consolidated financial statements.

ASGN INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of ASGN Incorporated and its wholly-owned subsidiaries (the “Company”). All intercompany accounts and transactions have been eliminated.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition. Revenues are recognized as control of the promised service is transferred to customers, in an amount that reflects the consideration expected in exchange for the services. Revenues are recognized net of variable consideration to the extent it is probable a significant reversal of revenues will not occur in subsequent periods, see Note 10 – Revenues.

Costs of Services. Costs of services include direct costs of contract assignments consisting primarily of payroll, payroll taxes and benefit costs for the Company’s contract professionals. Costs of services also include other direct costs and reimbursable out-of-pocket expenses.

Income Taxes. Income taxes are accounted for using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that a portion of the deferred tax asset will not be realized.

The Company reviews its uncertain tax positions regularly. An uncertain tax position represents the Company’s expected treatment of a tax position taken in a filed return, or planned to be taken in a future tax return or claim that has not been reflected in measuring income tax expense for financial reporting purposes. The Company recognizes the tax benefit from an uncertain tax position when it is more-likely-than-not that the position will be sustained upon examination on the basis of the technical merits or the statute of limitations for the relevant taxing authority to examine and challenge the tax position has expired.

Foreign Currency Translation. The functional currency of the Company’s foreign operations is their local currency, and as such, their assets and liabilities are translated into U.S. dollars at the rate of exchange in effect on the balance sheet date. Revenues and expenses are translated at the average rates of exchange prevailing during each monthly period. The related translation adjustments are recorded as cumulative foreign currency translation adjustments in accumulated other comprehensive income (loss) as a separate component of stockholders’ equity. Gains and losses resulting from foreign currency transactions, which are not material, are included in selling, general and administrative (“SG&A”) expenses in the consolidated statements of operations and comprehensive income.

Cash and Cash Equivalents. The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable Allowances. The Company estimates an allowance for expected credit losses (the inability of customers to make required payments). These estimates are based on a combination of past experience and current trends. In estimating the allowance for expected credit losses, consideration is given to the current aging of receivables and a specific review for potential bad debts. The resulting bad debt expense is included in SG&A expenses in the consolidated statements of operations and comprehensive income. Receivables are written-off when deemed uncollectible.

Leases. Office space leases range from six months to 11 years. Rent expense is recognized on a straight-line basis over the lease term. Differences between the straight-line rent expense and amounts payable under the leases are recorded as deferred rent which is included in other current liabilities and other long-term liabilities, as appropriate, in the consolidated balance sheets. This includes the impact of both scheduled rent increases and free or reduced periods. Allowances provided by landlords for leasehold improvements are included in deferred rent, see Note 2 – Accounting Standards Update.

Property and Equipment. Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the shorter of the life of the related asset or the remaining term of the lease. Costs associated with customized internal-use software systems that have reached the application development stage and meet recoverability tests are capitalized and include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the application development.

Business Combinations and Related Acquired Intangible Assets and Goodwill. The Company records all tangible and intangible assets acquired and liabilities assumed in a business combination at fair value as of the acquisition date in accordance with Accounting Standards Codification (“ASC”) 805 Business Combinations. Acquisition date fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as measured on the acquisition date. The valuations are based on information that existed as of the acquisition date. During the measurement period, which shall not exceed one year from the acquisition date, provisional amounts may be adjusted to reflect new information the Company has subsequently obtained regarding facts and circumstances that existed as of the acquisition date. Such fair value assessments require judgments and estimates, which may cause final amounts to differ materially from original estimates.

The excess amount of the aggregated purchase consideration paid over the fair value of the net of assets acquired and liabilities assumed is recorded as goodwill. Goodwill is evaluated for impairment annually or more frequently if an event occurs or circumstances change, such as material deterioration in performance that would indicate an impairment may exist. The Company performs the annual impairment assessment as of October 31st for each of its four reporting units. When evaluating goodwill for impairment, the Company may first perform a qualitative assessment (“step zero” of the impairment test) to determine whether it is more likely than not that a reporting unit is impaired. If the Company decides not to perform a qualitative assessment, or if it determines that it is more likely than not that the carrying amount of a reporting unit exceeds its fair value, then the Company performs a quantitative assessment (“step one” of the impairment test) and calculates the estimated fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the estimated fair value, an impairment charge would be recorded to reduce the carrying amount to its estimated fair value. The decision to perform a qualitative impairment assessment in a given year is influenced by a number of factors, including the significance of the excess of the reporting units’ estimated fair value over carrying amount at the last quantitative assessment date, the amount of time in between quantitative fair value assessments, and the date of our acquisitions.

A qualitative assessment is performed for trademarks to determine if there are any indicators that the carrying amount might not be recovered. A quantitative analysis may be performed in order to test the trademarks for impairment. If a quantitative analysis is necessary, an income approach, specifically a relief from royalty method, is used to estimate the fair value of the trademarks. Principal factors used in the relief from royalty method that require judgment are projected net sales, discount rates, royalty rates and terminal growth assumptions. The estimated fair value of each trademark is compared to its carrying amount to determine if impairment exists. If the carrying amount of a trademark exceeds the estimated fair value, an impairment charge would be recorded to reduce the carrying amount of the trademark.

Finite-lived intangible assets are amortized over their useful lives and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Customer and contractual relationships, backlog and favorable contracts are amortized based on the annual cash flows observed in the valuation of the asset,

which generally accelerates the amortization into the earlier years reflective of the economic life of the asset. Contractor relationships, non-compete agreements and in-use software are amortized using the straight-line method.

Impairment or Disposal of Long-Lived Assets. The Company evaluates long-lived assets, other than goodwill and identifiable intangible assets with indefinite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. There were no significant impairments of long-lived assets in 2018, 2017 and 2016.

Workers' Compensation Loss Reserves. The Company carries retention policies for its workers' compensation liability exposures. Under these policies, the Company pays a base premium plus actual losses incurred, not to exceed certain stop-loss limits. The Company is insured for losses above these limits, both per occurrence and in the aggregate. The Company estimates its workers' compensation loss reserves based on a third-party actuarial study based on claims filed and claims incurred but not reported. The Company accounts for claims incurred but not yet reported based on estimates derived from historical claims experience and current trends of industry data. Changes in estimates and differences in estimates and actual payments for claims are recognized in the period that the estimates changed or the payments were made.

Contingencies. The Company records an estimated loss from a loss contingency when information available prior to issuance of its financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accounting for contingencies, such as legal settlements and workers' compensation matters, requires the Company to use judgment.

Stock-Based Compensation. The Company records compensation expense for restricted stock awards and restricted stock units based on the fair market value of the awards on the date of grant. The fair value of stock-based compensation awards less the estimated forfeitures is amortized over the vesting period of the award. Compensation expense for performance-based awards is measured based on the amount of shares ultimately expected to vest, estimated at each reporting date based on management's expectations regarding the relevant performance criteria. The Company accounts for employee stock purchase plan shares based on an estimated fair market value using a Black-Scholes valuation model. This methodology requires the use of subjective assumptions such as expected stock price volatility.

Concentration of Credit Risk. Financial instruments that potentially subject the Company to credit risks consist primarily of cash and cash equivalents and trade receivables. The Company places its cash and cash equivalents with high quality financial institutions. Concentration of credit risk with respect to accounts receivable for our Apex and Oxford segments is limited because of the large number of clients and their dispersion across different industries and geographies, thus spreading the trade credit risk. The Company performs ongoing credit evaluations to identify risks and maintains an allowance to address these risks. Accounts receivables from our ECS segment are primarily from the U.S. government and are considered to have low credit risk.

2. Accounting Standards Update

Recently Adopted Accounting Pronouncements

Effective January 1, 2018, the Company adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method. This update outlined a comprehensive new revenue recognition model designed to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also required additional quantitative and qualitative disclosures (see Note 10 – Revenues).

Accounting Pronouncements Not Yet Adopted

Effective January 1, 2019, the Company adopted ASU 2016-02 *Leases (Topic 842)*, which requires lessees to recognize most operating leases on the balance sheet as a right of use asset and lease liability, using the transition relief and will present the effects of this standard prospectively. The Company will recognize and measure the right of use asset and lease liability from operating leases on the consolidated balance sheet without revising comparative period information or disclosures. The Company elected the package of practical expedients which allowed the Company to forgo the reassessment of (i) whether contracts are or contain leases, (ii) classification of leases and (iii) initial direct costs of existing leases. The Company also elected the practical expedient to not separate non-lease components. At the transition date, the estimated right of use asset and lease liability are approximately \$95.0 and \$100.0 million, respectively. The difference between the right of use asset and lease liability is due to the derecognition of deferred rent and prepaid rent. The adoption of the standard did not have an effect on the Company's stockholders' equity and is not expected to have an effect on the Company's results of operations and cash flows. The adoption of the new standard will result in additional disclosures, including information on variable lease costs and short-term lease costs.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment*. The new guidance eliminates Step 2 of the goodwill impairment test which requires companies to calculate the implied fair value of goodwill, determined in the same manner as the amount of goodwill recognized in a business combination and using a hypothetical purchase price allocation. Under the new guidance, goodwill impairment will now be measured as the amount by which a reporting unit's carrying amount exceeds its fair value. The Company is required to adopt this standard on January 1, 2020, and early adoption is permitted. The Company does not expect the adoption of this guidance will have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements. The amendments in this update are effective for interim and annual periods for the Company beginning on January 1, 2020, with early adoption permitted. The Company is evaluating the effects that the adoption of this guidance will have on its disclosures.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments in this update are effective for interim and annual periods for the Company beginning on January 1, 2020, with early adoption permitted. The amendments in this update may be applied either retrospectively or prospectively. The Company is in the process of evaluating the impact the standard will have on its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606*. The amendments in this update provide guidance on how to assess whether certain transactions between collaborative arrangement participants should be accounted for within the revenue recognition standard. The amendments in this update are effective for interim and annual periods for the Company beginning on January 1, 2020, with early adoption permitted. The Company is in the process of evaluating the impact the standard will have on its consolidated financial statements.

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet at interim reporting periods must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is presented. The Company plans to include this presentation of interim changes in stockholders' equity in its Quarterly Report on Form 10-Q for the quarter ending March 31, 2019.

3. Acquisitions

ECS Acquisition

On April 2, 2018, the Company acquired all of the outstanding equity interests of ECS Federal, LLC ("ECS") for \$775.0 million. Acquisition expenses were approximately \$12.0 million and were included in SG&A expenses. ECS, which is headquartered in Fairfax, Virginia, is a leading provider of government IT services and solutions. The ECS acquisition allows the Company to compete in the Federal IT and professional services sector. ECS is reported as a separate segment of the Company.

The results of operations of ECS have been included in the consolidated results of the Company from the date of acquisition. The consolidated statements of operations and comprehensive income for the year ended December 31, 2018 included revenues from ECS of \$493.0 million and income before income taxes of \$14.2 million, respectively.

Assets and liabilities of all acquired companies are recorded at their estimated fair values at the dates of acquisition. The fair value assigned to identifiable intangible assets was primarily determined using a discounted cash flow method (a non-recurring fair value measurement based on Level 3 inputs). Goodwill represents the acquired assembled workforce, potential new customers and future cash flows after the acquisition. Goodwill related to this acquisition totaled \$528.2 million, of which \$514.2 million is estimated to be deductible for income tax purposes. Preliminary fair values of assets acquired and liabilities assumed have been updated for working capital adjustments, deferred taxes and completion of the valuation of identifiable intangible assets. The purchase accounting for this acquisition has been finalized.

The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed (in thousands):

Cash	\$	12,400
Accounts receivable		97,167
Prepaid expenses and other current assets		8,568
Property and equipment		28,977
Identifiable intangible assets		194,950
Goodwill		528,207
Other non-current assets		1,282
Total assets acquired		871,551
Current liabilities		94,667
Long-term liabilities		4,268
Total liabilities assumed		98,935
Total purchase price	\$	772,616

The following table summarizes the acquired identifiable intangible assets of ECS (in thousands):

	Useful life	
Contractual customer relationships	12.75 years	\$ 144,600
Backlog	2.75 years	23,100
Non-compete agreements	4 to 7 years	10,250
Favorable contracts	5 years	500
Trademarks	indefinite	16,500
Total identifiable intangible assets acquired		\$ 194,950

The weighted-average amortization period for identifiable intangible assets, excluding trademarks, is 11 years.

The summary below (in thousands, except for per share data) presents pro forma unaudited consolidated results of operations for the years ended December 31, 2018 and 2017 as if the acquisition of ECS by the Company and the acquisition of a business by ECS in April 2017, both occurred on January 1, 2017. The pro forma unaudited consolidated results give effect to, among other things: (i) amortization of intangible assets, (ii) stock-based compensation expense and the related dilution for restricted stock units granted to ECS employees, (iii) interest expense on acquisition-related debt and (iv) the exclusion of nonrecurring expenses incurred by ECS prior to its acquisition by the Company for ECS' acquisition-related activities and costs incurred in the sale of ECS to the Company. The pro forma unaudited consolidated results are not necessarily indicative of the operating results that would have occurred if the acquisition had been consummated as of the date indicated, nor are they necessarily indicative of future operating results.

	2018	2017
Revenues	\$ 3,548,820	\$ 3,213,465
Income from continuing operations	\$ 169,604	\$ 134,830
Net income	\$ 169,326	\$ 134,632
Earnings per share:		
Basic	\$ 3.24	\$ 2.57
Diluted	\$ 3.19	\$ 2.53
Number of shares and share equivalents used to calculate earnings per share:		
Basic	52,353	52,503
Diluted	53,164	53,245

Stratacuity Acquisition

On August 8, 2017, the Company acquired all of the outstanding shares of StratAcuity Staffing Partners, Inc. ("Stratacuity") headquartered in New Hampshire for \$25.9 million. Acquisition expenses of approximately \$0.5 million were included in SG&A expenses in 2017. Stratacuity was purchased to expand the Company's specialized clinical/scientific staffing solutions for biotechnology and pharmaceutical organizations. Goodwill associated with this acquisition totaled \$17.5 million and is deductible for income tax purposes. Identifiable intangible assets related to this acquisition totaled \$7.6 million. The results of operations for this acquisition have been combined with those of the Company from the acquisition date. Revenues and income before income taxes from Stratacuity of \$7.5 million and \$0.6 million, respectively, were included in the consolidated statement of operations and comprehensive income for 2017. The purchase accounting for this acquisition has been finalized. Stratacuity is included in the Apex segment.

4. Goodwill and Other Identifiable Intangible Assets

The changes in the carrying amount of goodwill for the years ended December 31, 2018 and 2017 are as follows (in thousands):

	Apex Segment	Oxford Segment	ECS Segment	Total
Balance as of December 31, 2016	\$ 644,617	\$ 228,896	\$ —	\$ 873,513
Stratacuity acquisition	17,467	—	—	17,467
Translation adjustment	—	3,115	—	3,115
Balance as of December 31, 2017	662,084	232,011	—	894,095
ECS acquisition	—	—	528,207	528,207
Translation adjustment	—	(1,226)	—	(1,226)
Balance as of December 31, 2018	\$ 662,084	\$ 230,785	\$ 528,207	\$ 1,421,076

As of December 31, 2018 and 2017, the Company had the following acquired intangible assets (in thousands):

	Estimated Useful Life	2018			2017		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Subject to amortization:							
Customer and contractual relationships	2 - 12.75 years	\$ 346,799	\$ 145,424	\$ 201,375	\$ 202,588	\$ 119,272	\$ 83,316
Contractor relationships	2 - 5 years	71,104	67,072	4,032	71,121	59,174	11,947
Backlog	2.75 years	23,100	17,740	5,360	—	—	—
Non-compete agreements	2 - 7 years	22,128	9,907	12,221	11,850	6,600	5,250
In-use software	6 years	18,900	15,966	2,934	18,900	12,816	6,084
Favorable contracts	5 years	1,400	853	547	900	673	227
		483,431	256,962	226,469	305,359	198,535	106,824
Not subject to amortization:							
Trademarks		262,222	—	262,222	245,942	—	245,942
Total		\$ 745,653	\$ 256,962	\$ 488,691	\$ 551,301	\$ 198,535	\$ 352,766

Amortization expense for intangible assets with finite lives was \$58.5 million in 2018, \$33.4 million in 2017 and \$39.6 million in 2016. Estimated amortization for each of the next five years and thereafter follows (in thousands):

2019	\$ 47,280
2020	36,401
2021	30,705
2022	22,970
2023	19,622
Thereafter	69,491
	<u>\$ 226,469</u>

5. Property and Equipment

Property and equipment at December 31, 2018 and 2017 consisted of the following (in thousands):

	2018	2017
Computer hardware and software	\$ 159,357	\$ 115,444
Furniture, fixtures and equipment	22,242	17,556
Leasehold improvements	19,229	16,628
Work-in-progress	3,690	4,565
	204,518	154,193
Less -- accumulated depreciation	(125,395)	(96,197)
	\$ 79,123	\$ 57,996

The Company has capitalized costs related to its various technology initiatives. At December 31, 2018 and 2017, the net book value of the property and equipment related to computer software was \$41.3 million and \$33.3 million, respectively, which included work-in-progress of \$3.1 million and \$3.2 million, respectively.

Depreciation expense related to property and equipment was \$36.5 million in 2018, \$25.2 million in 2017 and \$22.6 million in 2016 and is included in SG&A expenses and costs of services (\$7.7 million in costs of services in 2018, related to ECS).

6. Long-Term Debt

At December 31, 2018 and 2017, long-term debt consisted of the following (in thousands):

	2018	2017
\$200 million revolving credit facility, due March 31, 2023	\$ —	\$ —
Term B loan facility, due June 5, 2022	337,000	588,000
Term B loan facility, due April 2, 2025	787,000	—
	1,124,000	588,000
Unamortized deferred loan costs	(23,576)	(12,787)
	\$ 1,100,424	\$ 575,213

On April 2, 2018, in connection with the acquisition of ECS, the Company amended its credit facility mainly to add an \$822.0 million tranche to the term B loan facility that matures on April 2, 2025. The amendment also provided for the ability to increase the loan facilities by an amount not to exceed the sum of (i) \$300.0 million, (ii) the aggregate principal of voluntary prepayments of the term B loans and permanent reductions of the revolving commitments, and (iii) additional amounts so long as the pro forma consolidated secured leverage ratio is no greater than 3.25 to 1.00. The revolving credit facility was also amended to extend the maturity date to March 31, 2023. The Company incurred \$22.5 million of debt issuance and amendment costs, of which \$15.3 million are presented in the consolidated balance sheet as a reduction of outstanding debt and are being amortized over the term of the credit facility, \$6.2 million were expensed as incurred and presented in interest expense, and the remaining fees were presented in other current assets and other non-current assets and are being amortized over the term of the credit facility.

Borrowings under the term B loans bear interest at LIBOR, plus 2.00 percent. Borrowings under the revolving credit facility bear interest at LIBOR plus 1.25 to 2.25 percent, or the bank's base rate plus 0.25 to 1.25 percent, depending on leverage levels. A commitment fee of 0.20 to 0.35 percent is payable on the undrawn portion of the revolving credit facility. At December 31, 2018, the interest on the term B loans was 4.52 percent and there were no borrowings under the revolving credit facility.

For the term B loan that matures on June 5, 2022, there are no required minimum payments until its maturity date. For the term B loan that matures on April 2, 2025, the Company is required to make minimum quarterly payments of \$2.1 million; however, as a result of principal payments made through December 31, 2018, the first required minimum quarterly payment of \$2.1 million is not due until September 30, 2022. The Company is also required to make mandatory prepayments on its term loans from excess cash flow and with the proceeds of asset sales, debt issuances and specified other events, subject to certain exceptions. The credit facility is secured by substantially all of our assets and includes various restrictive covenants including the maximum ratio of consolidated secured debt to consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), which steps down at regular intervals from 4.75 to 1.00 as of December 31, 2018, to 3.75 to 1.00 as of September 30, 2021 and thereafter. The credit facility also contains certain customary limitations including, among other terms and conditions, the Company's ability to incur additional indebtedness, engage in mergers and acquisitions, and declare dividends.

At December 31, 2018, the Company was in compliance with its debt covenants, its ratio of consolidated secured debt to consolidated EBITDA was 2.69 to 1.00, and it had \$195.6 million available borrowing capacity under its revolving credit facility.

7. Commitments and Contingencies

The Company leases its facilities under operating leases, which expire at various dates through 2027. Certain leases contain rent escalations or renewal options or both. Rent expense for all significant leases is recognized on a straight-line basis. Rent expense is included in SG&A expenses and was \$32.7 million, \$26.4 million and \$25.6 million in 2018, 2017 and 2016, respectively. The balance of the deferred rent liability reflected in other current liabilities in the accompanying consolidated balance sheets was \$1.3 million and \$1.2 million at December 31, 2018 and 2017, respectively, and the balance reflected in other long-term liabilities was \$5.6 million and \$5.0 million, at December 31, 2018 and 2017, respectively.

The following is a summary of the Company's specified contractual cash obligations as of December 31, 2018, excluding current liabilities that are included in the consolidated balance sheet (in thousands):

	Operating Leases	Related Party Leases	Purchase Obligations	Total
2019	\$ 29,664	\$ 1,285	\$ 23,162	\$ 54,111
2020	24,103	1,317	5,424	30,844
2021	19,762	1,350	3,615	24,727
2022	14,262	1,383	—	15,645
2023	8,859	1,418	—	10,277
Thereafter	6,285	1,082	—	7,367
Total	\$ 102,935	\$ 7,835	\$ 32,201	\$ 142,971

The Company leases two properties owned by certain board members and an executive of the Company. Rent expense for these two properties was \$1.3 million for each of the years 2018, 2017 and 2016.

Purchase obligations are non-cancelable job board service agreements, software maintenance and license agreements and software subscriptions.

The workers' compensation loss reserves were \$2.4 million and \$2.1 million, net of anticipated insurance and indemnification recoveries of \$15.0 million and \$12.7 million, at December 31, 2018 and 2017, respectively. The Company has unused stand-by letters of credit outstanding to secure obligations for workers' compensation claims with various insurance carriers. The unused stand-by letters of credit at December 31, 2018 and 2017 were \$4.4 million.

Certain employees participate in the Company's Amended and Restated Change in Control Severance Plan, or have separate agreements that provide for certain benefits in the event of termination at the Company's convenience or following a change in control, as defined by the plan or agreement. Generally, these benefits are based on the employee's position with the Company and include severance, continuation of health insurance and may contain a pro rata bonus.

Legal Proceedings

The Company is involved in various legal proceedings, claims and litigation arising in the ordinary course of business. The Company does not believe that the disposition of matters that are pending or asserted will have a material effect on its consolidated financial statements.

8. Stockholders' Equity

On June 10, 2016, the Board of Directors approved a \$150.0 million, two-year stock repurchase program. Under this program, the Company repurchased 1.2 million shares of its common stock in 2017 at a cost of \$58.1 million and 1.1 million shares in 2016 at a cost of \$43.1 million. All shares repurchased were retired, which resulted in a reduction in paid-in capital of \$13.2 million in 2017 and \$11.9 million in 2016 and a reduction in retained earnings of \$44.8 million in 2017 and \$31.2 million in 2016.

The balances of accumulated other comprehensive income (loss) at December 31, 2018, 2017 and 2016 and the activity within those years was comprised of foreign currency translation adjustments.

9. Stock-Based Compensation and Other Employee Benefit Plans

The stockholders of the Company approved the adoption of the Company's 2010 Incentive Award Plan effective as of June 3, 2010, which plan has been amended from time to time (the "2010 Plan"). This plan permits the grant of incentive stock options, nonqualified stock options, dividend equivalent rights, stock payments, deferred stock, restricted stock awards, restricted stock units ("RSUs"), performance shares and other incentive awards, stock appreciation rights and cash awards to its employees, directors and consultants. As of December 31, 2018, there were 927,572 shares available for issuance under the 2010 Plan.

The Board of Directors adopted the Company's 2012 Employment Inducement Incentive Award Plan on May 15, 2012, which plan has been amended from time to time (the "2012 Plan"). This plan allows for grants of stock to employees as employment inducement awards pursuant to New York Stock Exchange rules. The terms of the 2012 Plan are similar to the 2010 Plan. As of December 31, 2018, there were 148,434 shares available for issuance under the 2012 Plan.

The Company believes that stock-based compensation aligns the interests of its employees and directors with those of its stockholders. Stock-based compensation provides incentives to retain and motivate executive officers and key employees responsible for driving Company performance and maintaining important relationships that contribute to the growth of the Company.

Stock-based compensation expense was \$31.5 million, \$24.0 million and \$27.0 million for the years ended December 31, 2018, 2017 and 2016, respectively, and is included in SG&A expenses.

The Company recognized \$2.7 million, \$4.5 million and \$2.7 million of excess tax benefits in 2018, 2017 and 2016. The 2018 and 2017 excess tax benefits are recorded in the consolidated statements of operations and comprehensive income. The 2016 excess tax benefits are presented in the consolidated statement of stockholders' equity, as this was the presentation prior to the adoption of ASU No. 2016-09 *Compensation - Stock Compensation* (Topic 718).

Restricted Stock Units

The fair value of each RSU is based on the fair market value of the awards on the grant date and the Company records compensation expense based on this value, net of a forfeiture rate. The forfeiture rate estimates the number of awards that will eventually vest and is based on historical vesting patterns for RSUs.

