REMEDYTEMP INC
Form PREM14A
May 23, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

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

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

REMEDYTEMP, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

o No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
RemedyTemp, Inc. Class A common stock, $0.01 par value
RemedyTemp, Inc. Class B common stock, $0.01 par value

(2) Aggregate number of securities to which transaction applies:
Class A common stock: 9,007,796
Class B common stock: 798,188
Options to purchase Class A common stock: 549,658

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The filing fee was determined based upon the sum of

(1) 9,007,796 shares of Class A common stock and 798,188 shares of Class B common stock multiplied by $17.00 per share, and

(2) options to purchase 549,658 shares of Class A common stock with exercise prices less than $17.00, multiplied by the difference between $17.00 and the weighted average exercise price per share of approximately $12.89).
In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory No. 5 for fiscal year 2006 issued by the Securities and Exchange Commission on November 23, 2005, the filing fee was determined by multiplying $0.000107 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction: $168,963,181

(5) Total fee paid: $18,080

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

REMEDYTEMP, INC.

101 Enterprise
Aliso Viejo, California 92656

PROPOSED CASH MERGER YOUR VOTE IS VERY IMPORTANT

[ ], 2006

Dear Fellow Shareholder:

The board of directors of RemedyTemp, Inc. (RemedyTemp or the Company) has unanimously approved a merger agreement providing for the acquisition of the Company by Koosharem Corporation, the holding company of Select Personnel Services. If the merger is completed, you will be entitled to receive $17.00 in cash, without interest, for each share of the Company s Class A or Class B common stock you own.

You will be asked, at a special meeting of the Company s shareholders, to approve the principal terms of the merger agreement, including the merger, among other matters. The board of directors of RemedyTemp has unanimously approved and declared advisable the merger, the merger agreement and the transactions contemplated by the merger agreement and has unanimously declared that the merger, the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company s shareholders. **The board of directors unanimously recommends that the Company s shareholders vote FOR the approval of the principal terms of the merger agreement, including the merger.**

The special meeting to consider and vote upon the approval of the principal terms of the merger agreement will be held on [ ], [ ], 2006, beginning at [ ] a.m., local time, at [ ].

The enclosed proxy statement provides information about the merger agreement, the merger and the related transactions, and the special meeting. We urge you to read the entire proxy statement carefully, including the appendices and materials incorporated by reference, as it sets forth the details of the merger agreement and other important information related to the merger, including the factors considered by our board of directors. You may also obtain additional information from documents filed by RemedyTemp with the Securities and Exchange Commission.

Your vote is very important. The merger cannot be completed unless the principal terms of the merger agreement are approved by the affirmative vote of the holders of a majority of the outstanding shares of RemedyTemp common stock entitled to vote. If you fail to vote on the merger agreement, the effect will be the same as a vote against the approval of the principal terms of the merger agreement and the merger. Whether or not you are able to attend the special meeting in person, please complete, sign and date the enclosed proxy card and return it in the envelope provided as soon as possible. This action will not limit your right to vote in person if you wish to attend the special meeting and vote in person.

Thank you for your cooperation and continued support.

Sincerely,

Greg D. Palmer
President and Chief Executive Officer

Paul W. Mikos
Chairman of the Board

This proxy statement is dated [ ], 2006 and is first being mailed to shareholders of RemedyTemp on or about [ ], 2006.

REMEDYTEMP, INC.
101 Enterprise
Aliso Viejo, CA 92656

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON [ ], 2006

To the Shareholders of
REMEDYTEMP, INC.

A special meeting of shareholders of RemedyTemp, Inc., a California corporation (the Company), will be held at the Company s corporate headquarters located at 101 Enterprise, Aliso Viejo, California, on [ ], 2006, at [ ] a.m., Pacific Daylight Time, for the following purposes:

(1) To consider and vote upon a proposal to approve the principal terms of the Agreement and Plan of Merger, dated as of May 10, 2006, among the Company, Koosharem Corporation (Parent) and RT Acquisition Corp. (Merger Sub), as it may be amended from time to time, which provides for, among other things, the merger of Merger Sub with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent;

(2) To consider and vote upon a proposal to approve, if necessary, the adjournment of the special meeting to a later date to solicit additional proxies in favor of the approval of the principal terms of the merger agreement, including the merger; and

(3) To consider such other business properly brought before the special meeting or any adjournments or postponements of the special meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. The board of directors of the Company has fixed the close of business on [ ], 2006 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting.

