

Corporate Information

BOARD OF DIRECTORS

W. Robert Stover

Chairman of the Board of Directors

Dwight S. Pedersen

President and Chief Executive Officer

Janet M. Brady

Former Vice President, The Clorox Company

Walter W. Macauley

Former Vice Chairman, AccuStaff Inc.

Jack D. Samuelson

President and Chairman of the Board
Samuelson Brothers

Ronald D. Stevens

Former Executive Vice President
and Chief Financial Officer
Robertson-Ceco Corporation

OFFICERS

W. Robert Stover

Chairman of the Board of Directors

Dwight S. Pedersen

President and Chief Executive Officer

Dirk A. Sodestrom

Senior Vice President and
Chief Financial Officer

Christa C. Leonard

Vice President and Treasurer

John P. Sanders

Vice President and Controller

Bonnie A. McDonald

Vice President and Secretary

ANNUAL MEETING

May 21, 2003

STOCK TRANSFER AGENT AND REGISTRAR

American Stock Transfer and Trust Company
6201 15th Avenue
Brooklyn, NY 11219

STOCK LISTINGS

NASDAQ symbol WSTF

The following table sets forth the high
and low closing prices of the common stock
for each quarter of fiscal 2001 and 2002.

	Fiscal 2001	
	High	Low
First Quarter	3.25	1.50
Second Quarter	3.03	2.31
Third Quarter	3.35	2.05
Fourth Quarter	2.80	1.35

	Fiscal 2002	
	High	Low
First Quarter	2.50	1.75
Second Quarter	2.60	1.90
Third Quarter	3.20	2.26
Fourth Quarter	3.60	1.90

INVESTOR RELATIONS

Dirk A. Sodestrom
925.930.5300

FORM 10-K

For additional copies of this report, without
charge, please make a written request to K. Piper.

EXECUTIVE OFFICES

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www.westaff.com

STAFFING BUSINESS

Solutions

Fiscal

2002

Westaff

Westaff

To Our Shareholders

Westaff began fiscal 2002 in a very difficult economic environment and facing significant financing challenges. I am proud to say, however, that we have successfully met the year's challenges and emerged as a much stronger Company that is continuing on the path towards even greater success.

During fiscal 2002, Westaff undertook a number of strategic initiatives and financial and operating changes. All of them repositioned and restructured the Company for future growth and success. Among them, Westaff:

- Completed training and rollout of a new, comprehensive, consultative sales process for all sales staff and field management. The sales process includes regularly scheduled and structured sales reviews. It also imposes standard metrics for consistent measurement of sales performance.
- Introduced the TALENT TrakSM and TIME TrakSM products to our professional service programs. Both products use cutting-edge, technology-based assessment and management tools that will increase the quality of our temporary employees and improve our workforce productivity.
- Restructured our field organization by closing approximately 50 offices. Aggressively reduced costs throughout the Company. As a result, selling and administrative expenses decreased \$12.9 million or 14.5% as compared to fiscal 2001.
- Closed a new, five-year \$65 million revolving credit and term loan facility, providing the Company with the long-term financing needed for ongoing business and future initiatives and growth. Obtained \$3 million of additional subordinated debt.
- Sold our administrative offices in early 2003 and used the proceeds to pay off our term note in full and \$1 million of our subordinated notes.

Westaff's sales initiatives have resulted in a quarter-by-quarter improvement in sales, culminating in an increase in average weekly sales of 3.7% during the fourth quarter of fiscal 2002. Those, combined with our financial initiatives, have resulted in operating profits of \$1.5 million during the fourth quarter of the year. Even better news: Year over year sales increases have continued through the first months of fiscal 2003.

In 2003, the Company will continue to work aggressively to strengthen our financial position and enhance our profitability. We also plan to launch several new, high priority initiatives that will continue to improve our services to our customers and temporary employees as well as enhance the quality of our temporary employees. Among them, are:

- Full rollout of an upgraded, Westaff-specific operations software in our field offices. The upgrade will result in greatly improved reporting and analysis capabilities, operating efficiencies and performance.
- Providing a debit card pay alternative for our temporary employees that offers an inexpensive solution to paycheck cashing issues, especially for unbanked employees.
- Developing key performance indicators (KPIs) for all job classifications. KPIs will tie every Westaff regular employee's performance to measurable goals that reflect our new initiatives.
- Completing the rollout of Westaff's Trak products for all of our field offices. These new, value-added services along with our quality staffing will provide comprehensive business solutions for our clients.
- Launching our new Westaff.com, a complete revision of our Web site with improved functionality, a dynamic new look, and clear, user-friendly content. It's a powerful expression of who we are, what we do, and where we are headed as a company. Be sure to visit us at www.westaff.com.
- Adopting and rolling out our new Mission, Vision and Values statements to unify and focus the entire Company on our initiatives and improve operations at every level. Please see the inside back cover of our report for our Mission, Vision and Values statements.

The current, uncertain economy continues to challenge Westaff and other staffing companies. However, we are addressing these issues — managing costs and revisiting pricing and service delivery to ensure that our services are properly valued.

All of our initiatives are also repositioning Westaff in the marketplace from a commodity supplier to a value-added supplier. Through improvements in technology, marketing approach, and service delivery, Westaff is positioning itself to become an industry leader in providing quality employees and service.

We have made significant strides this year, and we will continue to invest our time and efforts wisely and aggressively to generate positive returns for all of our stockholders. Thank you for your continued support.



W. Robert Stover, Founder & Chairman



Dwight S. Pedersen, President & CEO

Our mission vision values

Westaff mission

Our mission is to be the commercial staffing leader in client satisfaction, stakeholder value, and employee excellence. We will:

- Provide our clients the best service and products to meet their objectives
- Match our clients with the right associates
- Put qualified people to work and keep them working
- Empower our employees to excel

Westaff vision

Our vision of Westaff is to be the best source of staffing solutions, to be a learning company and to be the employer of choice in the staffing industry by:

- Understanding our clients' businesses and effectively meeting their objectives
- Providing a first class work environment for our employees that fosters professional advancement and development
- Setting the standard for superior employment and business practices
- Leveraging technology to improve our performance

Westaff values

- Fairness, honesty and respect in all of our business relationships
- Exceeding our clients' expectations
- Rewarding outstanding performance
- Thriving on innovation
- Embracing diversity
- Driving professional learning and growth