A summary of the status of the Company's unvested RSUs as of December 31, 2018 and changes during the year then ended are presented below:

	Service Conditions	Performance and Service Conditions	Total	Weighted Average Grant-Date Fair Value Per Unit
Unvested RSUs outstanding at December 31, 2017	207,771	652,202	859,973	\$ 44.29
Granted	343,912	389,480	733,392	\$ 74.61
Vested	(110,500)	(107,941)	(218,441)	\$ 43.71
Forfeited	(16,502)	(40,475)	(56,977)	\$ 53.23
Unvested RSUs outstanding at December 31, 2018	424,681	893,266	1,317,947	\$ 60.87
Unvested and expected to vest RSUs outstanding at December 31, 2018	361,250	859,007	1,220,257	\$ 60.49

The total number of shares vested in the table above includes 63,412 shares surrendered by the employees to the Company for payment of employees' income taxes. The surrendered shares are available for issuance under the 2010 Plan.

The weighted-average grant-date fair value of RSUs granted during 2018, 2017 and 2016 was \$74.61, \$49.62 and \$36.07 per award, respectively. The fair value of RSUs that vested during 2018, 2017 and 2016, was \$16.4 million, \$37.8 million and \$21.7 million, respectively.

As of December 31, 2018, there was unrecognized compensation expense of \$41.1 million related to unvested RSUs based on awards that are expected to vest. The unrecognized compensation expense is expected to be recognized over a weighted-average period of two years.

Liability Awards

The Company's liability awards have a performance component and vest in one year from the date of grant. The performance goals are approved by the Compensation Committee of the Company's Board of Directors. The Company classifies these awards as a liability until the number of shares is determined in accordance with the grant. The number of shares is determined by dividing the final award liability balance by the Company's closing stock price on the settlement date. This liability is included in other accrued expenses in the accompanying consolidated balance sheets.

The following table summarizes the balance of liability awards, expense and settlements (for vested awards) during the years presented (in thousands):

	2018	2017	2016
Liability awards beginning of year	\$ —	\$ 465	\$ —
Expense for grants	503	470	465
Settled	(6)	(935)	—
Liability awards end of year	\$ 497	\$ —	\$ 465

There was no unrecognized compensation expense for liability awards as of December 31, 2018.

Stock Options

The Company has not granted any stock options since 2012. The fair value of stock option grants was estimated on the grant date using the Black-Scholes option pricing model. The Company records compensation expense based on this value. The following summarizes pricing and term information for options outstanding as of December 31, 2018:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at December 31, 2018	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable at December 31, 2018	Weighted Average Exercise Price
\$ 6.89 - \$ 7.31	12,936	1.1	\$ 7.09	12,936	\$ 7.09
\$ 7.39 - \$ 7.39	3,500	1.3	\$ 7.39	3,500	\$ 7.39
\$ 8.26 - \$ 8.26	9,256	2.1	\$ 8.26	9,256	\$ 8.26
\$ 10.46 - \$ 10.46	12,170	2.9	\$ 10.46	12,170	\$ 10.46
\$ 16.51 - \$ 16.51	50,000	3.7	\$ 16.51	50,000	\$ 16.51
\$ 6.89 - \$ 16.51	87,862	2.9	\$ 13.05	87,862	\$ 13.05

The following table is a summary of stock option activity during 2018:

	Non- Qualified Stock Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2017	132,670	\$ 12.79	3.8	\$ 6,830,000
Exercised	(44,466)	\$ 12.32		
Canceled	(342)	\$ 5.18		
Outstanding at December 31, 2018	87,862	\$ 13.05	2.9	\$ 3,642,000
Vested and Expected to Vest at December 31, 2018	87,862	\$ 13.05	2.9	\$ 3,642,000
Exercisable at December 31, 2018	87,862	\$ 13.05	2.9	\$ 3,642,000

The total intrinsic value of options exercised during 2018, 2017 and 2016 was \$3.2 million, \$1.5 million and \$4.7 million, respectively.

Employee Stock Purchase Plan

The stockholders of the Company approved the Company's 2010 Employee Stock Purchase Plan on June 3, 2010, which plan has been amended from time to time (the "ESPP"). The ESPP allows eligible employees to purchase common stock of the Company, through payroll deductions, at a 15 percent discount of the lower of the market price on the first day or the last day of the semi-annual purchase periods. Participants are required to hold the shares for a 12-month period after the purchase date. The ESPP is intended to qualify as an employee stock purchase plan under the Internal Revenue Service ("IRS") Code Section 423. Eligible employees may contribute up to a certain percentage set by the plan administrator of their eligible earnings toward the purchase of the stock (subject to certain IRS limitations). As of December 31, 2018, there were 1,925,448 shares available for issuance under the ESPP.

Shares of common stock are transferred to participating employees at the conclusion of each six-month offering period, which ends on the last business day of the month in March and September each year. Compensation expense is measured using a Black-Scholes valuation model. The table below presents the average Black-Scholes valuation per share of shares purchased and the compensation expense under the ESPP (dollars in thousands, except per share amounts):

Year Ended December 31,	Average Black- Scholes Valuation per Share	Shares	Expense
2018	\$15.09	160,407	\$ 2,740
2017	\$9.71	214,466	\$ 2,092
2016	\$9.05	242,303	\$ 2,497

Deferred Compensation Plan

The Company's Deferred Compensation Plan, which became effective on June 1, 2017 and has been amended from time to time (the "DCP"), allows for eligible management and highly compensated key employees to elect to defer a portion of their compensation to later years. These deferrals are immediately vested and are subject to investment risk and a risk of forfeiture under certain circumstances. Participants may choose from various investment options representing a broad range of asset classes. The Company's deferred compensation plan liability was \$6.2 million at December 31, 2018, and was included in other long-term liabilities. The Company established a rabbi trust to fund the deferred compensation plan (see Note 14 – Fair Value Measurements).

Employee Defined Contribution Plans

The Company maintains various 401(k) retirement savings plans for the benefit of our eligible U.S. employees. Under terms of these plans, eligible employees are able to make contributions to these plans on a tax-deferred basis. The Company makes matching contributions, some of which are discretionary. The Company made contributions to the 401(k) plans of \$13.0 million, \$7.5 million and \$5.6 million for the years ended December 31, 2018, 2017 and 2016, respectively. The increase in matching contributions to the 401(k) plans in 2018 was primarily due to the ECS acquisition.

10. Revenues

Adoption of ASC Topic 606, Revenue from Contracts with Customers (ASC 606)

Effective January 1, 2018, the Company adopted ASC 606 using the modified retrospective method, which allows companies to apply the new revenue standard to reporting periods beginning in the year the standard is first implemented, while prior periods continue to be reported in accordance with previous accounting guidance. The adoption of ASC 606 did not have a significant impact on the recognition of revenues; therefore, the Company did not have an opening retained earnings adjustment. Disaggregated revenue disclosures by segment are presented in Note 13 – Business Segments.

Revenue Recognition

Revenues are recognized as control of the promised service is transferred to customers, in an amount that reflects the consideration expected in exchange for the services. For the Apex and Oxford segments, revenues from assignment contracts are recognized over time, based on hours worked by the Company's contract professionals. The performance of the requested service over time is the single performance obligation for assignment revenues. Certain customers may receive discounts (e.g., volume discounts, rebates, prompt-pay discounts) and adjustments to the amounts billed. These discounts, rebates and adjustments are considered variable consideration. Volume discounts are the largest component of variable consideration and are estimated using (i) the most likely amount method prescribed by ASC 606, (ii) contract terms and (iii) estimates of revenue. Revenues are recognized net of variable consideration to the extent it is probable a significant reversal of revenues will not occur in subsequent periods.

Permanent placement revenues are recognized at the point in time when employment candidates begin permanent employment. Finding a qualified candidate that the client hires as a permanent employee is a single performance obligation for the Company's permanent placement contracts. Revenues recognized from permanent placement services are based upon a percentage of the candidates' base salary. The Company records an estimated liability for permanent placement candidates that are not expected remain with the client through the contingency period, which is typically 90 days ("fallouts"). When a fallout occurs, the Company will generally find a replacement candidate at no additional cost to the client. Prior to the adoption of ASC 606, the estimate for permanent placement fallouts was recorded as accounts receivable allowances and effective January 1, 2018 this estimate is considered a contract liability and was \$1.5 million.

On April 2, 2018, the Company acquired ECS, which delivers advanced solutions in cloud, cybersecurity, artificial intelligence, machine learning, software development, IT modernization and science and engineering and is primarily focused on federal government activities (see Note 3 – Acquisitions). ECS customer contracts generally contain a single performance obligation involving a significant integration of various activities that are performed together to deliver a combined service or solution. Performance obligations may involve a series of recurring services, such as network operations and maintenance, operation and program support services, IT outsourcing services and other IT arrangements where the Company is standing ready to provide support, when-and-if needed. Performance obligations are satisfied over time because the customer simultaneously receives and consumes the benefits of the Company's performance as services are provided.

ECS provides services under the following types of contracts:

Time and materials ("T&M") contracts provide for payments based on fixed hourly rates for each direct labor hour expended and reimbursements for allowable material costs and out-of-pocket expenses. To the extent actual direct labor and associated costs vary in relation to the agreed upon billing rates, the generated profit may vary.

Cost-plus-fixed-fee ("CPFF") contracts provide for reimbursement of direct contract costs and allowable and allocable indirect costs, plus a negotiated profit margin or fee. CPFF contracts are usually subject to lower risk and tend to have lower margins.

Firm-fixed-price ("FFP") contracts provide for a fixed price for specified services and solutions. If actual costs vary from planned costs on an FFP contract, the Company generates more or less than the planned amount of profit.

Revenues for T&M contracts are recognized over time, based on hours worked. Revenues for CPFF contracts, under which the Company bills the customer for actual costs incurred plus a negotiated fee, and FFP contracts are recognized over time, generally based on the amount invoiced as those amounts directly correspond with the value received by a customer. From time to time, the Company may have FFP contracts in which revenues are recognized using a cost-to-cost measurement method.

The Company recognizes revenues on a gross basis as it acts as a principal for all of its revenue transactions. The Company has direct contractual relationships with its customers, bears the risks and rewards of its arrangements, has the discretion to select the contract professionals and establish the price for the services to be provided. The Company includes billable expenses (allowable material costs and out-of-pocket reimbursable expenses) in revenues and the associated expenses are included in costs of services.

The Company's contracts have termination for convenience provisions and do not have substantive termination penalties; therefore, the contract duration for accounting purposes may be less than the stated terms. For accounting purposes, the Company's contracts with customers are considered to be of a short-term nature (one year or less). The Company does not disclose the value of remaining performance obligations for short-term contracts.

Payment Terms

Payment terms vary and the time between invoicing and when payment is due is not significant. There are no financing components to the Company's arrangements.

Contract Liabilities for Advance Payments

The Company has contract liabilities for payments received in advance of providing services under certain contracts. Contract liabilities for advance payments were \$0.6 million at January 1, 2018 and \$9.8 million at December 31, 2018; the increase in contract liabilities was due to ECS, which at the acquisition date had contract liabilities of \$11.6 million. Contract liabilities are included in other current liabilities on the consolidated balance sheet. During the current year the Company recognized revenues of \$11.5 million relating to amounts that were included in contract liabilities as of the ECS acquisition date. The remaining balance at December 31, 2018 is related to new deferred revenue arrangements, primarily from ECS.

Contract Costs

There are no incremental costs to obtain contracts. Contract fulfillment costs include, but are not limited to, direct labor for both employees and subcontractors, allowable materials such as third-party hardware and software that are integrated as part of the overall services and solutions provided to customers and out-of-pocket reimbursable expenses. Contract fulfillment costs are expensed as incurred, except for certain set-up costs for an ECS project, which were capitalized and are being amortized over the expected period of benefit.

Accounts Receivable Allowances

The Company estimates its credit losses (the inability of customers to make required payments) based on (i) a combination of past experience and current trends, (ii) consideration of the current aging of receivables and (iii) a specific review for potential bad debts. The resulting bad debt expense is included in selling, general and administrative ("SG&A") expenses. The accounts receivable allowance was \$4.8 million at December 31, 2018 and \$9.9 million at December 31, 2017. The allowance at December 31, 2017 included \$3.1 million for estimated permanent placement fallouts and various billing adjustments. Beginning in 2018, with the adoption of ASC 606, the permanent placement fallouts are now included in other current liabilities in the accompanying consolidated balance sheet and billing adjustments are a direct reduction of the gross accounts receivable balance.

11. Income Taxes

The U.S. Tax Cuts and Jobs Act ("TCJA") was signed into law on December 22, 2017. The TCJA significantly revised the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 35 percent to 21 percent, eliminating certain deductions, imposing a mandatory one-time tax on accumulated earnings of foreign subsidiaries, introducing new tax regimes, and changing how foreign earnings are subject to U.S. tax. The TCJA also enhanced and extended the option to claim accelerated depreciation deductions by allowing full expensing of qualified property, primarily equipment, through 2022. The Company reasonably estimated the effects of the TCJA and recorded provisional amounts in its financial statements as of December 31, 2017. In 2017, the Company recorded a provisional tax benefit for the impact of the TCJA of approximately \$31.4 million. This amount was primarily comprised of the re-measurement of federal net deferred tax liabilities resulting from the permanent reduction in the U.S. statutory corporate tax rate to 21 percent from 35 percent, after taking into account the mandatory one-time tax on the accumulated earnings of our foreign subsidiaries. The amount of this one-time tax was not material. In 2018, the Company recorded an additional \$3.0 million tax benefit and completed its determination of the accounting implications of the TCJA.

The provision for income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Current:			
Federal	\$ 20,550	\$ 33,623	\$ 38,103
State	10,617	7,717	6,685
Foreign	3,896	2,725	2,672
	<u>35,063</u>	<u>44,065</u>	<u>47,460</u>
Deferred:			
Federal and State	11,471	(4,726)	13,169
Foreign	(343)	(120)	(426)
	<u>11,128</u>	<u>(4,846)</u>	<u>12,743</u>
	<u>\$ 46,191</u>	<u>\$ 39,219</u>	<u>\$ 60,203</u>

Income from continuing operations before income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2018	2017	2016
United States	\$ 190,688	\$ 184,168	\$ 148,402
Foreign	13,487	12,925	8,997
	<u>\$ 204,175</u>	<u>\$ 197,093</u>	<u>\$ 157,399</u>

The components of deferred tax assets (liabilities) are as follows (in thousands):

	December 31,	
	2018	2017
Intangibles	\$ (90,834)	\$ (73,921)
Depreciation expense	(14,983)	(9,851)
Allowance for doubtful accounts	1,600	2,615
Employee-related accruals	9,608	2,616
Stock-based compensation	9,506	4,766
Other	5,270	4,339
Net operating loss carryforwards-foreign	999	1,255
Valuation allowance	(999)	(1,255)
	<u>\$ (79,833)</u>	<u>\$ (69,436)</u>

The reconciliation between the amount computed by applying the U.S. federal statutory tax rate of 21 percent in 2018 and 35 percent in 2017 and 2016 to income before income taxes, for each respective year, and the income tax provision is as follows (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Income tax provision at the statutory rate	\$ 42,877	\$ 68,983	\$ 55,089
State income taxes, net of federal benefit	9,432	6,751	4,873
Disallowed meals and entertainment expenses	1,591	1,854	1,814
Excess stock-based compensation benefit	(2,193)	(4,241)	(165)
Work opportunity tax credit	(3,081)	(1,950)	(1,463)
Impact of TCJA	(2,992)	(31,420)	—
Other	557	(758)	55
	<u>\$ 46,191</u>	<u>\$ 39,219</u>	<u>\$ 60,203</u>

As of December 31, 2018, the Company had no federal net operating losses, no state net operating losses, and \$1.0 million of foreign net operating losses which begin to expire in 2021. The foreign net operating losses in the United Kingdom and Spain can be carried forward indefinitely. The Company has recorded a valuation allowance of approximately \$1.0 million and \$1.2 million at December 31, 2018 and 2017, related to net operating loss carryforwards.

The Company has not provided deferred income taxes on undistributed earnings and basis differences of its foreign subsidiaries as it intends to reinvest these earnings indefinitely. At December 31, 2018, undistributed earnings of foreign subsidiaries were \$15.5 million. Upon repatriation of those earnings, in the form of dividends or otherwise, the Company would be subject to state income and foreign withholding taxes. Determination of the amount of unrecognized deferred income tax liability is not practicable due to the complexities associated with this hypothetical calculation. The Company will remit non-indefinitely reinvested earnings where excess cash has accumulated and the Company determines that it is advantageous for business operations, tax or cash management reasons.

The Company had gross deferred tax assets of \$32.5 million and \$18.6 million and gross deferred tax liabilities of \$111.3 million and \$86.8 million at December 31, 2018 and 2017, respectively. Management has determined the gross deferred tax assets are realizable, with the exception of foreign net operating losses discussed above.

At December 31, 2018, 2017 and 2016, there were \$0.4 million, \$0.4 million and \$1.3 million of unrecognized tax benefits, respectively, that if recognized would affect the annual effective tax rate. The gross unrecognized tax benefits are included in other long-term liabilities. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. The amount of interest and penalties recognized in the financial statements is not significant. The Company believes that there will be no significant decrease in unrecognized tax benefits by the end of 2019. The following is a reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Unrecognized tax benefit beginning of year	\$ 430	\$ 1,293	\$ 814
Gross increases - tax positions in current year	20	71	—
Gross increases - tax positions in prior year	69	—	479
Gross decreases - tax positions in prior year	—	(254)	—
Lapse of the statute of limitations	(130)	(680)	—
Unrecognized tax benefit end of year	<u>\$ 389</u>	<u>\$ 430</u>	<u>\$ 1,293</u>

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The IRS has completed an examination of the Company's U.S. income tax return for 2014, resulting in no changes. The Company remains subject to U.S. federal income tax examinations for 2015 and subsequent years. For major U.S. states, with few exceptions, and generally for the foreign tax jurisdictions, the Company remains subject to examination for 2014 and subsequent years.

12. Earnings per Share

Basic earnings per share are computed using the weighted average number of shares outstanding and diluted earnings per share are computed using the weighted average number of shares and dilutive share equivalents (consisting of non-qualified stock options, restricted stock units and employee stock purchase plan contributions) outstanding during the periods using the treasury stock method.

The following is a reconciliation of the shares used to compute basic and diluted earnings per share (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Weighted average number of common shares outstanding used to compute basic earnings per share	52,333	52,503	53,192
Dilutive effect of stock-based awards	728	702	555
Number of shares used to compute diluted earnings per share	53,061	53,205	53,747

There were no significant share equivalents outstanding as of December 31, 2018, 2017 and 2016 that were anti-dilutive when applying the treasury stock method.

13. Business Segments

ASGN is one of the foremost providers of IT and professional staffing services in the technology, digital, creative, engineering and life sciences fields across commercial and government sectors. Operating through its Apex, Oxford and ECS segments. The Apex Segment provides technical, scientific, digital and creative services and solutions to Fortune 1000 and mid-market clients across the United States and Canada. The businesses in this segment include Apex Systems, Apex Life Sciences and Creative Circle. The Oxford Segment provides hard-to-find technical, digital, engineering and life sciences resources and consulting services in select skill and geographic markets. The businesses in this segment include Oxford, CyberCoders and Life Sciences Europe. The ECS Segment delivers advanced solutions in cloud, cybersecurity, artificial intelligence, machine learning, software development, IT modernization and science and engineering and is primarily focused on federal government activities. ECS was acquired on April 2, 2018 (see Note 3 – Acquisitions).

The Company's management evaluates the performance of each segment primarily based on revenues, gross profit and operating income. The information in the following tables is derived directly from the segments' internal financial reporting used for corporate management purposes.

The following tables present revenues, gross profit, operating income and amortization by reportable segment (in thousands):

	Year ended December 31,		
	2018	2017	2016
Apex:			
Revenues	\$ 2,300,242	\$ 2,037,154	\$ 1,836,488
Gross profit	687,861	606,294	548,421
Operating income	262,297	222,010	195,133
Amortization	26,185	29,361	34,359
Oxford:			
Revenues	\$ 606,510	\$ 588,770	\$ 603,925
Gross profit	248,875	243,779	246,762
Operating income	54,142	53,787	51,294
Amortization	4,179	4,083	5,269
ECS:			
Revenues	\$ 493,029	\$ —	\$ —
Gross profit	86,915	—	—
Operating income	15,514	—	—
Amortization	28,142	—	—
Corporate:			
Operating loss ⁽¹⁾	\$ (71,805)	\$ (51,061)	\$ (56,701)
Consolidated:			
Revenues	\$ 3,399,781	\$ 2,625,924	\$ 2,440,413
Gross profit	1,023,651	850,073	795,183
Operating income	260,148	224,736	189,726
Amortization	58,506	33,444	39,628

⁽¹⁾ Corporate expenses primarily consist of consolidated stock-based compensation expense, compensation for corporate employees, acquisition, integration and strategic planning expenses, public company expenses and depreciation expense for corporate assets.

The following table presents revenues by type (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Apex:			
Assignment	\$ 2,244,470	\$ 1,993,256	\$ 1,791,566
Permanent placement	55,772	43,898	44,922
	<u>\$ 2,300,242</u>	<u>\$ 2,037,154</u>	<u>\$ 1,836,488</u>
Oxford:			
Assignment	\$ 516,045	\$ 503,058	\$ 520,705
Permanent placement	90,465	85,712	83,220
	<u>\$ 606,510</u>	<u>\$ 588,770</u>	<u>\$ 603,925</u>
ECS:			
Firm-fixed-price	\$ 133,146	\$ —	\$ —
Time and Materials	143,434	—	—
Cost-plus-fixed-fee	216,449	—	—
	<u>\$ 493,029</u>	<u>\$ —</u>	<u>\$ —</u>
Consolidated	<u>\$ 3,399,781</u>	<u>\$ 2,625,924</u>	<u>\$ 2,440,413</u>

The following table presents the ECS segment revenues by customer type (in thousands):

	Year Ended December 31, 2018
Department of Defense and Intelligence Agencies	\$ 310,984
Federal Civilian	150,922
Commercial and Other	31,123
	<u>\$ 493,029</u>

The Company operates internationally, with operations in the United States, Europe and Canada. The following table presents revenues by geographic location (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Domestic	\$ 3,241,804	\$ 2,494,446	\$ 2,324,713
Foreign	157,977	131,478	115,700
	<u>\$ 3,399,781</u>	<u>\$ 2,625,924</u>	<u>\$ 2,440,413</u>

The following table presents total assets by reportable segment (in thousands):

	December 31,	
	2018	2017
Apex	\$ 1,368,548	\$ 1,357,246
Oxford	421,199	424,593
ECS	865,610	—
Corporate ⁽¹⁾	32,494	28,290
	<u>\$ 2,687,851</u>	<u>\$ 1,810,129</u>

⁽¹⁾Corporate segment assets include workers' compensation receivable and rabbi trust assets related to deferred compensation for employees of other segments. These programs are managed by the Company's corporate office and the related balances are recorded at corporate. These assets have offsetting liabilities for workers' compensation loss reserves and the Company's deferred compensation plan.

The following table presents long-lived assets by geographic location (in thousands):

	December 31,	
	2018	2017
Domestic	\$ 76,742	\$ 56,137
Foreign	2,381	1,859
	<u>\$ 79,123</u>	<u>\$ 57,996</u>

14. Fair Value Measurements

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued payroll and contractor professional pay approximate their fair value based on their short-term nature. Long-term debt recorded in the Company's consolidated balance sheet at December 31, 2018 was \$1.1 billion, excluding the \$23.6 million of unamortized deferred loan costs (see Note 6 – Long-Term Debt). The fair value of the term B loans was \$1.1 billion as of December 31, 2018 and was determined using Level 1 inputs (quoted prices in active markets for identical assets and liabilities) from the fair value hierarchy.

The Company had investments, primarily mutual funds, of \$6.2 million at December 31, 2018, held in a rabbi trust restricted to fund the Company's deferred compensation plan. The fair value of these investments was determined using Level 1 inputs from the fair value hierarchy. These assets are included in other non-current assets.

Certain assets and liabilities, such as goodwill and trademarks, are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). For 2018 and 2017, no fair value adjustments were required for non-financial assets or liabilities.

15. Unaudited Quarterly Results

The following tables present unaudited quarterly financial information (in thousands, except per share amounts). In the opinion of the Company's management, the quarterly information contains all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation thereof. The operating results for any quarter are not necessarily indicative of the results for any future periods.