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. YOU ARE URGED TO SIGN, DATE AND OTHERWISE COMPLETE THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOU ATTEND THE MEETING AND WISH TO DO SO, YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON EVEN IF YOU HAVE SIGNED AND RETURNED YOUR PROXY CARD.

By order of the board of directors,
Monty A. Houdeshell
Senior Vice President,
Chief Administrative Officer
and Corporate Secretary

Aliso Viejo, California
[ ], 2006

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following section provides brief answers to some of the questions that may be raised by the merger agreement and the merger. This section is not intended to contain all of the information that is important to you. You are urged to read the entire proxy statement carefully, including the information in the appendices.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of the Company by Parent, which is the holding company of Select Personnel Services, pursuant to the Agreement and Plan of Merger, dated as of May 10, 2006, among RemedyTemp, Merger Sub and Parent. Once the principal terms of the merger agreement have been approved by the Company s shareholders at the special meeting and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will be merged with and into RemedyTemp, with RemedyTemp surviving as the wholly owned subsidiary of Parent.

Q: What will I be entitled to receive pursuant to the merger?

A: Upon completion of the merger, holders of our Class A and Class B common stock, other than any holders who choose to exercise and perfect their dissenters rights under California law, will be entitled to receive $17.00 in cash, without interest and less any required withholding taxes, for each share of our common stock held by them. In addition, each outstanding option to purchase RemedyTemp common stock will be canceled in exchange for (1) the excess of $17.00 (without interest and less any required withholding taxes) over the per share exercise price of the option multiplied by (2) the number of shares of common stock subject to the option.

Q: What other proposals are being voted on at the special meeting?

A: In addition to the proposal to approve the principal terms of the merger agreement, shareholders will vote at the special meeting on a proposal to approve the adjournment of the meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the principal terms of the merger agreement.

Q: What vote of shareholders is required to approve the proposals?

A: The merger agreement must be adopted by the affirmative vote of holders of a majority of the shares of RemedyTemp Class A and Class B common stock entitled to vote as of the record date, voting as a single class. The proposal to adjourn the meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the shares of Class A common stock represented and voting at the special meeting. Three of RemedyTemp s directors, who collectively own in excess of 24% of RemedyTemp s shares entitled to vote on the approval of the principal terms of the merger agreement, have entered into voting agreements agreeing to vote in favor of the transaction.

Q: How does the Company s board of directors recommend that I vote?

A: Our board of directors recommends that you vote **FOR** the proposal to approve the principal terms of the merger agreement, including the merger, and **FOR** the proposal to adjourn the meeting, if necessary. Before voting, you should read The Merger Recommendation of the Company s Board of Directors and Reasons for the Merger for a discussion of the factors that our board of directors considered in deciding to recommend the approval of the principal terms of the merger agreement, including the merger.

Q: Who may vote at the special meeting?

A: If you were a holder of the Company s Class A or Class B common stock at the close of business on [ ], 2006, the record date, you may vote at the special meeting.

Q: How many shares are entitled to vote at the special meeting?

A: Each share of our Class A and Class B common stock on the record date is entitled to one vote on the proposal to approve the principal terms of the merger agreement. Each share of our Class A common stock is entitled to one vote on the proposal to adjourn the meeting, if necessary. On the record date, there were [ ] shares of our Class A common stock and 798,188 shares of our Class B common stock outstanding. Three of RemedyTemp s directors, who collectively own in excess of 24% of RemedyTemp s shares entitled to vote on the approval of the principal terms of the merger agreement, have entered into voting agreements to support the transaction.

Q: What does it mean if I get more than one proxy card?

A: If you have shares of our common stock that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: How do I vote?

A: In order to vote, you must either designate a proxy to vote on your behalf or attend the special meeting and vote your shares in person. Our board of directors requests your proxy, even if you plan to attend the special meeting, so your shares will be counted toward a quorum and be voted at the meeting even if you later decide not to attend.

Q: How can I vote in person at the special meeting?

A: If you hold shares in your name as the shareholder of record, you may vote those shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring identification with you to the special meeting. Even if you plan to attend the meeting, we recommend that you submit a proxy for your shares in advance as described above, so your vote will be counted even if you later decide not to attend. If you hold shares in street name (that is, through a broker, bank or other nominee), you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your broker, bank or other nominee.