2018	Quarter Ended				Year Ended Dec. 31,
	Mar. 31,	June 30, ⁽¹⁾	Sept. 30,	Dec. 31,	
Revenues	\$ 685,173	\$ 878,509	\$ 906,449	\$ 929,650	\$ 3,399,781
Gross profit	217,737	263,846	270,172	271,896	1,023,651
Income from continuing operations	29,240	33,601	49,217	45,926	157,984
Loss from discontinued operations, net of income taxes	(148)	(40)	(45)	(45)	(278)
Net income	<u>\$ 29,092</u>	<u>\$ 33,561</u>	<u>\$ 49,172</u>	<u>\$ 45,881</u>	<u>\$ 157,706</u>

Per share income from continuing operations and net income:

Basic	<u>\$ 0.56</u>	<u>\$ 0.64</u>	<u>\$ 0.94</u>	<u>\$ 0.88</u>	<u>\$ 3.02</u>
Diluted	<u>\$ 0.55</u>	<u>\$ 0.63</u>	<u>\$ 0.93</u>	<u>\$ 0.86</u>	<u>\$ 2.98</u>

2017	Quarter Ended				Year Ended Dec. 31,
	Mar. 31,	June 30,	Sept. 30,	Dec. 31, ⁽²⁾	
Revenues	\$ 626,528	\$ 653,313	\$ 667,048	\$ 679,035	\$ 2,625,924
Gross profit	198,144	212,937	218,315	220,677	850,073
Income from continuing operations	22,382	33,236	34,879	67,377	157,874
Income (loss) from discontinued operations, net of income taxes	9	(139)	(23)	(46)	(199)
Net income	<u>\$ 22,391</u>	<u>\$ 33,097</u>	<u>\$ 34,856</u>	<u>\$ 67,331</u>	<u>\$ 157,675</u>

Per share income from continuing operations and net income:

Basic	<u>\$ 0.43</u>	<u>\$ 0.63</u>	<u>\$ 0.66</u>	<u>\$ 1.29</u>	<u>\$ 3.01</u>
Diluted	<u>\$ 0.42</u>	<u>\$ 0.62</u>	<u>\$ 0.66</u>	<u>\$ 1.28</u>	<u>\$ 2.97</u>

(1) ECS was acquired on April 2, 2018, see Note 3 – Acquisitions.

(2) On December 22, 2017, the U.S. government enacted comprehensive tax legislation, the TCJA. In the fourth quarter of 2017, the Company recorded an estimated net tax benefit of \$31.4 million for the impact of the TCJA, which is included in the provision for income taxes in the consolidated statement of operations and comprehensive income, see Note 11 – Income Taxes.

16. Subsequent Event

On January 25, 2019, the Company acquired all of the outstanding shares of DHA Group, Inc. ("DHA"), headquartered in Washington, D.C., for \$46.0 million in cash. DHA is a provider of mobility, cybersecurity, cloud and IT services to the Federal Bureau of Investigation and other federal customers. DHA was acquired to expand the Company's government services and is part of the ECS segment.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of ASGN Incorporated
Calabasas, California

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ASGN Incorporated and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2018, of the Company and our report dated February 28, 2019, expressed an unqualified opinion on those financial statements and financial statement schedule.

As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at ECS Federal, LLC, which was acquired on April 2, 2018 and whose financial statements constitutes 32% of total assets and 7% of income before taxes of the consolidated financial statement amounts as of and for the year ended December 31, 2018. Accordingly, our audit did not include the internal control over financial reporting at ECS Federal, LLC.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California
February 28, 2019

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, our management carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on this evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report. The term “disclosure controls and procedures” means controls and other procedures of the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. “Disclosure controls and procedures” include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its Principal Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) for the Company. The term “internal control over financial reporting” is defined as a process designed by, or under the supervision of, our Principal Executive and Principal Financial Officers, or persons performing similar functions and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2018. In making this assessment, management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*. Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2018. Our independent registered public accounting firm, Deloitte & Touche LLP, has included an attestation report on our internal control over financial reporting, which is included above.

For purposes of conducting its 2018 evaluation of the effectiveness of the Company’s internal control over financial reporting, management has excluded the acquisition of ECS, completed on April 2, 2018, which constitutes 32 percent of total assets and 7 percent of income before income taxes of the Company, as of and for the year ended December 31, 2018. Refer to Note 3 – Acquisitions in Part II, Item 8 of this report for further discussion of the acquisition and its impact on the Company’s Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting

On April 2, 2018 the Company acquired ECS, which utilizes separate information and accounting systems and processes. ECS is scoped out of management’s report on internal control over financial reporting. Except for the acquisition of ECS, there were no changes in the Company’s internal control over financial reporting that occurred during the Company’s fourth quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information responsive to this item will be set forth in the Company's definitive proxy statement for use in connection with its 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement") and is incorporated herein by reference. The 2019 Proxy Statement will be filed with the SEC within 120 days after the end of the Company's fiscal year.

Item 11. Executive Compensation

Information responsive to this item will be set forth in the 2019 Proxy Statement to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information responsive to this item will be set forth in the 2019 Proxy Statement to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information responsive to this Item will be set forth in the 2019 Proxy Statement to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information responsive to this Item will be set forth in the 2019 Proxy Statement, to be filed with the SEC within 120 days after the end of the Company's fiscal year and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a) List of documents filed as part of this report

1. Financial Statements:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets at December 31, 2018 and 2017
Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2018, 2017 and 2016
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2018, 2017 and 2016
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017 and 2016
Notes to Consolidated Financial Statements

2. Financial Statement Schedule:

Schedule II—Valuation and Qualifying Accounts
Schedules other than those referred to above have been omitted because they are not applicable or not required under the instructions contained in Regulation S-X or because the information is included elsewhere in the financial statements or notes thereto.

ASGN INCORPORATED AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2018, 2017 and 2016
(In thousands)

Description	Balance at beginning of year	Additions		Deductions ⁽³⁾	Balance at end of year
		Charged to costs and expenses	Charged to other accounts ⁽²⁾		
Year ended December 31, 2018					
Allowance for doubtful accounts	\$ 8,449 ⁽¹⁾	3,292	—	(6,905)	\$ 4,836
Workers' compensation loss reserves	\$ 14,777	3,577	—	(972)	\$ 17,382
Year ended December 31, 2017					
Allowance for doubtful accounts and billing adjustments	\$ 8,093	5,251	6,799	(10,234)	\$ 9,909
Workers' compensation loss reserves	\$ 15,784	2,908	—	(3,915)	\$ 14,777
Year ended December 31, 2016					
Allowance for doubtful accounts and billing adjustments	\$ 6,682	2,881	7,907	(9,377)	\$ 8,093
Workers' compensation loss reserves	\$ 15,020	2,693	—	(1,929)	\$ 15,784

⁽¹⁾ Upon adoption of ASC 606, permanent placement fallouts of \$1.5 million were reclassified from allowance from doubtful accounts to other current liabilities, effective January 1, 2018.

⁽²⁾ Charges to other accounts include provision for permanent placement fallouts that have been deducted from net revenues and billing adjustments that have been deducted from net revenues in the accompanying consolidated statements of operations and comprehensive income.

⁽³⁾ Deductions from allowance for doubtful accounts include write-offs of uncollectible accounts receivable for 2018. For the years ended 2017 and 2016 deductions from allowance for doubtful accounts include write-offs of uncollectible accounts receivable, permanent placements fallouts that have been charged against the allowance for doubtful accounts and billing adjustments. Deductions from workers' compensation loss reserves include payments of claims and changes related to anticipated insurance and indemnification recoveries.

INDEX TO EXHIBITS

Number	Footnote	Description
2.1	(1)	Membership Interest Purchase Agreement, dated as of January 31, 2018, by and among On Assignment Inc., ECS Federal Holding Co., Kapani Family 2012 Irrevocable Trust and LCSF L.P (the "Principals Sellers") and the management sellers party thereto
3.1	(2)	Amended and Restated Certificate of Incorporation of On Assignment, Inc., effective June 23, 2014
3.2	(3)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of On Assignment, Inc. effective April 2, 2018
3.3	(4)	Third Amended and Restated Bylaws of ASGN Incorporated, effective April 2, 2018
4.1	(5)	Specimen Common Stock Certificate
10.1	(6)	Second Amended and Restated Credit Agreement, dated June 5, 2015, among On Assignment, Inc., as the Borrower, Wells Fargo Bank, National Association, as administrative agent and the other lenders party thereto
10.2	(7)	First Amendment to the Second Amended and Restated Credit Agreement, dated August 5, 2016, among On Assignment, Inc. as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto
10.3	(8)	Second Amendment to the Second Amended and Restated Credit Agreement, dated February 21, 2017, among On Assignment, Inc. as the Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto
10.4	(9)	Third Amendment to the Second Amended and Restated Credit Agreement, dated as of August 22, 2017, among On Assignment, Inc., as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto
10.5	(10)	Fourth Amendment to the Second Amended and Restated Credit Agreement, dated as of September 22, 2017, among On Assignment, Inc., as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto
10.6	(11)	Fifth Amendment to the Second Amended and Restated Credit Agreement, dated as of April 2, 2018, among ASGN Incorporated, as Borrower, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto
10.7	(12)	Office Lease, dated August 18, 2010, by and between On Assignment, Inc. and Calabasas BCD, Inc.
10.8	(*)	ASGN Incorporated Amended and Restated 2010 Employee Stock Purchase Plan, amended and restated as of April 26, 2018[†]
10.9	(*)	ASGN Incorporated Amended and Restated 2010 Incentive Award Plan, amended and restated as of April 26, 2018[†]
10.10	(13)	On Assignment, Inc. 2010 Incentive Award Plan Form of Restricted Stock Unit Award Notice and Agreement[†]
10.11	(14)	On Assignment, Inc. 2010 Incentive Award Plan Form of Restricted Stock Award Grant Notice and Agreement[†]
10.12	(15)	On Assignment, Inc. 2010 Incentive Award Plan Form of Tranche A Award Notice and Agreement for Peter T. Dameris[†]
10.13	(16)	On Assignment, Inc. 2010 Incentive Award Plan Form of Tranche B Award Notice and Agreement for Peter T. Dameris[†]
10.14	(15)	On Assignment, Inc. 2010 Incentive Award Plan Form of Tranche C Award Notice and Agreement for Peter T. Dameris[†]
10.15	(16)	On Assignment, Inc. 2010 Incentive Award Plan Form of Additional RSU Award Notice and Agreement for Peter T. Dameris[†]
10.16	(17)	On Assignment, Inc. 2010 Incentive Award Plan Form of Senior Executive EBITDA and Performance-Based Restricted Stock Unit Award Notice and Agreement[†]
10.17	(18)	ASGN Incorporated Second Amended and Restated 2010 Incentive Award Plan Form of Retention Notice and agreement for Peter T. Dameris[†]
10.18	(19)	On Assignment, Inc. Amended and Restated 2012 Employment Inducement Incentive Award Plan, effective as of August 31, 2012[†]
10.19	(20)	First Amendment to Amended and Restated On Assignment, Inc. 2012 Employment Inducement Incentive Award Plan, effective as of June 5, 2015[†]
10.20	(*)	Second Amendment to Amended and Restated ASGN Incorporated 2012 Employment Inducement Incentive Award Plan, effective as of April 26, 2018[†]
10.21	(20)	On Assignment, Inc. Amended and Restated 2012 Employment Inducement Incentive Award Plan Form of Restricted Stock Unit Award Agreement[†]
10.22	(20)	On Assignment, Inc. Amended and Restated 2012 Employment Inducement Incentive Award Plan Form of Stock Option Award Agreement[†]
10.23	(11)	ASGN Incorporated Second Amended and Restated Deferred Compensation Plan, effective as of April 26, 2018[†]

10.24	(16)	On Assignment, Inc. Amended and Restated Change in Control Severance Plan, as amended and restated on December 10, 2015 [†]
10.25	(21)	Second Amended and Restated Executive Change in Control Agreement between On Assignment, Inc. and Peter T. Dameris, dated November 17, 2015 [†]
10.26	(21)	Second Amended and Restated Senior Executive Agreement between On Assignment, Inc. and Peter Dameris, dated November 17, 2015 [†]
10.27	(22)	Employment Agreement, by and between On Assignment, Inc. and Edward Pierce, dated September 1, 2012 [†]
10.28	(22)	Executive Change of Control Agreement, by and between On Assignment, Inc. and Edward Pierce, dated September 1, 2012 [†]
10.29	(19)	Employment Agreement between Rand Blazer and Apex Systems, Inc., dated January 8, 2007 [†]
10.30	(19)	Amendment No. 1 to the Employment Agreement between Rand Blazer and Apex Systems, Inc., dated December 31, 2008 [†]
10.31	(19)	Amendment No. 2 to the Employment Agreement between Rand Blazer and Apex Systems, Inc. dated August 3, 2009 [†]
10.32	(19)	Amendment No. 3 to the Employment Agreement by and between Rand Blazer, On Assignment, Inc. and Apex Systems, Inc., dated May 15, 2012 [†]
10.33	(19)	Amendment No. 4 to the Employment Agreement by and between Rand Blazer, On Assignment, Inc. and Apex Systems, Inc., dated May 15, 2012 [†]
10.34	(19)	Employment Agreement between Theodore S. Hanson and Apex Systems, Inc., dated January 15, 2008 [†]
10.35	(19)	Amendment No. 1 to the Employment Agreement between Theodore S. Hanson and Apex Systems, Inc., dated December 31, 2008 [†]
10.36	(19)	Amendment No. 2 to the Employment Agreement between Theodore S. Hanson and Apex Systems, Inc., dated February 12, 2011 [†]
10.37	(19)	Amendment No. 3 to the Employment Agreement between On Assignment, Inc., Theodore S. Hanson and Apex Systems, Inc., dated May 15, 2012 [†]
10.38	(19)	Amendment No. 4 to the Employment Agreement between On Assignment, Inc., Theodore S. Hanson and Apex Systems, Inc., dated May 15, 2012 [†]
10.39	(*)	Employment and Non-Competition Agreement between George Wilson and On Assignment, Inc. dated January 31, 2018 [†]
10.40	(23)	Form of Indemnification Agreement [†]
21.1	(*)	Subsidiaries of the Registrant
23.1	(*)	Consent of Independent Registered Public Accounting Firm
31.1	(*)	Certification of Peter T. Dameris, Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a)
31.2	(*)	Certification of Edward L. Pierce, Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a)
32.1	(*)	Certification of Peter T. Dameris, Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	(*)	Certification of Edward L. Pierce, Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	(*)	XBRL Instance Document
101.SCH	(*)	XBRL Taxonomy Extension Schema Document
101.CAL	(*)	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	(*)	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	(*)	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	(*)	XBRL Taxonomy Extension Presentation Linkbase Document
(*)		Filed herewith.
†		These exhibits relate to management contracts or compensatory plans, contracts or arrangements in which directors and/or named executive officers of the Registrant may participate.
(1)		Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on February 1, 2018.
(2)		Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on June 25, 2014.
(3)		Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on March 16, 2018.
(4)		Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on April 2, 2018.

- (5) Incorporated by reference from an exhibit to our Registration Statement on Form S-1 (File No. 33-50646) declared effective by the SEC on September 21, 1992.
- (6) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on June 5, 2015.
- (7) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2016.
- (8) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on February 22, 2017.
- (9) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on August 28, 2017.
- (10) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2017.
- (11) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed with the SEC on May 10, 2018.
- (12) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed with the SEC on November 8, 2010.
- (13) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010.
- (14) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on December 18, 2012.
- (15) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014.
- (16) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed with the SEC on February 29, 2016.
- (17) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed with the SEC on December 16, 2014.
- (18) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on May 3, 2018.
- (19) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed with the SEC on March 18, 2013.
- (20) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed with the SEC on March 1, 2018.
- (21) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed with the SEC on November 23, 2015.
- (22) Incorporated by reference from an exhibit to our Current Report on Form 10-K filed with the SEC on September 7, 2012.
- (23) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed with the SEC on March 16, 2007.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 28th day of February, 2019.

ASGN Incorporated

/s/ Peter T. Dameris

Peter T. Dameris

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

Signature	Title	Date
/s/ Peter T. Dameris Peter T. Dameris	Chief Executive Officer, Director (Principal Executive Officer)	February 28, 2019
/s/ Edward L. Pierce Edward L. Pierce	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2019
/s/ William E. Brock William E. Brock	Director	February 26, 2019
/s/ Brian J. Callaghan Brian J. Callaghan	Director	February 26, 2019
/s/ Jonathan S. Holman Jonathan S. Holman	Director	February 26, 2019
/s/ Mariel A. Joliet Mariel A. Joliet	Director	February 26, 2019
/s/ Jeremy M. Jones Jeremy M. Jones	Director	February 26, 2019
/s/ Marty R. Kittrell Marty R. Kittrell	Director	February 26, 2019
/s/ Arshad Matin Arshad Matin	Director	February 26, 2019
/s/ Edwin A. Sheridan IV Edwin A. Sheridan IV	Director	February 27, 2019

ASGN INCORPORATED
AMENDED AND RESTATED 2010 EMPLOYEE STOCK PURCHASE PLAN

ASGN Incorporated, a Delaware corporation, hereby adopts the Amended and Restated ASGN Incorporated 2010 Employee Stock Purchase Plan, effective as of March 18, 2010, approved by stockholders on June 3, 2010, amended on September 8, 2013 and September 9, 2017, and amended and restated as of April 26, 2018. From and after the effective date of this Plan, no further options shall be granted under the On Assignment, Inc. Employee Stock Purchase Plan previously adopted on March 1, 1993 (the “**Prior Plan**”).

The purposes of the Plan are as follows:

(1) To assist Eligible Employees of the Company and its Designated Subsidiaries (as defined below) in acquiring stock ownership in the Company pursuant to a plan which is intended to qualify as an “employee stock purchase plan,” within the meaning of Section 423(b) of the Code (as defined below).

(2) To help such employees provide for their future security and to encourage them to remain in the employment of the Company and its Subsidiary Corporations.

1. **DEFINITIONS.** Whenever any of the following terms is used in the Plan with the first letter or letters capitalized, it shall have the following meaning unless context clearly indicates to the contrary (such definitions to be equally applicable to both the singular and the plural forms of the terms defined):

(a) “**Account**” means the account established for a Participant under the Plan.

(b) “**Agent**” means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

(c) “**Authorization**” means a Participant’s payroll deduction authorization with respect to an Offering provided by such Participant in accordance with Section 3(b) hereof.

(d) “**Authorized Leave of Absence**” means military leave, sick leave, or other bona fide leave of absence from service with the Company or a Company Subsidiary if the period of the leave does not exceed three months, or, if longer, so long as the individual’s right to reemployment with the Company or a Company Subsidiary is guaranteed either by statute or contract.

(e) “**Board**” means the Board of Directors of the Company, as constituted from time to time.

(f) “**Code**” means the Internal Revenue Code of 1986, as amended.

(g) “**Committee**” means the committee of the Board appointed to administer the Plan pursuant to Section 12 hereof.

(h) “**Company**” means ASGN Incorporated, a Delaware corporation, or any successor corporation or entity.

(i) “**Compensation**” of an Employee means the regular straight-time earnings or base salary, commissions, cash bonuses and other cash incentive-type payments paid to the Employee from the Company or any Designated Subsidiary on each Payday as compensation for services to the Company or any Designated Subsidiary *after* deduction for any salary deferral contributions made by the Employee to any tax-qualified or nonqualified deferred compensation plan of the Company or any Designated Subsidiary (other than contributions made pursuant to sections 125 or 401(k) of the Code). “Compensation” does not include any overtime payments, non-cash incentive-type payments, education or tuition reimbursements, imputed income arising under any Company or Designated Subsidiary group insurance or benefit program, travel expenses, business and moving reimbursements, income received in connection with stock options, restricted stock, restricted stock units or other compensatory equity awards and all contributions made by the Company or any Designated Subsidiary for the Employee’s benefit (other than contributions made pursuant to sections 125 or 401(k) of the Code) under any employee benefit plan now or hereafter established. Such Compensation shall be calculated before deduction of any income or employment tax withholdings.

(j) “**Date of Exercise**” of any Option means the date on which such Option is exercised, which shall be the last Trading Day of the Offering Period with respect to which the Option was granted in accordance with Section 4(a) hereof (except as provided in Section 9 hereof).

(k) “**Date of Grant**” of any Option means the date on which such Option is granted, which shall be the first Trading Day of the Offering Period with respect to which the Option was granted, in accordance with Section 3(a) hereof.

(l) “**Date of Termination**” means the date on which an individual ceases to be an Employee (taking into account any Authorized Leave of Absence).

(m) “**Designated Subsidiary**” means any Subsidiary Corporation designated by the Committee or the Board in accordance with Section 13 hereof.

(n) “**Disability**” shall have the meaning provided in an applicable employment agreement between the Participant and the Company or a Parent Corporation or Subsidiary Corporation or, if no such agreement exists or such agreement does not contain an applicable definition, Disability shall mean the Participant’s total and permanent disability as defined in section 22(e)(3) of the Code.

(o) “**Eligible Employee**” means an Employee of the Company or any Designated Subsidiary who does not, immediately after the Option is granted, own (directly or through attribution) stock possessing five percent or more of the total combined voting power or value of all classes of Stock or other stock of the Company, a Parent Corporation or a Subsidiary Corporation (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock which an Employee may purchase under outstanding options shall be treated as stock owned by the Employee. Notwithstanding the foregoing, the Committee may determine in its discretion, and if so determined, shall set forth in the terms of the applicable Offering, that an Employee of the Company or any Designated Subsidiary shall not be eligible to participate in such Offering if: (1) such Employee has been in the employ of the Company or any Designated Subsidiary for less than two years (or any shorter period); (2) such Employee’s customary employment with the Company or any Designated Subsidiary is twenty hours or less per week and/or not more than five months per calendar year (or any lesser number of hours per week or months per calendar year); (3) such Employee is a “highly compensated employee” of the Company or any Designated Subsidiary (within the meaning of Section 414(q) of the Code), or is such a “highly compensated employee” (A) with compensation above a specified level, (B) who is an officer and/or (C) is subject to the disclosure requirements of Section 16(a) of the Exchange Act; and/or (4) such employee is a citizen or resident of a foreign jurisdiction and the grant of an Option under the Plan or Offering is prohibited under the laws of such foreign jurisdiction, or compliance with the laws of such foreign jurisdiction would cause the Plan or Offering to violate the requirements of Section 423 of the Code; provided, that any exclusion in clauses (1), (2), (3) and (4) shall be applied in an identical manner under each Offering to all employees of the Company and all Designated Subsidiaries, in accordance with Treasury Regulation Section 1.423-2(e).

(p) “**Employee**” means an individual who renders services to the Company or a Designated Subsidiary in the status of an “employee,” within the meaning of Code Section 3401(c) and the regulations thereunder. During an Authorized Leave of Absence meeting the requirements of Treasury Regulation Section 1.421-1(h)(2), an individual shall be treated as an Employee of the Company or Designated Subsidiary that employs such individual immediately prior to such leave. “Employee” shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or the Designated Subsidiary in the status of an “employee,” within the meaning of Code Section 3401(c).

(q) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(r) “**Fair Market Value**” shall mean, as of any given date, the value of a share of Stock determined as follows:

(i) If the Stock is (A) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (B) listed on any national market system or (C) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Stock on the date in question, the closing sales price for a share of Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(ii) If the Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Stock on such date, the high bid and low asked prices for a share of Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(iii) If the Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Committee in good faith.

(s) “**Offering**” means each distinct offering of Options made under this Plan, within the meaning of Treasury Regulation 1.423-2(a).

(t) “**Offering Period**” means the period, which shall be set by the Committee, with respect to which Options are granted to Eligible Employees under an Offering; provided, that the duration of any Offering Period can be no less than three months and no more than 27 months, and shall be six months unless otherwise specified by the Committee in the terms of the Offering.

(u) “**Option**” means an option to purchase shares of Stock granted under the Plan to a Participant in accordance with Section 3(a) hereof.

(v) “**Option Price**” means the purchase price per share of Stock determined in accordance with Section 4(b) hereof.

(w) “**Parent Corporation**” means any entity that is a parent corporation of the Company within the meaning of Section 424 of the Code and the regulations promulgated thereunder.

(x) “**Participant**” means an Eligible Employee who has elected to participate in an Offering under the Plan, in accordance with the provisions of Section 3(b) hereof.

(y) “**Payday**” means the regular and recurring established day for payment of Compensation to an Employee of the Company or any Designated Subsidiary or, in the case of any cash bonuses and other cash incentive-type payments, any other payment date established by the Company with respect to such amounts.

(z) “**Plan**” means this Amended and Restated ASGN Incorporated 2010 Employee Stock Purchase Plan, as amended and/or restated from time to time.

(aa) “**Stock**” means the shares of the Company’s Common stock, \$.01 par value per share.

(bb) “**Subsidiary Corporation**” means any entity that is a subsidiary corporation of the Company within the meaning of Section 424 of the Code and the regulations promulgated thereunder. In addition, with respect to any sub-plans adopted under Section 12(c) hereof which are designed to be outside the scope of Section 423 of the Code, Subsidiary Corporation shall include any corporate or noncorporate entity in which the Company has a direct or indirect equity interest or significant business relationship.

(cc) “**Trading Day**” means a day on which the principal securities exchange on which the Stock is listed is open for trading or, if the Stock is not listed on a securities exchange, shall mean a business day, as determined by the Committee in good faith.

2. **STOCK SUBJECT TO THE PLAN.** Subject to the provisions of Section 9 hereof (relating to adjustments upon changes in the Stock) and Section 11 hereof (relating to amendments of the Plan), the Stock that may be sold pursuant to Options granted under the Plan shall not exceed in the aggregate 3,500,000 shares of Stock. The shares of Stock sold pursuant to Options granted under the Plan may be unissued shares or treasury shares of Stock, or shares reacquired in private transactions or open market purchases. If and to the extent that any right to purchase reserved shares is not exercised by any Participant for any reason, or if such right to purchase shall terminate as provided herein, shares that have not been so purchased hereunder shall again become available for the purposes of this Plan, unless this Plan shall have been terminated, but all shares sold under this Plan, regardless of source, shall be counted against the share limitation set forth above.

3. GRANT OF OPTIONS.

(a) **Offerings.** The Company may make one or more Offerings under the Plan which may be successive and/or overlapping with one another until the earlier of: (1) the date on which the number of shares of Stock available under the Plan have been sold, or (2) the date on which the Plan is suspended or terminates. The Committee shall designate the terms and conditions of each Offering in writing, including without limitation, the Offering Period, the groups of Eligible Employees who may elect to participate in accordance with Section 3(b) hereof (which groups of Eligible Employees may vary from Offering to Offering, subject in all cases to the eligibility requirements of Section 423 of the Code and the Treasury Regulations thereunder) and any maximum number of shares of Stock that may be sold under a particular Offering, if applicable. Each Participant shall be granted an Option with respect to an Offering on the Date of Grant for the applicable Offering Period. Each Option shall expire on the Date of Exercise for such Offering Period immediately after the automatic exercise of the Option in accordance with Section 4(a) hereof, unless such Option terminates earlier in accordance with Section 5, 6 or 9 hereof. The number of shares of Stock subject to a Participant's Option shall equal the cumulative payroll deductions authorized by such Participant in accordance with subsection (b) for the Offering Period (if any), divided by the Option Price for the Option; provided, that the number of shares of Stock subject to such Option shall not exceed the number determined in accordance with Section 3(c) hereof. In connection with each Offering under the Plan, the Committee may specify a maximum number of shares of Stock that may be purchased by any Employee pursuant to such Offering. The Company shall not grant an Option with respect to an Offering to any Employee who is not an Eligible Employee with respect to such Offering on the first day of the applicable Offering Period.

(b) **Election to Participate; Payroll Deduction Authorization.** An Eligible Employee shall become a Participant in the Plan only by means of payroll deduction. Each such Participant who elects to participate in the Plan with respect to an Offering shall deliver to the Company a completed and executed written payroll deduction authorization in a form approved by the Company (the “**Authorization**”) within the time determined by the Company and set forth in the terms of such Offering. Each Participant’s Authorization shall give notice of such Participant’s election to participate in the Plan for such Offering (and subsequent Offerings in which such Participant is eligible to participate) and shall designate a whole percentage of such Participant’s Compensation to be withheld by the Company or the Designated Subsidiary employing such Participant on each Payday during the Offering Period. A Participant may designate any whole percentage of Compensation that is not less than one percent and not more than a maximum percentage determined by the Committee in the Offering (which maximum percentage shall be fifty percent in the absence of such determination). A Participant’s Compensation payable during an Offering Period shall be reduced each Payday through payroll deduction in an amount equal to the percentage specified in the Authorization, and such amount shall be credited to such Participant’s Account under the Plan. A Participant may increase or decrease the percentage of Compensation designated in the Authorization, subject to the limits of this subsection (b), or may suspend the Authorization, only as provided by the Committee with respect to such Offering and set forth in the terms of such Offering. Any Authorization shall remain in effect for each subsequent Offering in which the Participant is eligible to participate, unless the Participant submits a new Authorization pursuant to this subsection (b), withdraws from the Plan pursuant to Section 5 hereof or terminates employment as provided in Section 6 hereof. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Sections 3(a), (c) and (d) hereof, the Company may reduce a Participant’s rate of payroll deductions to zero at any time during any Offering Period. Payroll deductions will recommence at the rate provided by the Participant in his or her payroll deduction authorization to the extent such payroll deductions may be applied to purchase shares of Stock in accordance with Code Section 423(b)(8) and Sections 3(a), (c) and (d) hereof, unless terminated by the Participant as provided in Section 5 hereof.

(c) **\$25,000 Limitation.** No Participant shall be granted an Option under the Plan which permits the Participant rights to purchase shares of Stock under the Plan, together with other options to purchase shares of Stock or other stock under all other employee stock purchase plans of the Company, any Parent Corporation or any Subsidiary Corporation subject to Code Section 423 (any such Option or other option, a “**Section 423 Option**”), to accrue at a rate which exceeds \$25,000 of fair market value of such shares of Stock or other stock (determined at the time the Section 423 Option is granted) for each calendar year in which any Section 423 Option granted to the Participant is outstanding at any time. For purpose of the limitation imposed by this subsection, (1) the right to purchase shares of Stock or other stock under a Section 423 Option accrues when the Section 423 Option (or any portion thereof) first becomes exercisable during the calendar year, (2) the right to purchase shares of Stock or other stock under a Section 423 Option accrues at the rate provided in the Section 423 Option, but in no case may such rate exceed \$25,000 of fair market value of such shares of Stock or other stock (determined at the time such Section 423 Option is granted) for any one calendar year, and (3) a right to purchase Stock or other stock which has accrued under an Option may not be carried over to any other Section 423 Option. The limitation under this subsection (c) shall be applied in accordance with Section 423(b)(8) of the Code and the Treasury Regulations thereunder.

(d) **5 Percent Holders.** No Employee will be granted an Option under this Plan if or to the extent that, immediately after the grant, such Employee would own stock (including stock (i) that would be attributed to such Employee pursuant to Section 424(d) of the Code, and/or (ii) that the Employee may purchase under outstanding options, regardless of whether or not the options either (A) qualify for the special tax treatment afforded by 421(a) of the Code, (B) may only be exercised in installments, or (C) may only be exercised after the expiration of a fixed period of time) possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary Corporation or Parent Corporation actually issued and outstanding immediately after the grant of such Option (excluding the voting power or value of treasury share or shares authorized for issue under outstanding options held by the Employee or any other person).

4. EXERCISE OF OPTIONS; OPTION PRICE.

(a) **Option Exercise.** Each Participant automatically shall be deemed to have exercised such Participant's Option on the Date of Exercise for an Offering Period to the extent that the balance then in the Participant's Account is sufficient to purchase, at the Option Price for such Option, shares of the Stock subject to the Option, provided, that any portion of an Account balance that is not used to purchase shares of Stock in an Offering for any reason (including, but not limited to any balance that is sufficient only to purchase fractional shares of Stock) shall be paid to such Participant in one lump sum in cash within thirty days after the applicable Date of Exercise, without any interest thereon

(b) **Option Price Defined.** The purchase price per share of Stock (the "**Option Price**") to be paid by a Participant upon the exercise of the Participant's Option on the Date of Exercise for an Offering Period shall be determined by the Committee and set forth in the applicable Offering, provided, that in all events, the Option Price shall be equal to or greater than 85% of the lesser of: (1) the Fair Market Value of a share of Stock on the Date of Exercise for such Offering Period and (2) the Fair Market Value of a share of Stock on the Date of Grant for such Offering Period.

(c) **Pro Rata Allocations.** If the total number of shares of Stock for which Options are to be exercised on any date exceeds the number of shares of Stock remaining unsold under the Plan (after deduction for all shares of Stock for which Options have theretofore been exercised), the Committee shall make a pro rata allocation of the available remaining shares of Stock in as nearly a uniform manner as shall be practicable and the balance of the amount credited to the Account of each Participant which has not been applied to the purchase of shares of Stock shall be paid to such Participant in one lump sum in cash within thirty days after the Date of Exercise, without any interest thereon.

(d) **Information Statement.** The Company shall provide each Participant whose Option is exercised with an information statement in accordance with Section 6039(a) of the Code and the Treasury Regulations thereunder. The Company shall maintain a procedure for identifying certificates of shares of Stock sold upon the exercise of Options in accordance with Section 6039(b) of the Code.

5. WITHDRAWAL FROM THE PLAN.

(a) **Withdrawal Election.** A Participant may withdraw from participation in an Offering at any time, except as otherwise determined by Committee and set forth in the terms of the applicable Offering. A Participant electing to withdraw from the Plan must deliver to the Company a notice of withdrawal in a form approved by the Committee (the “Withdrawal Election”), not later than fifteen calendar days before the Date of Exercise for such Offering Period, except as otherwise determined by Committee and set forth in the terms of the applicable Offering. A Participant electing to withdraw from the Plan may elect in his or her Withdrawal Election to either (i) withdraw all of the funds then credited to the Participant’s Account as of the date on which the Withdrawal Election is received by the Company, in which case amounts credited to such Account shall be returned to the Participant in one lump-sum payment in cash within thirty days after such election, without any interest thereon, and the Participant shall cease to participate in the Plan and the Participant’s Option for such offering shall terminate; or (ii) exercise the Option for the maximum number of whole shares of Stock on the applicable Date of Exercise and after such exercise cease to participate in the Plan.

(b) **Eligibility following Withdrawal.** A Participant who withdraws from the Plan with respect to an Offering, and who is still an Eligible Employee, may elect to participate again in the Plan for any subsequent Offering by delivering to the Company an Authorization pursuant to Section 3(b) hereof.

6. TERMINATION OF EMPLOYMENT.

(a) **Termination of Employment for any Reason Other Than Death or Due to Disability Occurring Less Than Three Months Prior to the Date of Exercise.** If a Participant ceases to be an Employee for any reason other than due to (i) the Participant’s death at any time during an Offering Period, or (ii) the Participant’s Disability occurring less than three months prior to the applicable Date of Exercise for an Offering Period, then any Option(s) held by the Participant on the Date of Termination shall lapse and terminate (taking into account any Authorized Leave of Absence). Upon a termination described in this Section 6(a), amounts credited to the Participant’s Account shall be returned to the Participant in one lump-sum payment in cash within thirty days after such termination, without any interest thereon.

(b) **Termination of Employment Due to Death.** If a Participant dies while an Employee, any Option(s) then-held by such Participant may be exercised by the Participant’s estate or beneficiary to which the Option is transferred by will or the laws of descent and distribution, in accordance with Section 7 hereof, and after such exercise, the Participant’s participation in the Plan shall terminate. Notwithstanding the foregoing, the Participant’s estate or beneficiary may instead elect by giving written notice to the Committee, no later than five days prior to the applicable Date of Exercise in accordance with procedures established by the Committee, to withdraw all funds credited to the Participant’s Account upon the Participant’s death, in which case amounts credited to the Participant’s Account shall be returned to the Participant’s beneficiary or estate in one lump-sum payment in cash within thirty days after such election, without any interest thereon.

(c) **Termination of Employment Due to Disability Within Three Months Prior to the Date of Exercise.** If a Participant's status as an Employee terminates due to Disability within three months prior to an applicable Date of Exercise, the Participant (or the Participant's personal representative or legal guardian in the event of Disability) may elect by giving written notice to the Committee, no later than five days prior to the applicable Date of Exercise in accordance with procedures established by the Committee:

(i) to withdraw all of the funds then credited to the Participant's Account as of the Participant's Date of Termination, in which case amounts credited to such Account shall be returned to the Participant (or the Participant's guardian) in one lump-sum payment in cash within thirty days after such election, without any interest thereon; or

(ii) to exercise the Option for the maximum number of whole shares of Stock on the applicable Date of Exercise.

7. **RESTRICTION UPON ASSIGNMENT.**

(a) An Option granted under the Plan shall not be transferable, other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Other than the transfer of an Option by will or the applicable laws of descent and distribution, the Company shall not recognize and shall be under no duty to recognize any assignment or alienation of any interest of the Participant in the Plan or any Option. Notwithstanding the foregoing, in the event of the death of a Participant, the Company may recognize the transfer of an Option pursuant to the operation of a will or the applicable laws of descent or distribution.

(b) Without the consent of the Committee, no shares of Stock purchased under the Plan may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (collectively, "Transfer") by the Participant or his or her successors prior to the first anniversary of the Exercise Date with respect to such shares, other than by will or pursuant to the laws of descent and distribution; provided, however, that the foregoing transfer restrictions shall not apply to any Transfer of shares to the Company or any Designated Subsidiary or any Transfer in connection with any transaction described in Section 9 hereof.

8. **NO RIGHTS OF STOCKHOLDERS UNTIL SHARES ISSUED.** With respect to shares of Stock subject to an Option, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, unless and until such shares have been issued to the Participant following exercise of the Participant's Option. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs before the date of such issuance, except as otherwise expressly provided herein or by the Committee.

9. CHANGES IN THE STOCK AND CORPORATE EVENTS; ADJUSTMENT OF OPTIONS.

(a) Subject to Section 9(c) hereof, in the event that the Committee, in its sole discretion, determines that any dividend or other distribution (whether in the form of cash, Stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Stock or other securities of the Company, issuance of warrants or other rights to purchase Stock or other securities of the Company, or other similar corporate transaction or event, affects the Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Option, then the Committee shall, in such manner as it may deem equitable, adjust any or all of:

- (i) the number and kind of shares of Stock (or other securities or property) with respect to which Options may be granted (including, but not limited to, adjustments of the limitation in Section 3(a) hereof on the maximum number of shares of Stock which may be purchased),
- (ii) the number and kind of shares of Stock (or other securities or property) subject to outstanding Options, and
- (iii) the Option Price with respect to any Option.

(b) Subject to Section 9(c) hereof, in the event of any transaction or event described in Section 9(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any Parent Corporation, any Subsidiary Corporation, or the financial statements of the Company or any Parent Corporation or Subsidiary Corporation, or of changes in applicable laws, regulations, or accounting principles, the Committee, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Option or by action taken before the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Option under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

- (i) To provide that all Options outstanding shall terminate without being exercised on such date as the Committee determines in its sole discretion, in which case all Participant Accounts shall be refunded to the respective Participants in a lump sum in cash within thirty days after such determination, without any interest thereon;
- (ii) To provide that all Options outstanding shall be exercised before the Date of Exercise of such Options on such date as the Committee determines in its sole discretion and such Options shall terminate immediately after such exercises;

(iii) To provide for either the purchase of any Option outstanding for an amount of cash equal to the amount that could have been obtained upon the exercise of such Option had such Option been currently exercisable and shares issued thereunder sold, or the replacement of such Option with other rights or property selected by the Committee in its sole discretion;

(iv) To provide that such Option be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(v) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Options, or in the terms and conditions of outstanding Options, or Options which may be granted in the future.

(c) No adjustment or action described in this Section 9 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 of the Exchange Act, or violate the exemptive conditions of Rule 16b-3 unless the Committee determines that the Option is not to comply with such exemptive conditions.

(d) The existence of the Plan and the Options granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Stock or the rights thereof of which are convertible into or exchangeable for Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

10. USE OF FUNDS; NO INTEREST PAID. All funds received or held by the Company under the Plan shall be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose. No interest will be paid to any Participant or credited to any Participant's Account with respect to such funds.

11. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN.

(a) The Board or the Committee may amend, suspend, or terminate the Plan at any time and from time to time, provided that approval by the Company's stockholders shall be required to amend the Plan: (1) to increase (other than an increase pursuant to Section 9(a) hereof) the number of shares of Stock that may be sold pursuant to Options under the Plan, or (2) in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code. Without stockholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board or the Committee, as applicable, shall be entitled to implement new or additional Offerings, change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board or the Committee, as applicable, determines in its sole discretion advisable which are consistent with the Plan and Section 423 of the Code.

(b) In the event the Board or the Committee, as applicable, determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board or the Committee, as applicable, may, to the extent permitted under Section 423 of the Code, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering, but not reducing, the Option Price for any Offering Period including an Offering Period underway at the time of the change in the Option Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Date of Exercise, including an Offering Period underway at the time of such action; and

(iii) allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participants.

12. ADMINISTRATION BY COMMITTEE; RULES AND REGULATIONS.

(a) **Appointment of Committee.** The Plan shall be administered by the Committee, which shall be composed of members of the Board. Each member of the Committee shall serve for a term commencing on a date specified by the Board and continuing until the member dies, resigns or is removed from office by the Board. The Committee at its option may utilize the services of an Agent and/or employees of the Company to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

(b) **Duties and Powers of Committee.** It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Committee shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To establish Offerings and applicable Offering Periods;

(ii) To determine when and how Options shall be granted and the provisions and terms of each Offering Period (which need not be identical);

(iii) To select Designated Subsidiaries in accordance with Section 13 hereof; and

(iv) To construe and interpret the Plan and the terms of the Options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or any Option, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effect, subject to Section 423 of the Code and the regulations promulgated thereunder.

The Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of participation elections, payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan.

(c) **Sub-Plans.** The Committee may adopt sub-plans applicable to particular Designated Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Code Section 423. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 2 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

(d) **Compensation; Professional Assistance; Good Faith Actions.** All expenses and liabilities incurred by members of the Committee in connection with the administration of the Plan shall be borne by the Company. The Committee may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Committee shall be fully protected by the Company in respect to any such action, determination, or interpretation.

(e) **Indemnification.** To the extent allowable pursuant to applicable law, each member of the Board and any officer or other employee to whom authority to administer any component of the Plan is delegated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13. **DESIGNATION OF SUBSIDIARY CORPORATIONS.** The Board or the Committee shall designate from among the Subsidiary Corporations, as determined from time to time, the Subsidiary Corporation or Subsidiary Corporations that shall constitute Designated Subsidiaries, as reflected on Attachment 1, hereof. The Board or the Committee may designate a Subsidiary Corporation, or terminate the designation of a Subsidiary Corporation, without the approval of the stockholders of the Company.

14. **NO RIGHTS AS AN EMPLOYEE.** Nothing in the Plan shall be construed to give any person (including any Participant) the right to remain in the employ of the Company, a Parent Corporation or a Subsidiary Corporation or to affect the right of the Company, any Parent Corporation or any Subsidiary Corporation to terminate the employment of any person (including any Participant) at any time, with or without cause, which right is expressly reserved.

15. **TERM; APPROVAL BY STOCKHOLDERS.** Subject to approval by the stockholders of the Company in accordance with this Section, the Plan shall be in effect until March 18, 2020, unless sooner terminated in accordance with Section 11 hereof. No Option may be granted during any period of suspension of the Plan or after termination of the Plan. The Plan shall be submitted for the approval of the Company's stockholders within twelve months after the date of the adoption of the Plan by the Board. Options may be granted before such stockholder approval; provided, that such Options shall not be exercisable before the time when the Plan is approved by the Company's stockholders; and, provided, further, that if such approval has not been obtained by the end of said 12-month period, all Options previously granted under the Plan shall thereupon terminate without being exercised.

16. **EFFECT UPON OTHER PLANS.** The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent Corporation or any Subsidiary Corporation. Nothing in this Plan shall be construed to limit the right of the Company, any Parent Corporation or any Subsidiary Corporation to: (a) establish any other forms of incentives or compensation for employees of the Company, any Parent Corporation or any Subsidiary Corporation or (b) grant or assume options otherwise than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

17. **CONDITIONS TO ISSUANCE OF STOCK CERTIFICATES.**

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Stock pursuant to the exercise of an Option by a Participant, unless and until the Board or the Committee has determined, with advice of counsel, that the issuance of such shares of Stock is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded, and the shares of Stock are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board or the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Board or the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All certificates for shares of Stock delivered pursuant to the Plan and all shares of Stock issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the shares of Stock are listed, quoted, or traded. The Committee may place legends on any certificate or book entry evidencing shares of Stock to reference restrictions applicable to the shares of Stock.

(c) The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Option, including a window-period limitation, as may be imposed in the sole discretion of the Committee.

(d) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company may, in lieu of delivering to any Participant certificates evidencing shares of Stock issued in connection with any Option, record the issuance of shares of Stock in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

18. **NOTIFICATION OF DISPOSITION.** Each Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Stock purchased upon exercise of an Option if such disposition or transfer is made: (a) within two years from the Date of Grant of the Option, or (b) within one year after the transfer of such shares of Stock to such Participant upon exercise of such Option. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

19. **NOTICES.** Any notice to be given under the terms of the Plan to the Company shall be addressed to the Company in care of its Secretary and any notice to be given to any Participant shall be addressed to such Participant at such Participant's last address as reflected in the Company's records. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to it, him or her. Any notice which is required to be given to a Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section. Any notice shall have been deemed duly given if provided through an electronic means such as email or facsimile or if enclosed in a properly sealed envelope or wrapper addressed as aforesaid at the time it is deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

20. **ADDITIONAL RESTRICTIONS OF RULE 16B-3.** The terms and conditions of options granted hereunder to, and the purchase of shares by, persons subject to Section 16 of the Exchange Act will comply with the applicable provisions of Rule 16b-3. This Plan will be deemed to contain, and such options will contain, and the shares issued upon exercise thereof will be subject to, such additional conditions and restrictions as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

21. **EQUAL RIGHTS AND PRIVILEGES.** Except with respect to sub-plans designed to be outside the scope of Code Section 423, all Eligible Employees of the Company (or of any Designated Subsidiary) will have equal rights and privileges under this Plan to the extent required under Section 423 of the Code or applicable Treasury regulations thereunder so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code or applicable Treasury regulations thereunder. Any provision of this Plan that is inconsistent with Section 423 or applicable Treasury regulations will, without further act or amendment by the Company or the Board, be reformed to comply with the equal rights and privileges requirement of Section 423 or applicable Treasury regulations.

22. **ELECTRONIC FORMS.** To the extent permitted by applicable state law and in the discretion of the Committee, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Committee ("**Electronic Form**"). Before the commencement of an Offering Period, the Committee shall prescribe the time limits within which any such Electronic Form shall be submitted to the Committee with respect to such Offering Period in order to be a valid election.

23. **HEADINGS.** Headings are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

* * * * *

I hereby certify that the Company's 2010 Employee Stock Purchase Plan was adopted by the Board of Directors of the Company on March 18, 2010, and approved by the Company's stockholders on June 3, 2010.

I hereby certify that the amendment to the foregoing Plan was duly approved by the Board of Directors of the Company on March 29, 2018.

Executed on this 26th day of April, 2018.

/s/ Jennifer Hanks Painter

Jennifer Hanks Painter

SVP, Chief Legal Officer and Secretary

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ATTACHMENT 1

Designated Subsidiaries

ASGN Incorporated, a Delaware corporation, and each of the entities listed below will participate in the Amended and Restated 2010 Employee Stock Purchase Plan:

Lab Support, LLC, a Delaware limited liability company

Oxford Global Resources, LLC, a Delaware limited liability company

Apex Systems, LLC, a Virginia limited liability company

CyberCoders, Inc., a California corporation

Creative Circle, LLC, a Delaware limited liability company

ECS Federal, LLC, a Delaware limited liability company

ASGN INCORPORATED
AMENDED AND RESTATED 2010 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

The purpose of this Amended and Restated ASGN Incorporated 2010 Incentive Award Plan (the “Plan”) is to promote the success and enhance the value of ASGN Incorporated (the “Company”) by linking the individual interests of the members of the Board, Employees, and Consultants to those of the Company’s stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company’s stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Administrator” shall mean the entity that conducts the general administration of the Plan as provided in Article 12 hereof. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 12.6 hereof, or which the Board has assumed, the term “Administrator” shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 “Affiliate” shall mean any Parent or Subsidiary.

2.3 “Applicable Accounting Standards” shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company’s financial statements under United States federal securities laws from time to time.

2.4 “Award” shall mean an Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Performance Award, a Dividend Equivalent Award, a Deferred Stock Award, a Stock Payment Award, a Stock Appreciation Right, an Other Incentive Award or a Performance Share Award, which may be awarded or granted under the Plan.

2.5 “Award Agreement” shall mean any written notice, agreement, contract or other instrument or document evidencing an Award, including through electronic medium, which shall

contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.6 “Board” shall mean the Board of Directors of the Company.

2.7 “Change in Control” shall mean the occurrence of any of the following events:

(a) A transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Parents or Subsidiaries, an employee benefit plan maintained by the Company or any of its Parents or Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, in each case, other than a transaction:

(i) Which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, or

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.7(b)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation that is subject to Section 409A of the Code, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in subsection (a) or (b), with respect to such Award shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a “change in control event,” as defined in Treasury Regulation §1.409A-3(i)(5).

Consistent with the terms of this Section 2.7, the Administrator shall have full and final authority to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.8 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.9 “Committee” shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board described in Article 12 hereof.

2.10 “Common Stock” shall mean the common stock of the Company, par value \$.01 per share.

2.11 “Company” shall mean ASGN Incorporated, a Delaware corporation.

2.12 “Consultant” shall mean any consultant or adviser engaged to provide services to the Company or any Affiliate that qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement or any successor Form thereto.

2.13 “Covered Employee” shall mean any Employee who is, or could become, a “covered employee” within the meaning of Section 162(m) of the Code.

2.14 “Deferred Stock” shall mean a right to receive Shares awarded under Section 9.4 hereof.

2.15 “Director” shall mean a member of the Board, as constituted from time to time.

2.16 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2 hereof.

2.17 “DRO” shall mean a “domestic relations order” as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.18 “Effective Date” shall mean March 18, 2010, the date the Plan was originally approved by the Board, subject to approval of the Plan by the Company’s stockholders.

2.19 “Eligible Individual” shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.20 “Employee” shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code) of the Company or of any Affiliate.

2.21 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

2.22 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.23 “Fair Market Value” shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.24 “Full Value Award” shall mean any Award other than (i) an Option, (ii) a Stock Appreciation Right or (iii) any other Award for which the Participant pays the intrinsic value existing as of the date of grant (whether directly or by forgoing a right to receive a payment from the Company or any Affiliate).

2.25 “Greater Than 10% Stockholder” shall mean an individual then-owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any “parent corporation” or “subsidiary corporation” (as defined in Sections 424(e) and 424(f) of the Code).

2.26 “Incentive Stock Option” shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.27 “Individual Award Limit” shall mean the cash and share limits applicable to Awards granted under the Plan, as set forth in Section 3.3 hereof.

2.28 “Non-Employee Director” shall mean a Director of the Company who is not an Employee.

2.29 “Non-Qualified Stock Option” shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.30 “Option” shall mean a right to purchase Shares at a specified exercise price, granted under Article 6 hereof. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.31 “Other Incentive Award” shall mean an Award denominated in, linked to or derived from Shares or value metrics related to Shares, granted pursuant to Section 9.7 hereof.

2.32 “Parent” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.33 “Participant” shall mean a person who has been granted an Award.

2.34 “Performance Award” shall mean an Award that is granted under Section 9.1 hereof.

2.35 “Performance-Based Compensation” shall mean any compensation that is intended to qualify as “performance-based compensation” as described in Section 162(m)(4)(C) of the Code.

2.36 “Performance Criteria” shall mean the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (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 stockholders’ equity; (x) total stockholder 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.

(b) The Administrator may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; or (xix) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

2.37 "Performance Goals" shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of an Affiliate, division, business unit, or an individual. The achievement of each Performance Goal shall be determined in accordance with Applicable Accounting Standards.

2.38 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award. Each Performance Period shall be at least one year in duration; provided, however, that 10% of Performance Awards granted in a calendar year shall not be subject to the one-year duration limitation.

2.39 "Performance Share Award" shall mean a contractual right awarded under Section 9.6 hereof to receive a number of Shares or the cash value of such number of Shares based on the attainment of specified Performance Goals or other criteria determined by the Administrator.

2.40 “Permitted Transferee” shall mean, with respect to a Participant, any “family member” of the Participant, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act, after taking into account any state, federal, local or foreign tax and securities laws applicable to transferable Awards.

2.41 “Plan” shall mean this ASGN Incorporated 2010 Incentive Award Plan, as it may be amended from time to time.

2.42 “Prior Plan” shall mean the Company’s Restated 1987 Stock Option Plan, as amended from time to time.

2.43 “Program” shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.44 “Restricted Stock” shall mean Common Stock awarded under Article 8 hereof that is subject to certain restrictions and may be subject to risk of forfeiture.

2.45 “Restricted Stock Unit” shall mean a contractual right awarded under Section 9.5 hereof to receive in the future a Share or the cash value of a Share.

2.46 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.47 “Share Limit” shall have the meaning provided in Section 3.1(a) hereof.

2.48 “Shares” shall mean shares of Common Stock.

2.49 “Stock Appreciation Right” shall mean a stock appreciation right granted under Article 10 hereof.

2.50 “Stock Payment” shall mean a payment in the form of Shares awarded under Section 9.3 hereof.

2.51 “Subsidiary” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.52 “Substitute Award” shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, an outstanding equity award previously granted by a company or other entity that is a party to such transaction; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.53 “Termination of Service” means:

(a) As to a Consultant, the time when the engagement of a Participant as a Consultant to the Company and its Affiliates is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Affiliate.

(b) As to a Non-Employee Director, the time when a Participant who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Affiliate.

(c) As to an Employee, the time when the employee-employer relationship between a Participant and the Company and its Affiliates is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Affiliate.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to Terminations of Service, including, without limitation, the question of whether a Termination of Service has occurred, whether any Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code. For purposes of the Plan, a Participant’s employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the Affiliate employing or contracting with such Participant ceases to remain an Affiliate following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Section 3.1(b) and Section 13.2 hereof, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan shall be equal to the sum of (x) 4,000,000 Shares, (y) any Shares which, as of the Effective Date, are available for issuance under the Prior Plan, and (z) any Shares which, as of March 27, 2013, the date of the First Amendment to the Plan, were available for issuance under the Plan; provided, however, that the Share Limit shall be reduced by 1.53 shares for each Share delivered in settlement of any Full Value Award.

Notwithstanding the foregoing, to the extent permitted under applicable law and applicable stock exchange rules, Awards that provide for the delivery of Shares subsequent to the applicable grant date may be granted in excess of the Share Limit if such Awards provide for the forfeiture or cash settlement of such Awards to the extent that insufficient Shares remain under the Share Limit at the time that Shares would otherwise be issued in respect of such Award. After the Effective Date, no awards may be granted under the Prior Plan, however, any awards under the Prior Plan that are outstanding as of the Effective Date shall continue to be subject to the terms and conditions of the Prior Plan.

(b) The following Shares shall be available for future grants of Awards under the Plan and shall be added back to the Share Limit in the same number of Shares as were debited from the Share Limit in respect of the grant of such Award (as may be adjusted in accordance with Section 13.2 hereof): (i) Shares tendered by a Participant or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; and (iii) Shares subject to an Award that is forfeited, expires or is settled for cash (in whole or in part), to the extent of such forfeiture, expiration or cash settlement. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added back to the Share Limit and will not be available for future grants of Awards: (A) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (B) Shares purchased on the open market with the cash proceeds from the exercise of Options. Any Shares repurchased by the Company under Section 8.4 hereof at the same price paid by the Participant so that such shares are returned to the Company will again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan. Additionally, in the event that a company acquired by the Company or any Affiliate or with which the Company or any Affiliate combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided, that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Affiliates immediately prior to such acquisition or combination.

3.2 Stock Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 13.2 hereof, (a) the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one person during a rolling three-year period (measured from the date of any grant) shall be 2,000,000 and the maximum aggregate amount of cash that may be paid in cash during any rolling three-year period (measured from the date of any payment) with respect to one or more Awards payable in cash shall be \$10,000,000 (together, the “Individual Award Limits”).

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom one or more Awards shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement stating the terms and conditions applicable to such Award, consistent with the requirements of the Plan and any applicable Program.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding anything contained herein to the contrary, with respect to any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, the Plan, any applicable Program and the applicable Award Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule, and such additional limitations shall be deemed to be incorporated by reference into such Award to the extent permitted by applicable law.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Participant any right to continue as an Employee, Director or Consultant for, the Company or any Affiliate, or shall interfere with or restrict in any way the rights of the Company and any Affiliate, which rights are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Participant and the Company or any Affiliate.

4.5 Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate

or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Affiliates shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign securities exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the Share Limit or Individual Award Limits contained in Sections 3.1 and 3.3 hereof, respectively; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign securities exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Code, the Exchange Act, the Securities Act, any other securities law or governing statute, the rules of the securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law.

4.6 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

ARTICLE 5.

PROVISIONS APPLICABLE TO AWARDS INTENDED TO QUALIFY AS PERFORMANCE-BASED COMPENSATION.

5.1 Purpose. The Committee, in its sole discretion, may determine whether any Award is intended to qualify as Performance-Based Compensation. If the Committee, in its sole discretion, decides to grant an Award to an Eligible Individual that is intended to qualify as Performance-Based Compensation, then the provisions of this Article 5 shall control over any contrary provision contained in the Plan. The Administrator may in its sole discretion grant Awards to Eligible Individuals that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 5 and that are not intended to qualify as Performance-Based Compensation. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to an Award intended to be Performance-Based Compensation payable to a Covered Employee shall be determined on the basis of Applicable Accounting Standards.

5.2 Applicability. The grant of an Award to an Eligible Individual for a particular Performance Period shall not require the grant of an Award to such Eligible Individual in any subsequent Performance Period and the grant of an Award to any one Eligible Individual shall not require the grant of an Award to any other Eligible Individual in such period or in any other period.

5.3 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the requirements of Section 162(m)(4)(C) of the Code, with respect to any Award which is intended to qualify as Performance-Based Compensation, no later than 90 days following the commencement of any Performance Period or any designated fiscal period or period of service (or such earlier time as may be required under Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Eligible Individuals, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned under such Awards, unless otherwise provided in an Award Agreement, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant, including the assessment of individual or corporate performance for the Performance Period.

5.4 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Program or Award Agreement (and only to the extent otherwise permitted by Section 162(m)(4)(C) of the Code), the holder of an Award that is intended to qualify as Performance-Based Compensation must be employed by the Company or an Affiliate throughout the applicable Performance Period. Unless otherwise provided in the applicable Performance Goals, Program or Award Agreement, a Participant shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such period are achieved.

5.5 Additional Limitations. Notwithstanding any other provision of the Plan and except as otherwise determined by the Administrator, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be subject to any additional limitations imposed by Section 162(m) of the Code that are requirements for qualification as Performance-Based Compensation, and the Plan, the Program and the Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 6.

GRANTING OF OPTIONS

6.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

6.2 Qualification of Incentive Stock Options. No Incentive Stock Option shall be granted to any person who is not an Employee of the Company or any “parent corporation” or “subsidiary corporation” of the Company (as defined in Sections 424(e) and 424(f) of the Code, respectively). No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions

of Section 422 of the Code. Any Incentive Stock Option granted under the Plan may be modified by the Administrator, with the consent of the Participant, to disqualify such Option from treatment as an “incentive stock option” under Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which “incentive stock options” (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Participant during any calendar year under the Plan and all other plans of the Company and any Affiliate corporation thereof exceeds \$100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other “incentive stock options” into account in the order in which they were granted and the Fair Market Value of stock shall be determined as of the time the respective options were granted. In addition, to the extent that any Options otherwise fail to qualify as Incentive Stock Options, such Options shall be treated as Nonqualified Stock Options.

6.3 Option Exercise Price. The exercise price per Share subject to each Option shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

6.4 Option Term. The term of each Option shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Options, which time period may not extend beyond the term of the Option term. Except as limited by the requirements of Section 409A or Section 422 of the Code, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Option relating to such a Termination of Service.

6.5 Option Vesting.

(a) The terms and conditions pursuant to which an Option vests in the Participant and becomes exercisable shall be determined by the Administrator and set forth in the applicable Award Agreement. Such vesting may be based on service with the Company or any Affiliate, any of the Performance Criteria, or any other criteria selected by the Administrator. At any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at a Participant’s Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in a Program, the applicable Award Agreement or by action of the Administrator following the grant of the Option..

6.6 Substitute Awards. Notwithstanding the foregoing provisions of this Article 6 to the contrary, in the case of an Option that is a Substitute Award, the price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided, however, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

6.7 Substitution of Stock Appreciation Rights. The Administrator may provide in an applicable Program or the applicable Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided, however, that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price and remaining term as the substituted Option.

ARTICLE 7.

EXERCISE OF OPTIONS

7.1 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

7.2 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations, the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 11.3 hereof by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes to the stock administrator of the Company for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Sections 11.1 and 11.2 hereof.

7.3 Notification Regarding Disposition. The Participant shall give the Company prompt written or electronic notice of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Participant, or (b) one year after the transfer of such shares to such Participant.

ARTICLE 8.

RESTRICTED STOCK

8.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value of the Shares to be purchased, unless otherwise permitted by applicable law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by applicable law.

8.2 Rights as Stockholders. Subject to Section 8.4 hereof, upon issuance of Restricted Stock, the Participant shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said shares, subject to the restrictions in an applicable Program or in the applicable Award Agreement; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares shall be subject to the restrictions set forth in Section 8.3 hereof; provided, further, that with respect to a share of Restricted Stock with vesting conditions, dividends which are paid by the Company with respect to Shares prior to vesting shall only be paid out to the extent that, and at such time or times as, the vesting conditions are subsequently satisfied and the underlying shares of Restricted Stock vest.

8.3 Restrictions. All shares of Restricted Stock (including any shares received by Participants thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of an applicable Program or in the applicable Award Agreement, be subject to such restrictions and vesting requirements as the

Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Participant's duration of employment, directorship or consultancy with the Company, the Performance Criteria, Company or Affiliate performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of any Program or by the applicable Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

8.4 Repurchase or Forfeiture of Restricted Stock. If no price was paid by the Participant for the Restricted Stock, upon a Termination of Service, the Participant's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration. If a price was paid by the Participant for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Participant the unvested Restricted Stock then-subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Stock or such other amount as may be specified in an applicable Program or the applicable Award Agreement. The Administrator in its sole discretion may provide that, upon certain events, including without limitation a Change in Control, the Participant's death, retirement or disability, any other specified Termination of Service or any other event, the Participant's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company cease to have a right of repurchase.

8.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

8.6 Section 83(b) Election. If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

ARTICLE 9.

PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, DEFERRED STOCK, STOCK PAYMENTS, RESTRICTED STOCK UNITS; OTHER INCENTIVE AWARDS

9.1 Performance Awards.

(a) The Administrator is authorized to grant Performance Awards to any Eligible Individual and to determine whether such Performance Awards shall be Performance-Based Compensation. The value of Performance Awards may be linked to any one or more of the Performance Criteria or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.

(b) Without limiting Section 9.1(a) hereof, the Administrator may grant Performance Awards to any Eligible Individual in the form of a cash bonus payable upon the attainment of objective Performance Goals, or such other criteria, whether or not objective, which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such bonuses paid to a Participant which are intended to be Performance-Based Compensation shall be based upon objectively determinable bonus formulas established in accordance with the provisions of Article 5 hereof.

9.2 Dividend Equivalents.

(a) Subject to Section 9.2(b) hereof, Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Participant and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to Shares covered by an Award shall only be paid out to the Participant at the same time or times and to the same extent that the vesting conditions, if any, are subsequently satisfied and the Award vests with respect to such Shares.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

9.3 Stock Payments. The Administrator is authorized to make one or more Stock Payments to any Eligible Individual. The number or value of shares of any Stock Payment shall be determined by the Administrator and may be based upon one or more Performance Criteria or any other specific criteria, including service to the Company or any Affiliate, determined by the Administrator. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

9.4 Deferred Stock. The Administrator is authorized to grant Deferred Stock to any Eligible Individual. The number of shares of Deferred Stock shall be determined by the Administrator and may be based on one or more Performance Criteria or other specific criteria, including service to the Company or any Affiliate, as the Administrator determines, in each case on a specified date or dates or over any period or periods determined by the Administrator. Shares underlying a Deferred Stock award which is subject to a vesting schedule or other conditions or criteria set by the Administrator will not be issued until those conditions have been satisfied. Unless otherwise provided by the Administrator, a holder of Deferred Stock shall have no rights as a Company stockholder with respect to such Deferred Stock until such time as the Award has vested and the Shares underlying the Award have been issued to the Participant.

9.5 Restricted Stock Units. The Administrator is authorized to grant Restricted Stock Units to any Eligible Individual. The number and terms and conditions of Restricted Stock Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on one or more Performance Criteria or other specific criteria, including service to the Company or any Affiliate, in each case on a specified date or dates or over any period or periods, as determined by the Administrator. The Administrator shall specify, or permit the Participant to elect, the conditions and dates upon which the Shares underlying the Restricted Stock Units which shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be subject to compliance with Section 409A of the Code or an exemption therefrom. On the distribution dates, the Company shall issue to the Participant one unrestricted, fully transferable Share (or the Fair Market Value of one such Share in cash) for each vested and nonforfeitable Restricted Stock Unit.

9.6 Performance Share Awards. Any Eligible Individual selected by the Administrator may be granted one or more Performance Share Awards which shall be denominated in a number of Shares and the vesting of which may be linked to any one or more of the Performance Criteria, other specific performance criteria (in each case on a specified date or dates or over any period or periods determined by the Administrator) and/or time-vesting or other criteria, as determined by the Administrator.

9.7 Other Incentive Awards. The Administrator is authorized to grant Other Incentive Awards to any Eligible Individual, which Awards may cover Shares or the right to purchase Shares or have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in or based on, Shares, shareholder value or shareholder return, in each case on a specified date or dates or over any period or periods determined by the Administrator. Other Incentive Awards may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Administrator.

9.8 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

9.9 Other Terms and Conditions. All applicable terms and conditions of each Award described in this Article 9, including without limitation, as applicable, the term, vesting and exercise/purchase price applicable to the Award, shall be set by the Administrator in its sole discretion, provided, however, that the value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by applicable law.

9.10 Exercise upon Termination of Service. Awards described in this Article 9 are exercisable or distributable, as applicable, only while the Participant is an Employee, Director or Consultant, as applicable. The Administrator, however, in its sole discretion may provide that such Award may be exercised or distributed subsequent to a Termination of Service as provided under an applicable Program, Award Agreement, payment deferral election and/or in certain events, including a Change in Control, the Participant's death, retirement or disability or any other specified Termination of Service.

ARTICLE 10.

STOCK APPRECIATION RIGHTS

10.1 Grant of Stock Appreciation Rights.

(a) The Administrator is authorized to grant Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then-exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Fair Market Value on the date of exercise of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Except as described in Section 10.1(c) hereof, the exercise price per Share subject to each Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value on the date the Stock Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 10.1(b) hereof to the contrary, in the case of a Stock Appreciation Right that is a Substitute Award, the price per share of the shares subject to such Stock Appreciation Right may be less than 100% of the Fair Market Value per share on the date of grant; provided, however, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

10.2 Stock Appreciation Right Vesting.

(a) The period during which the right to exercise, in whole or in part, a Stock Appreciation Right vests in the Participant shall be set by the Administrator and the Administrator may determine that a Stock Appreciation Right may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Affiliate, or any other criteria selected by the Administrator. At any time after grant of a Stock Appreciation Right, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which a Stock Appreciation Right vests.

(b) No portion of a Stock Appreciation Right which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in an applicable Program or Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right.

10.3 Manner of Exercise. All or a portion of an exercisable Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the stock administrator of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then-entitled to exercise the Stock Appreciation Right or such portion of the Stock Appreciation Right;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance; and

(c) In the event that the Stock Appreciation Right shall be exercised pursuant to this Section 10.3 by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Stock Appreciation Right.

10.4 Stock Appreciation Right Term. The term of each Stock Appreciation Right shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Stock Appreciation Right is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Stock Appreciation Rights, which time period may not extend beyond the expiration date of the Stock Appreciation Right term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Stock Appreciation Right relating to such a Termination of Service.

10.5 Payment. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 10 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

ARTICLE 11.

ADDITIONAL TERMS OF AWARDS

11.1 Payment. The Administrator shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Participant has placed a market sell order with a broker with respect to Shares then-issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided, however, that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) other form of legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

11.2 Tax Withholding. The Company and its Affiliates shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or an Affiliate, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant’s social security, Medicare and any other employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of the Plan. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company or an Affiliate withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

11.3 Transferability of Awards.

- (a) Except as otherwise provided in Section 11.3(b) or (c) hereof:

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to the satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by clause (i) of this provision; and

(iii) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 11.3(a) hereof, the Administrator, in its sole discretion, may determine to permit a Participant to transfer an Award other than an Incentive Stock Option to any one or more Permitted Transferees, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); and (iii) the Participant and the Permitted Transferee shall execute any and all documents requested by the Administrator, including without limitation, documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer.

(c) Notwithstanding Section 11.3(a) hereof, a Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Participant, except to the extent the Plan, the Program and the Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Participant is married and resides in a "community property" state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the

Participant's interest in the Award shall not be effective without the prior written or electronic consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Administrator prior to the Participant's death.

11.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, neither the Company nor its Affiliates shall be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Share certificates delivered pursuant to the Plan and all shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any Share certificate or book entry to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company and/or its Affiliates may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Award, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.5 Forfeiture Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Participant to agree by separate written or electronic instrument, that: (a)(i) any proceeds, gains or other economic benefit actually or

constructively received by the Participant upon any receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (b)(i) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Participant incurs a Termination of Service for “cause” (as such term is defined in the sole discretion of the Administrator).

11.6 Prohibition on Repricing. Subject to Section 13.2 hereof, the Administrator shall not, without the approval of the stockholders of the Company, (i) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per share, or (ii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per share exceeds the Fair Market Value of the underlying Shares. Subject to Section 13.2 hereof, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

ARTICLE 12.

ADMINISTRATION

12.1 Administrator. The Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Exchange Act, an “outside director” for purposes of Section 162(m) of the Code and an “independent director” under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision; provided, however, that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written or electronic notice to the Board. Vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.6 hereof.

12.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan and all Programs and Award Agreements, and to adopt

such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend any Program or Award Agreement provided that the rights or obligations of the holder of the Award that is the subject of any such Program or Award Agreement are not affected adversely by such amendment, unless the consent of the Participant is obtained or such amendment is otherwise permitted under Section 13.10 hereof. Any such grant or award under the Plan need not be the same with respect to each Participant. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act, Section 162(m) of the Code, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

12.3 Action by the Committee. Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.4 Authority of Administrator. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

- (a) Designate Eligible Individuals to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Eligible Individual;
- (c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement; and
- (j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

12.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

12.6 Delegation of Authority. To the extent permitted by applicable law or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 12; provided, however, that in no event shall an officer of the Company be delegated the authority to grant awards to, or amend awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under Section 162(m) of the Code and applicable securities laws or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.6 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE 13.

MISCELLANEOUS PROVISIONS

13.1 Amendment, Suspension or Termination of the Plan. Except as otherwise provided in this Section 13.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 13.2 hereof, (i) increase the Share Limit, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 11.6 hereof. Except as provided in Section 13.10 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the Participant, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after the tenth (10th) anniversary of the Effective Date.

13.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the Share Limit and Individual Award Limits); (ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and/or (iv) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code unless otherwise determined by the Administrator.

(b) In the event of any transaction or event described in Section 13.2(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 13.2, the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of securities subject to outstanding Awards and Awards which may be granted in the future and/or in the terms, conditions and criteria included in such Awards (including the grant or exercise price, as applicable);

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all securities covered thereby, notwithstanding anything to the contrary in the Plan or an applicable Program or Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 13.2(a) and 13.2(b) hereof:

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments to the Share Limit and the Individual Award Limits). The adjustments provided under this Section 13.2(c) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(d) Notwithstanding any other provision of the Plan, in the event of a Change in Control, each outstanding Award shall be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation. For the purposes of this Section 13.2(d), an Award shall be considered assumed or substituted if, following the Change in Control, the assumed or substituted Award confers the right to purchase or receive, for each share of Common Stock subject to the Award immediately prior to the Change in Control, the consideration

(whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the assumed or substituted Award, for each share of Common Stock subject to such Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

(e) In the event that the successor corporation in a Change in Control and its parents and subsidiaries refuse to assume or substitute for any Award in accordance with Section 13.2(d) hereof, each such non-assumed/substituted Award shall become fully vested and, as applicable, exercisable and shall be deemed exercised, immediately prior to the consummation of such transaction, and all forfeiture restrictions on any or all such Awards shall lapse at such time. If an Award vests and, as applicable, is exercised in lieu of assumption or substitution in connection with a Change in Control, the Administrator shall notify the Participant of such vesting and any applicable exercise, and the Award shall terminate upon the Change in Control. For the avoidance of doubt, if the value of an Award that is terminated in connection with this Section 13.2(e) is zero or negative at the time of such Change in Control, such Award shall be terminated upon the Change in Control without payment of consideration therefor.

(f) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(g) With respect to Awards which are granted to Covered Employees and are intended to qualify as Performance-Based Compensation, no adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause such Award to fail to so qualify as Performance-Based Compensation, unless the Administrator determines that the Award should not so qualify. No adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized with respect to any Award to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(h) The existence of the Plan, the Program, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common

Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(i) No action shall be taken under this Section 13.2 which shall cause an Award to fail to comply with Section 409A of the Code to the extent applicable to such Award, unless the Administrator determines any such adjustments to be appropriate.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of thirty (30) days prior to the consummation of any such transaction.

13.3 Approval of Plan by Stockholders. The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan.

13.4 No Stockholders Rights. Except as otherwise provided herein or in an Award Agreement, a Participant shall have none of the rights of a stockholder with respect to shares of Common Stock covered by any Award until the Participant becomes the record owner of such shares of Common Stock.

13.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

13.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Affiliate. Nothing in the Plan shall be construed to limit the right of the Company or any Affiliate: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Affiliate, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements), the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, and to such approvals by any listing,

regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

13.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.9 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of California without regard to conflicts of laws thereof.

13.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Plan, any applicable Program and the Award Agreement covering such Award shall be interpreted in accordance with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Administrator determines that any Award may be subject to Section 409A of the Code, the Administrator may adopt such amendments to the Plan, any applicable Program and the Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes on the Award under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom.

13.11 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

13.12 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate.

13.13 Indemnification. To the extent allowable pursuant to applicable law, each member of the Board and any officer or other employee to whom authority to administer any component of the Plan is delegated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.14 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.15 Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

[signature page follows]

* * * * *

I hereby certify that the amendment to the foregoing Plan was duly approved by the Board of Directors of ASGN Incorporated on March 29, 2018.

* * * * *

I hereby certify that the foregoing Plan was approved by the Company's stockholders on June 3, 2010, and the First Amendment to the Plan was approved by the Company's stockholders on June 7, 2013.

Executed on this 26th day of April, 2018.

/s/ Jennifer Hanks Painter

Jennifer Hanks Painter

SVP, Chief Legal Officer and Secretary

**SECOND AMENDED AND RESTATED ASGN INCORPORATED
2012 EMPLOYMENT INDUCEMENT INCENTIVE AWARD PLAN**

ARTICLE 1.

PURPOSE

The purpose of this Second Amended and Restated ASGN Incorporated 2012 Employment Inducement Incentive Award Plan (the “Plan”) is to promote the success and enhance the value of ASGN Incorporated (the “Company”) by linking the individual interests of Eligible Individuals to those of the Company’s stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company’s stockholders. The Plan is further intended to provide flexibility to the Company in its ability to attract, and retain the services of Eligible Individuals upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent. Only Eligible Individuals may receive Awards under the Plan. The Plan amends and restates in its entirety, as of April 26, 2018, the Company’s 2012 Employment Inducement Incentive Award Plan, as previously amended from time to time (the “Original Plan”).

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Administrator” shall mean the entity that conducts the general administration of the Plan as provided in Article 11 hereof.

2.2 “Affiliate” shall mean any Parent or Subsidiary.

2.3 “Applicable Accounting Standards” shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company’s financial statements under United States federal securities laws from time to time.

2.4 “Award” shall mean an Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Performance Award, a Dividend Equivalent Award, a Deferred Stock Award, a Stock Payment Award, a Stock Appreciation Right, an Other Incentive Award or a Performance Share Award, which may be awarded or granted under the Plan.

2.5 “Award Agreement” shall mean any written notice, agreement, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.6 “Board” shall mean the Board of Directors of the Company.

2.7 “Change in Control” shall mean the occurrence of any of the following events:

(a) A transaction or series of transactions (other than an offering of Shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Parents or Subsidiaries, an employee benefit plan maintained by the Company or any of its Parents or Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, in each case, other than a transaction:

(i) Which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however that no person or group shall be treated for purposes of this Section 2.7(b)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation that is subject to Section 409A of the Code, to the extent required to avoid the imposition of additional taxes under Section 409A of the Code, the transaction or event described in subsection (a) or (b), with respect to such Award shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a “change in control event,” as defined in Treasury Regulation §1.409A-3(i)(5).

Consistent with the terms of this Section 2.7, the Administrator shall have full and final authority to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.8 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.9 “Committee” shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board described in Article 11 hereof.

2.10 “Common Stock” shall mean the common stock of the Company, par value \$.01 per share.

2.11 “Company” shall mean ASGN Incorporated, a Delaware corporation.

2.12 “Consultant” shall mean any consultant or adviser engaged to provide services to the Company or any Affiliate that qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement or any successor Form thereto.

2.13 “Deferred Stock” shall mean a right to receive Shares awarded under Section 8.4 hereof.

2.14 “Director” shall mean a member of the Board, as constituted from time to time.

2.15 “Dividend Equivalent” shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 8.2 hereof.

2.16 “DRO” shall mean a “domestic relations order” as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.17 “Effective Date” shall mean the date the Original Plan was first approved by the Board.

2.18 “Eligible Individual” shall mean any prospective Employee who is commencing employment with the Company or a Subsidiary, or is being rehired following a bona fide period interruption of employment by the Company or a Subsidiary, if he or she is granted an Award in connection with his or her commencement of employment with the Company or a Subsidiary and such grant is an inducement material to his or her entering into employment with the Company or a Subsidiary (within the meaning of New York Stock Exchange Rule 303A.08 or any successor rule, if the Company’s securities are traded on the New York Stock Exchange, and/or the applicable requirements of any other established stock exchange on which the Company’s securities are traded, as applicable, as such rules and requirements may be amended from time to time). Notwithstanding the foregoing, if the Company’s securities are traded on the Nasdaq Stock Market, an “Eligible Individual” shall not include any prospective Employee who has previously been an Employee or Director of the Company unless following a bona fide period of non-employment by the Company or a Subsidiary. The Administrator may in its discretion adopt procedures from time to time to ensure that a prospective Employee is eligible to participate in the Plan prior to the granting of any Awards to such individual under the Plan (including without limitation a requirement that each such prospective Employee certify to the Company prior to the receipt of an Award under the Plan that he or she has had a bona fide period of interruption of employment, and that the grant of Awards

under the Plan is an inducement material to his or her agreement to enter into employment with the Company or a Subsidiary).

2.19 “Employee” shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code) of the Company or of any Affiliate.

2.20 “Equity Restructuring” shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

2.21 “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.22 “Fair Market Value” shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.23 “Incentive Stock Option” shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.24 “Independent Director” shall mean a Director of the Company who is not an Employee of the Company and who qualifies as “independent” within the meaning of New York Stock Exchange Rule 303A.02, or any successor rule, if the Company’s securities are traded on the New York Stock Exchange, and/or the applicable requirements of any other established stock exchange on which the Company’s securities are traded, as applicable, as such rules and requirements may be amended from time to time.

2.25 “Non-Employee Director” shall mean a Director of the Company who is not an Employee.

2.26 “Non-Qualified Stock Option” shall mean an Option that is not an Incentive Stock Option.

2.27 “Option” shall mean a right to purchase Shares at a specified exercise price, granted under Article 5 hereof. Any Option granted under the Plan shall be a Non-Qualified Stock Option.

2.28 “Original Plan” shall mean the Company’s 2012 Employment Inducement Incentive Award Plan, as previously amended from time to time.

2.29 “Other Incentive Award” shall mean an Award denominated in, linked to or derived from Shares or value metrics related to Shares, granted pursuant to Section 8.7 hereof.

2.30 “Parent” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.31 “Participant” shall mean a person who has been granted an Award.

2.32 “Performance Award” shall mean an Award that is granted under Section 8.1 hereof.

2.33 “Performance Share Award” shall mean a contractual right awarded under Section 8.6 hereof to receive a number of Shares or the cash value of such number of Shares based on the attainment of specified Performance Goals or other criteria determined by the Administrator.

2.34 “Permitted Transferee” shall mean, with respect to a Participant, any “family member” of the Participant, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act, after taking into account any state, federal, local or foreign tax and securities laws applicable to transferable Awards.

2.35 “Plan” shall mean this Second Amended and Restated ASGN Incorporated 2012 Employment Inducement Incentive Award Plan, as it may be amended from time to time.

2.36 “Program” shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.37 “Restricted Stock” shall mean Common Stock awarded under Article 7 hereof that is subject to certain restrictions and may be subject to risk of forfeiture.

2.38 “Restricted Stock Unit” shall mean a contractual right awarded under Section 8.5 hereof to receive in the future a Share or the cash value of a Share.

2.39 “Securities Act” shall mean the Securities Act of 1933, as amended.

2.40 “Share Limit” shall have the meaning provided in Section 3.1(a) hereof.

2.41 “Shares” shall mean shares of Common Stock.

2.42 “Stock Appreciation Right” shall mean a stock appreciation right granted under Article 9 hereof.

2.43 “Stock Payment” shall mean a payment in the form of Shares awarded under Section 8.3 hereof.

2.44 “Subsidiary” shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.45 “Substitute Award” shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, an outstanding equity award previously granted by a company or other entity that is a party to such transaction; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.46 “Termination of Service” means:

(a) As to a Consultant, the time when the engagement of a Participant as a Consultant to the Company and its Affiliates is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Affiliate.

(b) As to a Non-Employee Director, the time when a Participant who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Affiliate.

(c) As to an Employee, the time when the employee-employer relationship between a Participant and the Company and its Affiliates is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Affiliate.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to Terminations of Service, including, without limitation, the question of whether a Termination of Service has occurred, whether any Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service. For purposes of the Plan, a Participant’s employee-employer relationship or consultancy

relationship shall be deemed to be terminated in the event that the Affiliate employing or contracting with such Participant ceases to remain an Affiliate following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Section 3.1(b) and Section 12.2 hereof, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan shall be 1,335,861 (the “Share Limit”). Notwithstanding the foregoing, to the extent permitted under applicable law and applicable stock exchange rules, Awards that provide for the delivery of Shares subsequent to the applicable grant date may be granted in excess of the Share Limit if such Awards provide for the forfeiture or cash settlement of such Awards to the extent that insufficient Shares remain under the Share Limit at the time that Shares would otherwise be issued in respect of such Award.

(b) If any Shares subject to an Award are forfeited or expire or such Award is settled for cash (in whole or in part), the Shares subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan and shall be added back to the Share Limit in the same number of Shares as were debited from the Share Limit in respect of the grant of such Award (as may be adjusted in accordance with Section 13.2 hereof). Notwithstanding anything to the contrary contained herein, the following Shares shall not be added back to the Share Limit and will not be available for future grants of Awards: (i) Shares tendered by a Participant or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (iv) Shares purchased on the open market with the cash proceeds from the exercise of Options. Any Shares repurchased by the Company under Section 7.4 hereof at the same price paid by the Participant so that such shares are returned to the Company will again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan. Additionally, in the event that a company acquired by the Company or any Affiliate or with which the Company or any Affiliate combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided, that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and

shall only be made to individuals who were not employed by or providing services to the Company or its Affiliates immediately prior to such acquisition or combination.

3.2 Stock Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock or treasury Common Stock.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom one or more Awards shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement stating the terms and conditions applicable to such Award, consistent with the requirements of the Plan and any applicable Program.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding anything contained herein to the contrary, with respect to any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, the Plan, any applicable Program and the applicable Award Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule, and such additional limitations shall be deemed to be incorporated by reference into such Award to the extent permitted by applicable law.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Participant any right to continue as an Employee, Director or Consultant of the Company or any Affiliate, or shall interfere with or restrict in any way the rights of the Company and any Affiliate, which rights are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Participant and the Company or any Affiliate.

4.5 Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate, or in order to comply with the requirements of any foreign securities exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Affiliates shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign securities exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that

no such subplans and/or modifications shall increase the Share Limit contained in Section 3.1 hereof; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign securities exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Code, the Exchange Act, the Securities Act, any other securities law or governing statute, the rules of the securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law.

4.6 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

ARTICLE 5.

GRANTING OF OPTIONS

5.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

5.2 Option Exercise Price. The exercise price per Share subject to each Option shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted.

5.3 Option Term. The term of each Option shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Options, which time period may not extend beyond the term of the Option term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Option relating to such a Termination of Service.

5.4 Option Vesting.

(a) The terms and conditions pursuant to which an Option vests in the Participant and becomes exercisable shall be determined by the Administrator and set forth in the applicable Award Agreement. Such vesting may be based on service with the Company or any Affiliate, the attainment of one or more performance criteria established by the Administrator, and/or any other criteria selected by the Administrator. At any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at a Participant's Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the

Administrator either in a Program, the applicable Award Agreement or by action of the Administrator following the grant of the Option.

5.5 Substitute Awards. Notwithstanding the foregoing provisions of this Article 5 to the contrary, in the case of an Option that is a Substitute Award, the price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided, however, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

5.6 Substitution of Stock Appreciation Rights. The Administrator may provide in an applicable Program or the applicable Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided, however, that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price and remaining term as the substituted Option.

ARTICLE 6.

EXERCISE OF OPTIONS

6.1 Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

6.2 Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations, the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded or any other applicable law. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 10.3 hereof by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes to the stock administrator of the Company for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Sections 10.1 and 10.2 hereof.

ARTICLE 7.

RESTRICTED STOCK

7.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value of the Shares to be purchased, unless otherwise permitted by applicable law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by applicable law.

7.2 Rights as Stockholders. Subject to Section 7.4 hereof, upon issuance of Restricted Stock, the Participant shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said shares, subject to the restrictions in an applicable Program or in the applicable Award Agreement; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares shall be subject to the restrictions set forth in Section 7.3 hereof; provided, further, that with respect to a share of Restricted Stock with vesting conditions, dividends which are paid by the Company with respect to Shares prior to vesting shall only be paid out to the extent that, and at such time or times as, the vesting conditions are subsequently satisfied and the underlying shares of Restricted Stock vest.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Participants thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of an applicable Program or in the applicable Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Participant's duration of employment, Company or Affiliate performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of any Program or by the applicable Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

7.4 Repurchase or Forfeiture of Restricted Stock. If no price was paid by the Participant for the Restricted Stock, upon a Termination of Service, the Participant's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration. If a price was paid by the Participant for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Participant the unvested Restricted Stock then-subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Stock or such other amount as may be specified in an applicable Program or the applicable Award Agreement. The Administrator in its sole discretion may provide that, upon certain events, including without limitation a Change in Control, the Participant's death, retirement or disability, any other specified Termination of Service or any other event, the Participant's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company cease to have a right of repurchase.

7.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

7.6 Section 83(b) Election. If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

ARTICLE 8.

PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, DEFERRED STOCK, STOCK PAYMENTS, RESTRICTED STOCK UNITS; OTHER INCENTIVE AWARDS

8.1 Performance Awards. The Administrator is authorized to grant Performance Awards to any Eligible Individual. The value of Performance Awards may be linked to any specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator.

8.2 Dividend Equivalents.

(a) Subject to Section 8.2(b) hereof, Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Participant and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

8.3 Stock Payments. The Administrator is authorized to make one or more Stock Payments to any Eligible Individual. The number or value of shares of any Stock Payment shall be determined by the Administrator and may be based upon any specific criteria, including service to the Company or any Affiliate and/or the attainment of any performance goals, determined by the Administrator. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

8.4 Deferred Stock. The Administrator is authorized to grant Deferred Stock to any Eligible Individual. The number of shares of Deferred Stock shall be determined by the Administrator and may be based on any specific criteria, including service to the Company or any Affiliate and/or the attainment of any performance goals, as the Administrator determines, in each case on a specified date or dates or over any period or periods determined by the Administrator. Shares underlying a Deferred Stock award which is subject to a vesting schedule or other conditions or criteria set by the Administrator will not be issued until those conditions have been satisfied. Unless otherwise provided by the Administrator, a holder of Deferred Stock shall have no rights as a Company stockholder with respect to such Deferred Stock until such time as the Award has vested and the Shares underlying the Award have been issued to the Participant.

8.5 Restricted Stock Units. The Administrator is authorized to grant Restricted Stock Units to any Eligible Individual. The number and terms and conditions of Restricted Stock Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on service to the Company or any Affiliate and/or the attainment of performance goals, in each case on a specified date or dates or over any period or periods, as determined by the Administrator. The Administrator shall specify, or may permit the Participant to elect, the conditions and dates upon which the Shares underlying the Restricted Stock Units which shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be subject to compliance with Section 409A of the Code or an exemption therefrom. On the distribution dates, the Company shall issue to the Participant one unrestricted, fully transferable Share (or the Fair Market Value of one such Share in cash) for each vested and nonforfeitable Restricted Stock Unit.

8.6 Performance Share Awards. Any Eligible Individual selected by the Administrator may be granted one or more Performance Share Awards which shall be denominated in a number of Shares and the vesting of which may be linked to any specific performance criteria (in each case on a specified date or dates or over any period or periods determined by the Administrator) and/or time-vesting or other criteria, as determined by the Administrator.

8.7 Other Incentive Awards. The Administrator is authorized to grant Other Incentive Awards to any Eligible Individual, which Awards may cover Shares or the right to purchase Shares or have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in or based on, Shares, shareholder value or shareholder return, in each case on a specified date or dates or over any period or periods determined by the Administrator. Other Incentive Awards may be linked to any specific performance criteria and/or time-vesting or other criteria, as determined appropriate by the Administrator.

8.8 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

8.9 Other Terms and Conditions. All applicable terms and conditions of each Award described in this Article 8, including without limitation, as applicable, the term, vesting and exercise/purchase price applicable to the Award, shall be set by the Administrator in its sole discretion, provided, however, that the value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by applicable law.

8.10 Exercise upon Termination of Service. Awards described in this Article 8 are exercisable or distributable, as applicable, only while the Participant is an Employee, Director or Consultant, as applicable. The Administrator, however, in its sole discretion may provide that such Award may be exercised or distributed subsequent to a Termination of Service as provided under an applicable Program, Award Agreement, payment deferral election and/or in certain events, including a Change in Control, the Participant's death, retirement or disability or any other specified Termination of Service.

ARTICLE 9.

STOCK APPRECIATION RIGHTS

9.1 Grant of Stock Appreciation Rights.

(a) The Administrator is authorized to grant Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then-exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Fair Market Value on the date of exercise of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose. Except as described in Section 9.1(c) hereof, the exercise price per Share subject to each Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value on the date the Stock Appreciation Right is granted.

(c) Notwithstanding the foregoing provisions of Section 9.1(b) hereof to the contrary, in the case of a Stock Appreciation Right that is a Substitute Award, the price per share of the shares subject to such Stock Appreciation Right may be less than 100% of the Fair Market Value per share on the date of grant; provided, however, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

9.2 Stock Appreciation Right Vesting.

(a) The period during which the right to exercise, in whole or in part, a Stock Appreciation Right vests in the Participant shall be set by the Administrator and the Administrator may determine that a Stock Appreciation Right may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Affiliate, the attainment of performance goals or any other criteria selected by the Administrator. At any time after grant of a Stock Appreciation Right, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which a Stock Appreciation Right vests.

(b) No portion of a Stock Appreciation Right which is unexercisable at Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in an applicable Program or Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Right.

9.3 Manner of Exercise. All or a portion of an exercisable Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the stock administrator of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then-entitled to exercise the Stock Appreciation Right or such portion of the Stock Appreciation Right;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance; and

(c) In the event that the Stock Appreciation Right shall be exercised pursuant to this Section 9.3 by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Stock Appreciation Right.

9.4 Stock Appreciation Right Term. The term of each Stock Appreciation Right shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Stock Appreciation Right is granted. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Participant has the right to exercise the vested Stock Appreciation Rights, which time period may not extend beyond the expiration date of the Stock Appreciation Right term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Participant, and may amend any other term or condition of such Stock Appreciation Right relating to such a Termination of Service.

9.5 Payment. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 9 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

ARTICLE 10.

ADDITIONAL TERMS OF AWARDS

10.1 Payment. The Administrator shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Participant has placed a market sell order with a broker with respect to Shares then-issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided, however, that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) other form of legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.2 Tax Withholding. The Company and its Affiliates shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or an Affiliate, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant’s social security, Medicare and any other employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of the Plan. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company or an Affiliate withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

10.3 Transferability of Awards.

(a) Except as otherwise provided in Section 10.3(b) or (c) hereof:

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised,

or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to the satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by clause (i) of this provision; and

(iii) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a) hereof, the Administrator, in its sole discretion, may determine to permit a Participant to transfer an Award to any one or more Permitted Transferees, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); and (iii) the Participant and the Permitted Transferee shall execute any and all documents requested by the Administrator, including without limitation, documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer.

(c) Notwithstanding Section 10.3(a) hereof, a Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Participant, except to the extent the Plan, the Program and the Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Participant is married and resides in a "community property" state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written or electronic consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Administrator prior to the Participant's death.

10.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, neither the Company nor its Affiliates shall be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Share certificates delivered pursuant to the Plan and all shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any Share certificate or book entry to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company and/or its Affiliates may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Award, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.5 Forfeiture Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Participant to agree by separate written or electronic instrument, that: (a) any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of the Award, or upon the receipt or resale of any Shares underlying the Award, must be paid to the Company, and (b) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (i) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Participant incurs a Termination of Service for “cause” (as such term is defined in the sole discretion of the Administrator).

10.6 Prohibition on Repricing. Subject to Section 12.2 hereof, the Administrator shall not, without the approval of the stockholders of the Company, (i) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per share, or (ii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per share exceeds the Fair Market Value of the underlying Shares. Subject to Section 12.2 hereof, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

ARTICLE 11.

ADMINISTRATION

11.1 Administrator. The Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and, unless otherwise determined by the Board, shall consist solely of two or more Independent Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Exchange Act and an “independent director” under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision; provided, however, that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.1 or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written or electronic notice to the Board. Vacancies in the Committee may only be filled by the Board.

11.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan and all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend any Program or Award Agreement provided that the rights or obligations of the holder of the Award that is the subject of any such Program or Award Agreement are not affected adversely by such amendment, unless the consent of the Participant is obtained or such amendment is otherwise permitted under Section 12.10 hereof. Any such grant or award under the Plan need not be the same with respect to each Participant. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

11.3 Action by the Committee. Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the

Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4 Authority of Administrator. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

(a) Adopt procedures from time to time intended to ensure that an individual is an Eligible Individual prior to the granting of any Awards to such individual under the Plan (including without limitation a requirement, if any, that each such individual certify to the Company prior to the receipt of an Award under the Plan that he or she has not been previously employed by the Company or a Subsidiary, or if previously employed, has had a bona fide period of non-employment, and that the grant of Awards under the Plan is an inducement material to his or her agreement to enter into employment with the Company or a Subsidiary);

(b) Designate Eligible Individuals to receive Awards;

(c) Determine the type or types of Awards to be granted to each Eligible Individual;

(d) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(e) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(f) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(g) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(h) Decide all other matters that must be determined in connection with an Award;

(i) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(j) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;

and

(k) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

11.5 Actions Required Upon Grant of Award. Following the issuance of any Award under the Plan, the Company shall, in accordance with the listing requirements of the applicable securities exchange, (a) promptly issue a press release disclosing the material terms of the grant, including the recipient(s) of the grant and the number of shares involved and (b) notify the applicable securities exchange of such grant no later than the earlier to occur of (i) five (5) calendar days after entering into the agreement to issue the Award or (ii) the date of the public announcement of the Award.

11.6 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

11.7 Delegation of Authority. To the extent permitted by applicable law or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that in no event shall an officer of the Company be delegated the authority to (a) grant awards or (b) amend awards held by the following individuals: (i) individuals who are subject to Section 16 of the Exchange Act or (ii) officers of the Company (or Directors) to whom authority to amend Awards has been delegated hereunder; provided further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under applicable securities laws or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.7 shall serve in such capacity at the pleasure of the Board and the Committee. Notwithstanding anything to the contrary provided herein (x) Awards shall be approved by (i) the Company's Compensation Committee comprised of a majority of the Company's Independent Directors or (ii) a majority of the Company's Independent Directors and (y) the authority to grant Awards shall not be delegated under any circumstances.

ARTICLE 12.

MISCELLANEOUS PROVISIONS

12.1 Amendment, Suspension or Termination of the Plan. Except as otherwise provided in this Section 12.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 12.2 hereof, (i) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan or (ii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 10.6 hereof. Except as provided in Section 12.10 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the Participant, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan.

12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the Share Limit); (ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and/or (iv) the grant or exercise price per share for any outstanding Awards under the Plan.

(b) In the event of any transaction or event described in Section 12.2(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2, the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award

or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of securities subject to outstanding Awards and Awards which may be granted in the future and/or in the terms, conditions and criteria included in such Awards (including the grant or exercise price, as applicable);

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all securities covered thereby, notwithstanding anything to the contrary in the Plan or an applicable Program or Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.2(a) and 12.2(b) hereof:

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted; and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments to the Share Limit and the Individual Award Limits). The adjustments provided under this Section 12.2(c) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(d) Notwithstanding any other provision of the Plan, in the event of a Change in Control, each outstanding Award shall be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation. For the purposes of this Section 12.2(d), an Award shall be considered assumed or substituted if, following the Change in Control, the assumed or substituted Award confers the right to purchase or receive, for each share of Common Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the assumed or substituted Award, for each share of Common Stock subject to such Award, to be solely common stock of the successor corporation or its parent equal in fair

market value to the per share consideration received by holders of Common Stock in the Change in Control.

(e) In the event that the successor corporation in a Change in Control and its parents and subsidiaries refuse to assume or substitute for any Award in accordance with Section 12.2(d) hereof, each such non-assumed/substituted Award shall become fully vested and, as applicable, exercisable and shall be deemed exercised, immediately prior to the consummation of such transaction, and all forfeiture restrictions on any or all such Awards shall lapse at such time. If an Award vests and, as applicable, is exercised in lieu of assumption or substitution in connection with a Change in Control, the Administrator shall notify the Participant of such vesting and any applicable exercise, and the Award shall terminate upon the Change in Control. For the avoidance of doubt, if the value of an Award that is terminated in connection with this Section 12.2(e) is zero or negative at the time of such Change in Control, such Award shall be terminated upon the Change in Control without payment of consideration therefor.

(f) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(g) No adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized with respect to any Award to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(h) The existence of the Plan, the Program, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(i) No action shall be taken under this Section 12.2 which shall cause an Award to fail to comply with Section 409A of the Code to the extent applicable to such Award, unless the Administrator determines any such adjustments to be appropriate.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of thirty (30) days prior to the consummation of any such transaction.

12.3 No Stockholders Rights. Except as otherwise provided herein or in an Award Agreement, a Participant shall have none of the rights of a stockholder with respect to shares of

Common Stock covered by any Award until the Participant becomes the record owner of such shares of Common Stock.

12.4 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

12.5 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Affiliate. Nothing in the Plan shall be construed to limit the right of the Company or any Affiliate: (a) to establish any other forms of incentives or compensation for Employees of the Company or any Affiliate, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.6 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements), the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

12.7 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

12.8 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of California without regard to conflicts of laws thereof.

12.9 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Plan, any applicable Program and the Award Agreement covering such Award shall be interpreted in accordance with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, in the event that, following the Effective Date, the Administrator determines that any Award may be subject to Section 409A of the Code, the Administrator may adopt such amendments to the Plan, any applicable

Program and the Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes on the Award under Section 409A of the Code, either through compliance with the requirements of Section 409A of the Code or with an available exemption therefrom. Notwithstanding the foregoing, nothing herein shall create any obligation on the part of the Administrator or the Company or its Affiliates to take any action described in this Section 12.9 or give rise to any liability on the part of the Administrator or the Company or its Affiliates for failing to take any such action.

12.10 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals or any other persons uniformly.

12.11 Unfunded Status of Awards. The Plan is intended to be an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate.

12.12 Indemnification. To the extent allowable pursuant to applicable law, each member of the Board and any officer or other employee to whom authority to administer any component of the Plan is delegated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.13 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

ARTICLE 13.

STOCKHOLDER APPROVAL

13.1 Stockholder Approval Not Required. It is expressly intended that approval of the Company's stockholders not be required as a condition of the effectiveness of the Plan or the Original Plan, and the Plan's provisions shall be interpreted in a manner consistent with such intent for all purposes. Specifically, (a) New York Stock Exchange Rule 303A.08 generally requires stockholder approval for equity-compensation plans adopted by companies whose securities are listed on the New York Stock Exchange, and (b) Nasdaq Stock Market Rule 5635(c) generally requires stockholder approval for stock option plans or other equity compensation arrangements adopted by companies whose securities are listed on the Nasdaq Stock Market pursuant to which stock awards or stock may be acquired by officers, directors, employees or consultants of such companies. New York Stock Exchange Rule 303A.08 and Nasdaq Stock Market Rule 5635(c)(4) each provides an exemption in certain circumstances for "employment inducement" awards (within the meaning of New York Stock Exchange Rule 303A.08 and Nasdaq Stock Market Rule 5635(c)(4)). Notwithstanding anything to the contrary herein, (w) if the Company's securities are traded on the New York Stock Exchange, then Awards under the Plan may only be made to Employees who are being hired by the Company or a Subsidiary, or being rehired following a bona fide period of interruption of employment by the Company or a Subsidiary and (x) if the Company's securities are traded on the Nasdaq Stock Market, then Awards under the Plan may only be made to Employees who have not previously been an Employee or director of the Company or a Subsidiary, or following a bona fide period of non-employment by the Company or a Subsidiary, in each case as an inducement material to the Employee's entering into employment with the Company or a Subsidiary. Awards under the Plan will be approved by (y) the Company's Compensation Committee comprised of a majority of the Company's Independent Directors or (z) a majority of the Company's Independent Directors. Accordingly, pursuant to New York Stock Exchange Rule 303A.08 and Nasdaq Stock Market Rule 5635(c)(4), the issuance of Awards and the shares of Stock issuable upon exercise or vesting of such Awards pursuant to the Plan are not subject to the approval of the Company's stockholders.

[signature page follows]

* * * * *

I hereby certify that the Original Plan was duly adopted initially by the Board of Directors of the Company on May 14, 2012.

* * * * *

I hereby certify that the amendment and restatement to the foregoing Plan was duly approved by the Board of Directors of the Company on March 29, 2018.

/s/ Jennifer Hanks Painter

Jennifer Hanks Painter

SVP, Chief Legal Officer and Secretary

EMPLOYMENT AND NON-COMPETITION AGREEMENT

THIS EMPLOYMENT AND NON-COMPETITION AGREEMENT (this "Agreement"), is entered into as of the 31st day of January, 2018, by and between On Assignment, Inc. (the "Purchaser") and George Wilson, an individual (the "Executive"). This Agreement is deemed effective on the date (the "Effective Date") of the consummation of the transactions contemplated in that certain Membership Interest Purchase Agreement (the "Purchase Agreement") dated as of even date herewith, by and among Purchaser, ECS Federal Holding Co. and the other parties named therein (as may be amended from time to time).

WITNESSETH:

WHEREAS, the Executive has served as the Chief Executive Officer and President of ECS Federal, LLC (the "Company") and, in connection with the consummation of the transactions contemplated in the Purchase Agreement, pursuant to which Purchaser will become the owner of the Company, Purchaser desires to continue to retain the services of the Executive and to enter into this Agreement regarding the terms of such continued employment and shall cause the Company to honor the terms of this Agreement, effective as of the Effective Date;

WHEREAS, the Executive desires to enter into this Agreement and to continue to be retained by the Company, subject to the terms and conditions of this Agreement; and

WHEREAS, this Agreement amends and restates the agreement Purchaser and the Executive entered into on January 30, 2018.

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements contained herein and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. Upon the Effective Date, subject to the termination provisions of Section 3, the Company shall employ the Executive as President of the Company for a period of one (1) year and shall thereafter automatically renew such employment for successive one-year terms unless such employment is terminated by either party in accordance with Section 3 herein (such period of the Executive's employment is herein referred to as the "Employment Period").

(a) Position. The Executive shall serve as President of the Company and shall perform all duties attendant to such office, together with such other duties as may be delegated to the Executive by the Company's Board of Managers (the "Board") and Purchaser's Chief Executive Officer and have such authority as may normally be exercised by a President of a company. Executive shall report to Purchaser's Chief Executive Officer. The Executive shall diligently, faithfully and competently perform all duties of his office and shall devote his full business time and abilities to the performance of such duties; provided that the Executive may be involved in personal investment,

religious, civic, charitable or other not-for-profit activities, and the Executive shall be entitled to continue service as a member of the technical advisory board of Razor's Edge, in each case, to extent such activities do not interfere with the performance by the Executive of his duties and responsibilities hereunder or violate Section 5 or 6 of this Agreement.

(b) Location. In connection with the Executive's employment by the Company, the Executive shall be based at the principal executive offices of the Company in Fairfax, Virginia, except for required travel with respect to the Company's business or that of its Subsidiaries.

(c) Other Agreements. The Executive represents and warrants to the Company that his continued employment and the performance of his duties for the Company will not conflict with or result in a violation or breach of, or constitute a default under any contract, agreement or understanding to which he is or was a party or of which he is aware and that there are no restrictions, covenants, agreements or limitations on his right or ability to enter into and perform the terms of this Agreement.

2. Compensation, Benefits and Related Matters.

(a) Base Salary. During the Employment Period, the Company will pay the Executive a salary (the "Base Salary") at a rate of \$480,000 per annum, payable in regular periodic payments in accordance with the Company's standard payroll practices. The Base Salary may be increased (separately from and in addition to any performance-based bonus awarded to the Executive consistent with Section 2(b) below) from time to time at the sole discretion of the Board.

(b) Performance Bonus. During the Employment Period, the Executive will be eligible to be paid an annual performance-based bonus (the "Performance Bonus"), which shall have an initial annual target of \$450,000, provided that the Executive remains continuously employed by the Company through the end of the relevant fiscal year. The Executive's initial annual target of \$450,000 shall be reviewed and potentially increased (but not decreased) by the Chief Executive Officer of Purchaser in such Chief Executive Officer's sole discretion. The Performance Bonus will be paid upon the achievement of target EBITDA and/or other metrics that are to be established by the Board in its sole discretion in connection with the applicable fiscal year no later than March 15 of the calendar year following the applicable fiscal year.

(c) Equity Compensation. Upon the Effective Date, the Executive shall be granted restricted stock units of Purchaser's common stock with an approximate grant date value of \$816,000 under Purchaser's long-term equity incentive plan (the "RSU Grant"). The RSU Grant shall be evidenced by, and subject to vesting as described in, the grant agreement attached as Exhibit A and such grant agreement shall be executed by the Executive and Purchaser on the Effective Date. The Executive shall also receive future additional equity compensation grants on similar terms and conditions as equity grants that are provided to similarly situated executives of Purchaser and the Company subject to the sole discretion and approval of the Compensation Committee of the Board

of Directors of Purchaser, which committee may consider any other factors that it deems applicable, such as performance of the Company and the Executive.

(d) Benefits. During the Employment Period, the Executive will be eligible to participate in the Company's employee benefit programs, including but not limited to, medical, dental, and other group plans, in accordance with the terms of those plans. The Company reserves the right in its sole discretion to amend, revise and/or terminate such benefits or plans at any time.

(e) Expenses. Subject to the Company's standard practices, the Executive shall be entitled to reimbursement on a monthly basis for all reasonable business related expenses incurred and paid by the Executive in the performance of his duties hereunder.

(f) Vacation. During the Employment Period, the Executive will be free to take time off from work for vacation and other personal time at the Executive's discretion in a manner that is consistent with the Executive's duties and responsibilities to the Company and Purchaser and that permits the Executive to complete the Executive's work in a timely and professional manner.

(g) Change in Control Severance Plan. The Executive shall be a participant in the On Assignment Inc. Amended and Restated Change in Control Severance Plan (the "CIC Plan") as it may be amended or replaced by a similar plan; provided however that the Executive shall receive the compensation or benefits under the CIC Plan instead of the compensation or benefits under this Agreement only to the extent such compensation or benefits provided under the CIC Plan exceed those provided under this Agreement. Furthermore, the golden parachute provisions of Section 17 of this Agreement relating to Sections 280G and 4999 of the Internal Revenue Code shall apply in lieu of any similar provisions in the CIC Plan unless the CIC Plan provisions are more favorable to the Executive.

3. Termination. The Employment Period may be terminated under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. If a Disability has deemed to have occurred, the Company may terminate the Executive's employment hereunder. "Disability" means the Executive has been incapable or unable, even with reasonable accommodations, to fully perform the material duties performed by the Executive for the Company or its Parent or Subsidiaries immediately prior to such disability for a period of at least one hundred eighty (180) days (which need not be consecutive) in any 12-month period or at least one hundred twenty (120) consecutive days. The Executive represents and warrants that, to his knowledge, he is in good mental and physical health on the date this Agreement is executed.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. Termination for Cause shall arise where termination results from any of the following: (i) the Executive's willful breach of duty unless waived by the Company (which willful breach is limited to the Executive's deliberate and consistent refusal to confirm to or follow any reasonable policy adopted by the Company provided the Executive has had prior written notice of such refusal and an opportunity of at least thirty (30) days to cure such refusal); (ii) the Executive's unauthorized use or disclosure of confidential information or trade secrets of the Company; (iii) the Executive's breach of an applicable non-competition or non-solicitation agreement; (iv) the Executive's conviction of a felony under the laws of the United States or any state thereof; or (v) the Executive's gross negligence.

(d) Termination by the Executive. The Executive may terminate his employment hereunder (i) for Good Reason or (ii) without Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without the Executive's consent, of any of the following events: (1) the Company reduces the amount of the Base Salary, target bonus percentage, or employee benefits, except, in the case of reductions of employee benefits, to the extent that they apply to all similarly situated employees, (2) the Company requires the Executive to relocate his principal place of employment to a location that is more than 25 miles from the Company's principal executive offices as of the date of this Agreement, or (3) the Company materially and adversely changes the title or responsibilities of the Executive.

(e) Without Cause. The Company may terminate the Executive's employment hereunder without Cause.

(f) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive other than a termination pursuant to Section 3(a) shall be communicated by written Notice of Termination to the other party hereto. In the event the Executive wishes to terminate his employment for Good Reason in accordance with Section 3(d)(i), above, the Executive must provide the Notice of Termination to the Company within thirty (30) days after the initial occurrence of the event upon which such Good Reason termination is based. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(g) Date of Termination. "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated pursuant to Section 3(b) above, the date on which the Notice of Termination is given, (iii) if the Executive's employment is terminated pursuant to Section 3(c) above, the date on which the Termination Notice is given (provided, that if the Executive's employment is terminated pursuant to Section 3(c)(iii) or Section 3(c)(v) and the basis for such termination is of such nature that may be cured, and the applicable breach, violation or failure or refusal to perform is not cured by the 30th day after the Notice of Termination is received by the Executive, then the Date of Termination shall be such 30th day), (iv) if the Executive's employment is terminated for Good Reason pursuant to Section 3(d), thirty (30) days after Notice of Termination is given by the Executive (provided

that the basis for such Good Reason is not cured by the Company within such thirty (30) day period), and (v) if the Executive's employment is terminated by the Company without Cause or by the Executive without Good Reason, thirty (30) days after the Notice of Termination is given.

4. Compensation upon Termination or During Disability.

(a) During any period during the Employment Period that the Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness ("disability period"), the Executive shall continue to receive his full Base Salary at the rate then in effect for such period until his employment is terminated pursuant to Section 3(b).

(b) If (i) the Executive's employment shall be terminated for Cause pursuant to Section 3(c), (ii) the Executive terminates his employment without Good Reason pursuant to Section 3(d)(ii), or (iii) the Executive's employment is terminated pursuant to death or Disability, then in each case the Company shall pay the Executive his full Base Salary through the date of delivery to the Executive or the Company, as the case may be, of a Notice of Termination (or, in the case of a termination due to death, through the date of death) at the rate in effect at the time the Notice of Termination is given or the date of death (as applicable), and the Company shall have no further obligations to the Executive under this Agreement.

(c) If (i) the Company shall terminate the Executive's employment without Cause pursuant to Section 3(e) (regardless of whether such termination is at the end of an annual employment term), or (ii) the Executive shall terminate his employment for Good Reason pursuant to Section 3(d)(i), and in each case such termination of employment of the Employment Period (as applicable) qualifies as a "separation of service" as defined in Treas. Reg. 1.409A-1(h), then:

(A) the Company shall pay the Executive (1) his full accrued and unpaid Base Salary accrued and unpaid through the Date of Termination at the rate in effect as of the Date of Termination; and (2) any due and unpaid Performance Bonus that has been awarded to the Executive for a fiscal year ending prior to the Date of Termination;

(B) in lieu of any further payments to the Executive for periods subsequent to the Date of Termination, the Company shall pay as severance pay to the Executive an amount equal to the Executive's annual Base Salary in effect as of the Date of Termination for a period of twelve (12) months after the Date of Termination (the "Severance Period"), which, subject to the "waiting period" set forth in Section 4(e), shall be payable over time in regular periodic payments in accordance with the normal payroll policies of the Company; and

(C) Provided the Executive timely elects the respective COBRA coverage, the Company shall provide the Executive with the benefits under the Company's health insurance, dental insurance and vision plans (collectively, the "Health Benefit Plans") which the Executive would have received at the same employee cost as if the Executive's

employment had continued for the lesser of the Severance Period or the period following the Date of Termination for which the Executive remains eligible for COBRA with respect to such coverage, or if the Company is unable to continue a benefit under the Health Benefit Plans for such period, the Company shall pay to the Executive an amount each month equal to the cost to the Company of providing such benefit under its Health Benefit Plans had it been able to do so, with such benefit continuation or payment in lieu thereof subject to the requirements of Section 409A of the Internal Revenue Code (the “Code”) provided that if this provision raises any compliance issues or impositions of penalties under the Patient Protection and Affordable Care Act or other applicable law, then the parties agree to (1) modify this Agreement so that it complies with the terms of such laws or (2) provide a benefit to the Executive which represents the economic equivalent of thereof.

(d) Notwithstanding any provision in this Agreement to the contrary, for purposes of Section 4(c), the Executive shall be entitled to receive the severance amounts and benefits set forth in Sections 4(c)(B) and 4(c)(C) only if the Executive is not in material breach of any of the provisions of Section 5 or 6 of this Agreement.

(e) In the event of termination of the Employment Period in accordance with Section 3, all obligations of the Company and Executive under this Agreement will terminate, except as otherwise provided in this Agreement and for any amounts payable and benefits to be provided by the Company as specifically set forth in this Section 4; *provided, however*, that notwithstanding anything to the contrary contained in this Agreement, the provisions of Sections 5 and 17 shall survive such termination in accordance with their respective terms and the provisions of Section 6 and the relevant provisions of Sections 7 through 16 shall survive such termination indefinitely. In the event of termination of the Employment Period in accordance with Section 3 (other than in connection with Executive’s death or Disability), Executive agrees to reasonably cooperate with the Company, at the Company’s expense, in order to ensure an orderly transfer of Executive’s duties and responsibilities.

(f) The Company will not be required to make the payments and provide the benefits stated in Sections 4(c)(B) or 4(c)(C) unless within 60 days following the Date of Termination, the Executive executes, delivers to the Company and does not revoke, an agreement (in the form normally used by the Company for senior executives at the time) releasing from all liability (other than the payments or post-employment obligations contemplated by this Agreement, benefits due under the terms of any employee benefit plan, and any indemnification arrangement and D&O insurance arrangements of the Company with respect to the Executive) the Company and its Affiliates and any of their respective past or present directors, managers, officers, employees, members, shareholders, controlling persons or agents, with respect to the Executive’s employment and the termination thereof. The severance benefits described in this Section 4 will be paid (or, in the case of the benefits described in Sections 4(c)(B) and 4(c)(C) will begin to be paid, but without reduction in amount) on the 60th day following the date of the Executive’s separation from service. Any amount due to the Executive with respect to such “waiting period” shall be paid to Executive with the first payment made to him after such waiting period expires.

(g) If any compensation to be paid to Executive under Section 4 is "nonqualified deferred compensation" subject to Code Section 409A, each payment of such "nonqualified deferred compensation" shall be considered a separate payment for purposes of Section 409A. Any such "nonqualified deferred compensation" shall not be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment by creditors, or borrowing, to the extent necessary to avoid tax, penalties and/or interest under Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, if Section 409A(a)(2)(B)(i) of the Code applies to this Agreement at the time when the Executive would otherwise commence receiving a benefit under this Section 4 and the Executive is a "specified employee" within the meaning of such Section 409A(a)(2)(B)(i), then to the extent required by such Section 409A(a)(2)(B)(i), any payments otherwise due during the six-month period immediately following the Executive's "separation from service" (within the meaning of Treas. Reg. 1.409A-1(h)) shall not be paid during such six-month period but shall be paid on the first business day that occurs six months following his separation from service.

5. Restrictive Covenants.

I. Covenants Relating to Employment with the Company.

(a) During the Employment Period and for a period of two (2) years after the termination of the Employment Period for any reason, the Executive shall not directly or indirectly, either individually or as a principal, partner, agent, employee, employer, consultant, stockholder, member, partner, joint venturer, or investor, or as a director, manager or officer of any corporation, partnership, limited liability company, association or other entity, or in any other manner or capacity whatsoever, engage in, assist or have any active interest in a business located anywhere in the United States that provides information technology, network design, project management, application development, help desk, temporary information technology staffing, system architecture design or software services to any public or private sector customer company or customer agency to which the Company or its Subsidiaries provide or propose to provide such services (or, with respect to the application of this covenant following the termination of the Executive's employment, provided or proposed to provide such services at any time during the 24 months immediately preceding such termination) (a "Restricted Enterprise"). Notwithstanding the above, this Section 5(I)(a) shall not be construed to prohibit the Executive from (i) making an equity investment of not more than three percent (3%) in any entity whose securities are publicly traded and listed on a national stock exchange, (ii) making investments in private investment funds in which the Executive is a passive investor and does not have the ability to control or exercise any managerial influence over such fund, (iii) being employed by or otherwise performing services for a distinct division of an entity that would otherwise cause the Executive to be in breach hereof so long as all services performed for such entity, in the course of employment or otherwise, are performed solely for such division; or (iv) retaining the Executive's investment in Razor's Edge. For purposes of this Agreement, in the case of a governmental agency, the terms "customer" or "client" shall mean the source selection program, program officer personnel, contracting officers, contract representatives, contract administrators or any other employee of a governmental entity with a material role in any applicable contract or program of the Company or its Subsidiaries.

(b) During the Employment Period and for a period of two (2) years after the termination of the Employment Period for any reason, the Executive shall not directly or indirectly, either individually or as a principal, partner, agent, employee, employer, consultant, stockholder, member, partner, joint venturer, or investor, or as a director, manager or officer of any corporation, partnership, limited liability company, association or other entity, or in any other manner or capacity whatsoever, (i) divert or attempt to divert (by solicitation, diversion or otherwise) from the Company any business with any customer, client or account of the Company as of the Date of Termination or at any time during the 24-month period immediately preceding the Date of Termination, (ii) solicit, induce or attempt to induce any customer, client, salesperson, distributor, supplier, subcontractor, vendor, manufacturer, representative, agent, jobber or other person transacting business with the Company as of the Date of Termination or at any time during the 24-month period immediately preceding the Date of Termination to reduce, alter or terminate their relationship, association or business with the Company, or to represent, distribute or sell services or products in competition with services or products of the Company, or (iii) solicit, induce, cause or attempt to induce or cause any employee or consultant of the Company that is employed by the Company as of the Date of Termination or at any time during the 24-month period immediately preceding the Date of Termination (the "Protected Workers") to leave the employ of the Company or terminate such consulting relationship; provided however, that nothing in this Agreement shall prohibit or restrict general solicitations of employment through advertising (including via periodicals, the Internet and other media, professional recruiters or similar means), in all cases not specifically directed at the Protected Workers.

(c) During the Employment Period and for a period of two (2) years after the termination of the Employment Period for any reason, the Executive shall not make any oral or written statements that libel, slander or disparage the Company, Purchaser or any of their Affiliates; provided, that this Section 5(I)(c) shall not limit or impair the ability of the Executive to provide truthful testimony in response to any validly issued subpoena;

(d) During the Employment Period and for a period of two (2) years after the termination of the Employment Period for any reason, the Executive agrees that the Executive shall not, nor shall the Executive knowingly cause any Person under the Executive's direct or indirect control to, directly or indirectly, as a shareholder, bondholder, partner, investor, officer, director, employee, agent, consultant or otherwise, aid or abet, give information or financial assistance to or invest in any Person engaged or preparing to engage in a Restricted Enterprise; provided, however, that the Executive shall be permitted to own up to three percent (3%) of the outstanding stock of a corporation that is publicly traded on a national securities exchange or in the over the counter market in which the Executive has no active participation in connection with the business of such corporation and make and hold investments in private investment funds in which the Executive is a passive investor and does not have the ability to control or exercise any managerial influence over such fund. In addition, the Executive agrees that, during the Employment Period and for a period of two (2) years after termination of the Employment Period for any reason, the Executive shall not, nor shall the Executive knowingly cause any Person under the Executive's direct or indirect control to, directly or indirectly, give financial assistance to or invest in, any Person formed by an individual who is at that time or was within the prior 24-month period an

employee of the Company or its subsidiaries (whether or not such Person is engaged or preparing to engage in a Restricted Enterprise). For purposes of this Agreement, "Person" shall mean an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, or an unincorporated organization.

II. Covenants Relating to Status as a Management Seller.

(a) As of the Effective Date and for a period of four (4) years thereafter, the Executive, in his capacity as a Management Seller (as such term is defined in the Purchase Agreement), shall not directly or indirectly, either individually or as a principal, partner, agent, employee, employer, consultant, stockholder, member, partner, joint venturer, or investor, or as a director, manager or officer of any corporation, partnership, limited liability company, association or other entity, or in any other manner or capacity whatsoever, engage in, assist or have any active interest in a Restricted Enterprise. Notwithstanding the above, this Section 5(II)(a) shall not be construed to prohibit the Executive from (i) making an equity investment of not more than three percent (3%) in any entity whose securities are publicly traded and listed on a national stock exchange; (ii) making investments in private investment funds in which the Executive is a passive investor and does not have the ability to control or exercise any managerial influence over such fund; (iii) being employed by or otherwise performing services for a distinct division of an entity that would otherwise cause the Executive to be in breach hereof so long as all services performed for such entity, in the course of employment or otherwise, are performed solely for such division; or (iv) retaining the Executive's investment in Razor's Edge.

(b) As of the Effective Date and for a period of four (4) years thereafter, the Executive, in his capacity as a Management Seller (as such term is defined in the Purchase Agreement), shall not directly or indirectly, either individually or as a principal, partner, agent, employee, employer, consultant, stockholder, member, partner, joint venturer, or investor, or as a director, manager or officer of any corporation, partnership, limited liability company, association or other entity, or in any other manner or capacity whatsoever, (i) divert or attempt to divert (by solicitation, diversion or otherwise) from the Company any business with any customer, client or account of the Company, (ii) solicit, induce or attempt to induce any customer, client, salesperson, distributor, supplier, subcontractor, vendor, manufacturer, representative, agent, jobber or other person transacting business with the Company to reduce, alter or terminate their relationship, association or business with the Company, or to represent, distribute or sell services or products in competition with services or products of the Company, or (iii) solicit, induce, cause or attempt to induce or cause any employee or consultant of the Company that is employed by the Company to leave the employ of the Company or terminate such consulting relationship; or

(c) As of the Effective Date and for a period of four (4) years thereafter, the Executive, in his capacity as a Management Seller (as such term is defined in the Purchase Agreement), agrees that the Executive shall not, nor shall the Executive knowingly cause any Person under the Executive's direct or indirect control to, directly or indirectly, as a shareholder, bondholder, partner, investor, officer, director, employee, agent, consultant or otherwise, aid or abet, give information or financial assistance to or invest in any Person engaged or preparing to engage in a Restricted Enterprise; provided, however, that the Executive and any Person under Executive's

direct or indirect control shall be permitted to own up to three percent (3%) of the outstanding stock of a corporation that is publicly traded on a national securities exchange or in the over the counter market in which the Executive has no active participation in connection with the business of such corporation or make or hold investments in private investment funds in which the Executive is a passive investor and does not have the ability to control or exercise any managerial influence over such fund. In addition, the Executive agrees that, as of the Effective Date and for a period of four (4) years thereafter, the Executive shall not, nor shall the Executive knowingly cause any Person under the Executive's direct or indirect control to, directly or indirectly, give financial assistance to or invest in, any Person formed by an individual who is at that time or was within the prior 24-month period an employee of the Company or its subsidiaries (whether or not such Person is engaged or preparing to engage in a Restricted Enterprise).

6. Non-Disclosure; Intellectual Property.

(a) The Executive shall not at any time or in any manner, directly or indirectly, use or disclose to any party other than the Company any trade secrets or other Confidential Information (as defined below) learned or obtained by him while a stockholder, member, officer, manager, director or employee of the Company other than in the course of performing duties as an employee of the Company.

(b) As used herein, the term "Confidential Information" means information disclosed to or known by the Executive as a consequence of his position with the Company, whether prior to the date hereof or otherwise, that has not become publicly available without breach of this Agreement, and that in any way relates to the Company's products, processes, services, inventions (whether patentable or not), formulas, techniques or know-how, including, but not limited to, information relating to distribution systems and methods, research, development, manufacturing, purchasing, accounting, engineering, marketing, merchandising and selling.

(c) Disclosure of any Confidential Information shall not be prohibited if such disclosure is directly pursuant to a valid and existing order of a court or other governmental body or agency within the United States; provided, however, that (i) the Executive shall first have given prompt notice to the Company of any such possible or prospective order (or proceeding pursuant to which any such order may result) to the extent permitted under applicable law and (ii) the Company shall have been afforded a reasonable opportunity to prevent or limit any such disclosure.

(d) The Executive acknowledges and agrees that the Executive had not conceived any unpatented or patented trade secrets, ideas, inventions, discoveries, developments, improvements, computer programs and related documentation prior to the date of the Executive's employment with the Company.

(e) The Executive agrees that throughout the duration of the Executive's employment with the Company, and following the termination of employment for any reason, the Executive shall, without charge, execute, acknowledge and deliver such documents and provide such support and assistance (at the Company's expense) as are necessary or desirable to, and does hereby agree to: (a) assign to the Company any and all inventions, patents, works, copyrights,

intellectual property applications and priority rights associated therewith, trade secrets and other intellectual properties developed or reduced to practice solely by the Executive or jointly with others during the term of the Executive's service to the Company, or derived from Confidential Information, including without limitation all original works of authorship that are made by the Executive (solely or jointly with others) within the scope of the Executive's employment and that are protectable by copyright as "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. Sec.101) (collectively, "Developed Items"); (b) enable the Company to obtain and from time to time enforce patents, copyrights, or other legal protection for the Confidential Information or Developed Items and related developments in any and all countries; (c) protect the interest of the Company in the Confidential Information and Developed Items and related developments; (d) make and maintain for the Company adequate and current written records of all such Confidential Information and Developed Items and related developments; and (e) vest title to the Confidential Information and Developed Items and related developments in the Company, and the Executive agrees to abide by and cooperate with the Company in observing the provisions of any agreement to which the Company is a party with respect to patent rights and/or confidential information and/or trade secrets. The Executive hereby waives all moral rights in and to such inventions and other items. The foregoing shall apply even if any or all of said patents or other legal protections were applied for or registered in the name of the Executive as inventor or developer. If the Company is unable to obtain the Executive's signature on any document needed to carry out the Executive's obligations hereunder, then the Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Executive's agent and attorney-in-fact, which appointment is coupled with an interest, to act for and in the Executive's behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by the Executive. To the extent that any court of competent jurisdiction finds that any provision of this Section 6 is unenforceable because it requires the assignment of any invention in contravention of the law or public policy of that jurisdiction, this Section 6 shall be interpreted to impose only the maximum permissible assignment obligation.

(f) Notwithstanding anything to the contrary in this Agreement or otherwise, nothing shall limit the Executive's rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity.

(g) The Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to the Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7. Specific Performance. The parties acknowledge that the Company's damages at law would be an inadequate remedy for the breach by the Executive of any provision of Section 5 or Section 6 of this Agreement, and agree in the event of any actual or threatened breach of Section 5 or 6 of this Agreement that the Company may obtain temporary and permanent injunctive relief restraining the Executive from such breach without bond or other security, and, to the extent permissible under the applicable statutes and rules of procedure, a temporary injunction may be granted immediately upon the commencement of any such suit. Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available at law or equity for such breach or threatened breach of Section 5 or Section 6 of this Agreement.

8. Notices. Any and all notices or other communications (a "Notice") required or permitted to be delivered hereunder shall be deemed properly delivered if (a) delivered personally, upon receipt thereof, (b) mailed by first class, registered or certified mail, return receipt requested, postage prepaid, on the fifth business day following deposit with the mail carrier, (c) if sent by nationally recognized next-day or overnight mail or delivery service, on the next business day following deposit with such carrier, or (d) sent by telecopy, upon manual confirmation of receipt thereof, to the parties as set forth below:

If to the Company:

ECS Federal, LLC
c/o On Assignment, Inc.
26745 Malibu Hills Road
Calabasas, CA 91301
Attention: Chief Legal Officer
Facsimile No.: (866) 517-1118

If to the Executive:

At the address (or to the facsimile number) shown
on the records of the Company

Either party may change the name and address of the designee to whom notice shall be sent by giving written notice of such change to the other party.

9. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by the Executive and, provided that no assignment by the Company (including by operation of law as in the case of merger of the Company) or succession of rights to a successor of to the Company shall, without the written consent of the Executive, apply to expand the scope of restrictions applicable to Executive under Section 5. The Company will use commercially reasonable efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or

substantially all of the business and/or assets of the Company, by agreement, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

10. Applicable Law. This Agreement shall be interpreted and construed in accordance with the laws of the Commonwealth of Virginia, without application of its principles of conflict of laws.

11. JURISDICTION.

(a) **EXCLUSIVE JURISDICTION.** THE EXECUTIVE AND THE COMPANY AGREE THAT ALL ACTIONS TO ENFORCE THIS AGREEMENT AND ALL DISPUTES AMONG OR BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG OR BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED ONLY BY THE COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE EASTERN DISTRICT OF VIRGINIA, UNLESS SUCH COURT DECLINES THE EXERCISE OF JURISDICTION, IN WHICH CASE THE COURTS OF THE COMMONWEALTH OF VIRGINIA LOCATED IN FAIRFAX COUNTY, VIRGINIA, AND THE EXECUTIVE HEREBY CONSENT AND SUBMIT TO THE JURISDICTION OF SUCH COURTS.

(b) **WAIVERS.** THE PARTIES HERETO HEREBY WAIVE PERSONAL SERVICE OF ANY AND ALL PROCESS UPON THEM AND CONSENT THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE ADDRESSES SET FORTH IN SECTION 8, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON ACTUAL RECEIPT THEREOF. THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL, ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE IN THE COMMONWEALTH OF VIRGINIA IN CONNECTION WITH ANY CLAIM OR CAUSE OF ACTION TO ENFORCE THIS AGREEMENT OR BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. THE PARTIES HERETO AGREE THAT ANY COURT REFERRED TO ABOVE IN THE COMMONWEALTH OF VIRGINIA IS A REASONABLY CONVENIENT FORUM TO RESOLVE ANY DISPUTE BETWEEN ANY OF THE PARTIES HERETO. EACH PARTY HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. NOTHING IN THIS SECTION 11 SHALL AFFECT

THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

12. Severability. The Company and the Executive believe the covenants against competition contained in this Agreement (including in particular Sections 5 and 6) are reasonable and fair in all respects, and are necessary to protect the interests of the Company. However, in case any one or more of the provisions or parts of a provision contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement or any other jurisdiction, but this Agreement shall be reformed and construed in any such jurisdiction as if such invalid or illegal or unenforceable provision or part of a provision has never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted in such jurisdiction.

13. Neutral Interpretation. This Agreement constitutes the product of the negotiation of the parties hereto and the enforcement hereof shall be interpreted in a neutral manner, and not more strongly for or against any party based upon the source of the draftmanship hereof.

14. Waiver of Compliance; Consents. Any failure of the Executive to comply with any obligation, covenant, agreement or condition herein may be waived only in writing by the Company, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No failure or delay by the Company in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof or of the exercise of any other right, power or privilege. Whenever this Agreement requires or permits consent by or on behalf of the Company any such written consent given by the Company shall be deemed given in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 14. No notice to or demand on the Executive in any case shall entitle the Executive to any other or further notice or demand in related or similar circumstances requiring such notice.

15. Miscellaneous. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein and may not be modified orally, but only by a writing subscribed by the party charged therewith. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

16. Compliance with Section 409A.

(a) This Agreement is intended, and shall be interpreted, to avoid the adverse consequences of Section 409A of the Code. If any provision of this Agreement is or might be inconsistent with the requirements of Section 409A, such provision shall be read, or deemed to be amended, to the extent necessary to bring it into compliance with Section 409A. For purposes of Section 409A, each payment to be made under this Agreement will be treated as a separate payment. In no event may the Executive, directly or indirectly, designate the calendar year of payment.

(b) All reimbursements provided under this Agreement will be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

(c) Nothing in this Agreement shall require the Company to satisfy the Executive's obligation to pay (or require the Company to indemnify the Executive with respect to) required taxes on any amounts or benefits provided under this Agreement, including without limitation, any taxes imposed under Section 409A.

17. Golden Parachute Tax.

(a) In the event that it is determined that any payment or distribution of any type to or for the benefit of the Executive (whether under this Agreement or otherwise) made by the Company, Purchaser or any of their Affiliates, by any person who acquires ownership or effective control of the Company or Purchaser or ownership of a substantial portion of the assets of the Company or Purchaser (within the meaning of Section 280G of the Code, and the regulations thereunder) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the "Excise Tax"), then such payments or distributions shall be payable either in (x) full or (y) as to such lesser amount which would result in no portion of such payments or distributions being subject to the Excise Tax and the Executive shall receive the greater, on an after-tax basis, of (x) or (y) above.

(b) If a reduction in the Total Payments constituting “parachute payments” is necessary so that no portion of such Total Payments is subject to the excise tax under Section 4999 of the Code, the reduction shall occur in the following order: (i) reduction of cash payments for which the full amount is treated as a parachute payment; (ii) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount is not treated as a parachute payment; (iii) cancellation of any accelerated vesting of equity awards; and (iv) reduction of any continued employee benefits. In selecting the equity awards (if any) for which vesting will be reduced under clause (iii) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of Total Payments provided to the Executive, provided that if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A of the Code, awards instead shall be selected in the reverse order of the date of grant. For the avoidance of doubt, for purposes of measuring an equity compensation award’s value to the Executive when performing the foregoing comparison between (x) and (y), such award’s value shall equal the then aggregate fair market value of the vested shares underlying the award less any aggregate exercise price less applicable taxes. Also, if two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

(c) All mathematical determinations and all determinations of whether any of the Total Payments are “parachute payments” (within the meaning of Section 280G of the Code) that are required to be made under this Section shall be made by a nationally recognized independent audit firm selected by the Company (the “Accountants”), who shall provide their determination, together with detailed supporting calculations regarding the amount of any relevant matters, both to the Company and to the Executive. Such determination shall be made by the Accountants using reasonable good faith interpretations of the Code. As expressly permitted by Q/A #32 of the Code Section 280G regulations, with respect to performing any present value calculations that are required in connection with this Section, the Executive and the Company each affirmatively elect to utilize the Applicable Federal Rates (“AFR”) that are in effect as of the Effective Date and the Accountants shall therefore use such AFRs in their determinations and calculations. Any determination by the Accountants shall be binding upon the Company and the Executive, absent manifest error. The Company shall pay the fees and costs of the Accountants which are incurred in connection with this Section.

18. Company Non-Disparagement. During the Employment Period and for a period of two (2) years after the termination of the Executive’s employment for any reason, the Company and the Company’s parent company, On Assignment, Inc., shall direct its executive officers not to make any oral or written statements that libel, slander or disparage the Executive; provided, that this Section 18 shall not limit or impair the ability of the Company to provide truthful testimony in response to any validly issued subpoena.

19. Additional Definitions.

(a) For purposes of this Agreement, the term “Affiliate” shall mean, with respect to any entity, another person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such entity; and the term “control” (including the terms “controlled by” and “under common control with”) shall mean, with respect to the relationship between or among two or more person or entities, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of an entity, whether through the ownership of voting securities, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar governing body of such entity.

(b) For purposes of this Agreement, the term “Subsidiary” shall mean, with respect to any entity, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) sufficient to elect a majority of the board of directors or similar governing body of such entity are at the time owned, or the management of which is otherwise controlled, in any such case directly or indirectly through one or more intermediaries, or both, by such entity.

(c) For purposes of Sections 5 and 6 hereof, the term “Company” shall also include the Subsidiaries of ECS Federal, LLC.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have made and entered into this Agreement the date first hereinabove set forth.

ON ASSIGNMENT, INC.

/s/ Peter T. Dameris

Name: Peter T. Dameris

Title: Chief Executive Officer

THE EXECUTIVE

/s/ George Wilson

George Wilson

[Employment and Non-Competition Agreement Signature Page]

EXECUTIVE INDUCEMENT RSU AGREEMENT

ON ASSIGNMENT, INC.

AMENDED AND RESTATED 2012 EMPLOYMENT INDUCEMENT AWARD PLAN

**TIME AND PERFORMANCE-BASED
RESTRICTED STOCK UNIT AWARD NOTICE**

On Assignment, Inc., a Delaware corporation, (the “*Company*”), pursuant to its Amended and Restated 2012 Employment Inducement Award Plan, as amended from time to time (the “*Plan*”), hereby grants to the holder listed below (“*Participant*”), an award of Time and Performance-Based Restricted Stock Units (“*Restricted Stock Units*” or “*RSUs*”). Each Restricted Stock Unit represents the right to receive one Share of the Company’s common stock upon vesting of such Restricted Stock Unit. This award of Restricted Stock Units is subject to all of the terms and conditions set forth herein and in the Performance-Based Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “*Award Agreement*”) and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Performance-Based Restricted Stock Unit Award Notice (the “*Grant Notice*”) and Award Agreement.

Participant: George Wilson
Grant Date: [April 2, 2018]
Grant Number: [TBD]

Total Number of RSUs: _____ RSUs (the “**RSUs**”) which is equal to \$820,000 divided by the Fair Market Value (as defined in the Plan) of a share of the Company’s common stock on the Grant Date rounded down to the nearest whole share of the Company’s common stock.

Vesting Schedule: For the 2018 positive EBITDA Component (60% of the Total Number of the RSUs):
This Component shall vest on each of the following three dates: (a) 50 percent on the second anniversary of the Grant Date; (b) 25 percent on the third anniversary of the Grant Date; and (c) 25 percent on the fourth anniversary of the Grant Date, subject to your continued service to the Company through each such vesting date, and further subject to the attainment of the Company of positive Adjusted EBITDA for calendar year 2018.

For the Annual Performance-Based Component (40 % of the Total Number of the RSUs):
This Component shall vest in substantially equal one-third installments on the three annual anniversaries of the Grant Date, subject to your continued service to the Company through the applicable vesting date and subject to the attainment of annual performance targets for each third established by the Compensation Committee within the first 90 days of the applicable performance year (or in the case of performance targets applicable to the first installment, within the first 60 days following the acquisition of ECS Federal, LLC by the Company).

If the annual performance target is not attained in full for any third of the RSUs in this Component, then any portion which fails to vest shall roll forward for one year only and will be in addition to the next installment for this Component. Vesting of such carried forward portion will be determined in the subsequent year by reference to the attainment of the performance targets applicable to such subsequent year.

Termination: Pursuant to Section 2.5 of the Award Agreement, if Participant ceases to be an Employee, Consultant or Director prior to the applicable vesting date, all RSUs that have not become vested on or prior to the date of such termination of services will thereupon be automatically forfeited by Participant without payment of any consideration therefor.

By his or her signature and the Company’s signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Award Agreement set forth in Exhibit A and this Grant Notice. Participant has reviewed the Award Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Award Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising

under the Plan, this Grant Notice or the Award Agreement. In addition, by signing below, Participant also agrees that the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 2.6(b) of the Agreement by (i) withholding Shares otherwise issuable to Participant upon full vesting of the RSUs, (ii) instructing a broker on Participant's behalf to sell Shares otherwise issuable to Participant upon vesting of the RSUs and submit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.6(b) of the Agreement or the Plan. If Participant is married, his or her spouse has signed the Consent of Spouse attached to this Grant Notice as Exhibit B.

ON ASSIGNMENT, INC.:

By:

Print Name: Peter Dameris

Title: Chief Executive Officer

Address: 26745 Malibu Hills Road
Calabasas, CA 91301

PARTICIPANT:

By:

Print Name: George Wilson

Date:

Address:

EXHIBIT A
TO TIME AND PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD NOTICE
ON ASSIGNMENT, INC. RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Time and Performance-Based Restricted Stock Unit Award Notice (the “Grant Notice”) to which this Restricted Stock Unit Award Agreement (this “Agreement”) is attached, On Assignment, Inc., a Delaware corporation (the “Company”), has granted to Participant an award of restricted stock units (“Restricted Stock Units” or “RSUs”) under the Amended and Restated On Assignment, Inc. 2012 Employment Inducement Award Plan, as amended from time to time (the “Plan”).

ARTICLE I.
GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice. As used herein, the term “stock unit” shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding Share (subject to adjustment as provided in Section 12.2 of the Plan) solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the payment to eventually be made to Participant if such Restricted Stock Units vest pursuant to Section 2.3 hereof. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.
GRANT OF RESTRICTED STOCK UNITS

2.1 Grant of RSUs; Employment Inducement Award.

(a) For good and valuable consideration, receipt of which is acknowledged by the Company, effective as of the Grant Date set forth in the Grant Notice (the “Grant Date”), the Company grants to Participant an award of RSUs as set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement.

(b) The RSUs are intended to constitute an “employment inducement” award under New York Stock Exchange (“NYSE”) Rule 303A.08, and consequently are intended to be exempt from the NYSE rules regarding shareholder approval of stock option plans or other equity compensation arrangements. This Agreement and the terms and conditions of the RSUs shall be interpreted in accordance and consistent with such exemption.

2.2 Company’s Obligation to Pay. Each RSU has a value equal to the Fair Market Value of a Share on the date it becomes vested. Unless and until the RSUs will have vested in the manner set forth in Article 2 hereof, Participant will have no right to payment of any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

2.3 Vesting Schedule. Subject to Sections 2.5 hereof, the RSUs awarded by the Grant Notice will vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth on the Grant Notice to which this Agreement is attached (the “Vesting Schedule”), subject to Participant’s continued employment or services through the applicable vesting dates, as a condition to the vesting of the applicable installment of the RSUs and the rights and benefits under this Agreement.

2.4 Consideration to the Company. In consideration of the grant of the award of RSUs by the Company, Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Plan or this Agreement shall confer upon Participant any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

2.5 Forfeiture, Termination and Cancellation upon Termination of Services. Notwithstanding any contrary provision of this Agreement, upon Participant’s Termination of Service for any or no reason, all then unvested RSUs subject to this Agreement will thereupon be automatically forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and Participant, or Participant’s beneficiary or personal representative, as the case may be, shall have no further rights hereunder.

2.6 Payment upon Vesting.

(a) As soon as administratively practicable following the vesting of any Restricted Stock Units pursuant to Section 2.3 hereof, but in no event later than sixty (60) days after such vesting date (for the avoidance of doubt, this deadline is intended to comply with the “short-term deferral” exemption from Section 409A of the Code), the Company shall deliver to Participant (or any transferee permitted under Section 3.2 hereof) a number of Shares (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its sole discretion) equal to the number of Restricted Stock Units subject to this award that vest on the applicable vesting date, unless such Restricted Stock Units terminate prior to the given vesting date pursuant to Section 2.5 hereof. Notwithstanding the foregoing, in the event Shares cannot be issued pursuant to Section 2.7(a), (b) or (c) hereof, then the Shares shall be issued pursuant to the preceding sentence as soon as administratively practicable after the Administrator determines that Shares can again be issued in accordance with Sections 2.7(a), (b) or (c) hereof.

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall be entitled to require payment by Participant of any sums required by applicable law to be withheld with respect to the grant of RSUs or the issuance of Shares. Such payment shall be made by deduction from other compensation payable to Participant or in such other form of consideration acceptable to the Company which may, in the sole discretion of the Administrator, include:

(i) *Cash or check;*

(ii) *Surrender of Shares (including, without limitation, Shares otherwise issuable under the RSUs) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the minimum amount required to be withheld by statute; or*

(iii) *Other property acceptable to the Administrator (including, without limitation, through the delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares then issuable under the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of its withholding obligations; provided that payment of such proceeds is then made to the Company at such time as may be required by the Company, but in any event not later than the settlement of such sale).*

The Company shall not be obligated to deliver any new certificate representing Shares to Participant or Participant's legal representative or enter such Share in book entry form unless and until Participant or Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of Participant resulting from the grant or vesting of the RSUs or the issuance of Shares.

2.7 Conditions to Delivery of Stock. Subject to Section 2.6 hereof, the Shares deliverable hereunder, or any portion thereof, may be either previously authorized but unissued Shares or treasury Shares. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Shares deliverable hereunder or portion thereof prior to fulfillment of all of the following conditions:

- (a) The admission of such Shares to listing on all stock exchanges on which such Shares are then listed;
- (b) The completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;
- (d) The receipt by the Company of full payment for such Shares, including payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 2.6 hereof; and
- (e) The lapse of such reasonable period of time following the vesting of any Restricted Stock Units as the Administrator may from time to time establish for reasons of administrative convenience.

2.8 Rights as Stockholder. The holder of the RSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any Shares underlying the RSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12.2 of the Plan.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. Neither any person or persons acting as the Administrator nor any member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 Grant is Not Transferable. During the lifetime of Participant, the RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. Neither the RSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.4 Adjustments Upon Specified Events. The Administrator may accelerate payment and vesting of the Restricted Stock Units in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Shares contemplated by Section 12.2 of the Plan (including, without limitation, an extraordinary cash dividend on such Stock), the Administrator shall make such adjustments the Administrator deems appropriate in the number of Restricted Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Restricted Stock Units. Participant acknowledges that the RSUs are subject to amendment, modification and termination in certain events as provided in this Agreement and under the Plan, including without limitation, under Section 12.2 of the Plan.

3.5 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.7 Governing Law. The laws of the State of California shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.8 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator; provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

3.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.13 Section 409A. The RSUs are not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

**EXHIBIT B
TO RESTRICTED STOCK UNIT AWARD NOTICE**

CONSENT OF SPOUSE

I, _____, spouse of _____, have read and approve the foregoing On Assignment, Inc. Time and Performance-Based Restricted Stock Unit Award Notice, On Assignment, Inc. Performance-Based Restricted Stock Unit Award Notice and the Restricted Stock Unit Award Agreement (together, the "*Agreement*"). In consideration of issuing to my spouse the shares of the common stock of On Assignment, Inc. set forth in the Agreement, I hereby appoint my spouse as my attorney-in-fact in respect to the exercise of any rights under the Agreement and agree to be bound by the provisions of the Agreement insofar as I may have any rights in said Agreement or any shares of the common stock of On Assignment, Inc. issued pursuant thereto under the community property laws or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of the foregoing Agreement.

Dated: _____

Signature of Spouse

PLEASE NOTE: THIS DOCUMENT ONLY NEEDS TO BE SIGNED IF YOU ARE MARRIED AND RESIDE IN ONE OF THE FOLLOWING STATES: Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin.

SUBSIDIARIES OF THE REGISTRANT

Apex Systems, LLC, a Virginia limited liability company

ECS Federal, LLC, a Delaware limited liability company

Creative Circle, LLC, a Delaware limited liability company

Oxford Global Resources, LLC, a Delaware limited liability company

Other subsidiaries of the Registrant are omitted from this exhibit pursuant to Regulation S-K Item 601(b)(21)(ii)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-223952, 333-204776, 333-38849, 333-61998, 333-106203, 333-143907, 333-168041, 333-181426, 333-183863, and 333-189287 on Form S-8 and 333-181570 and 333-182277 on Form S-3 of our reports dated February 28, 2019, relating to the financial statements and financial statement schedule of ASGN Incorporated and subsidiaries, and the effectiveness of ASGN Incorporated's internal control over financial reporting, appearing in this Annual Report on Form 10-K of ASGN Incorporated for the year ended December 31, 2018.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California
February 28, 2019

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter T. Dameris, certify that:

1. I have reviewed this annual report on Form 10-K of ASGN Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

/s/ Peter T. Dameris

Peter T. Dameris

Chief Executive Officer

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edward L. Pierce certify that:

1. I have reviewed this annual report on Form 10-K of ASGN Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

/s/ Edward L. Pierce

Edward L. Pierce

Executive Vice President and Chief Financial Officer

Written Statement of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

The undersigned, the Chief Executive Officer of ASGN Incorporated (the "Company"), hereby certifies that, to his knowledge on the date hereof:

- (a) the Annual Report on Form 10-K of the Company for the period ended December 31, 2018 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2019

/s/ Peter T. Dameris

Peter T. Dameris

Chief Executive Officer

**Written Statement of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the Chief Financial Officer of ASGN Incorporated (the "Company"), hereby certifies that, to his knowledge on the date hereof:

- (a) the Annual Report on Form 10-K of the Company for the period ended December 31, 2018 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2019

/s/ Edward L. Pierce

Edward L. Pierce

Executive Vice President and Chief Financial Officer