Q: How can I vote without attending the special meeting?

A: If you hold shares in your name as the shareholder of record, then you received this proxy statement and a proxy card from us. In that event, you may complete, sign, date and return your proxy card in the postage-paid envelope provided. If your shares are held in street name, please follow the instructions on your proxy card to instruct your broker or other nominee to vote your shares. Without those instructions, your shares will not be voted.

Q: How can I revoke my proxy?

A: If you are a registered owner, you may change your mind and revoke your proxy at any time before it is voted at the meeting by:

- sending a written notice to revoke your proxy to the Corporate Secretary of the Company, which must be received by the Company before the special meeting commences;

- transmitting a proxy by mail at a later date than your prior proxy, which must be received by the Company before the special meeting commences; or
- attending the special meeting and voting in person or by proxy (except for shares held in the employee benefit plans). Please note that attendance at the special meeting will not by itself constitute revocation of a proxy.

If you hold your shares in street name, you should contact your broker, bank or other nominee if you wish to revoke your proxy.

Q: What is a quorum?

A: A quorum of the holders of the outstanding shares of our common stock must be present for the special meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our Class A and Class B common stock, counted as a single class, entitled to vote are present at the meeting, either in person or represented by proxy. Withheld votes, abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

Q: How are votes counted?

A: You may vote FOR, AGAINST or ABSTAIN on the proposal to approve the principal terms of the merger agreement. Abstentions will count for the purpose of determining whether a quorum is present, but will not count as votes cast on a proposal. If you ABSTAIN with respect to the proposal to approve the principal terms of the merger agreement, it has the same effect as if you vote AGAINST the approval of that matter. However, abstentions will not have an effect on the outcome of the proposal to adjourn the meeting, if necessary.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Broker non-votes will count for the purpose of determining whether a quorum is present, but will not count as votes cast on a proposal. A broker non-vote will have the same effect as a vote AGAINST the approval of the principal terms of the merger agreement, but will have no effect on the outcome of the adjournment proposal.

A properly executed proxy card received by the Corporate Secretary before the meeting, and not revoked, will be voted as directed by you. If you properly execute and deliver your proxy card without indicating your vote, your shares will be voted FOR the approval of the principal terms of the merger agreement, including the merger, and FOR the proposal to adjourn the meeting, if necessary, and in accordance with the discretion of the persons appointed as proxies on any other matters properly brought before the meeting for a vote.

Q: Who will bear the cost of this solicitation?

A: We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. We will, on request, reimburse shareholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials and special reports to the beneficial owners of the shares they hold of record. The Company has retained Georgeson Shareholder Communications Inc. to assist it in the solicitation of proxies for the special meeting and will pay Georgeson a fee of approximately $7,500, plus reimbursement of out-of-pocket expenses.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in the third quarter of fiscal 2006. In order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). See The Merger Agreement Conditions to the Merger and The Merger Agreement Effective Time.

Q: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send your stock certificates to the exchange agent in order to receive the merger consideration, without interest. You should use the letter of transmittal to exchange your RemedyTemp stock certificates for the merger consideration to which you are entitled as a result of the merger. If your shares are held in street name by your broker, you will receive instructions from your broker as to how to effect the surrender of your shares and receive cash for those shares. **Do not send any stock certificates with your proxy.**

Q: Who can help answer my other questions?

A: If you have more questions about the special meeting or the merger, you should contact:

Investor Relations Department
RemedyTemp, Inc.
101 Enterprise
Aliso Viejo, California 92656
Telephone: 949-425-7600
email: investor@remedystaff.com

or if you have any questions about or need assistance in voting your shares, please contact our proxy solicitor:

Georgeson Shareholder Communications Inc.
17 State Street, 10th Floor
New York, New York 10004
Banks and Brokers: (212) 440-9800
Shareholders: Toll Free 1 (866) 767-8988

SUMMARY

This summary provides a brief description of the material terms of the merger agreement, the merger and certain related agreements. This summary highlights selected information contained in this proxy statement and may not contain all of the information that is important to you. You are urged to read this entire proxy statement carefully, including the information incorporated by reference and the information in the appendices. Each item in this summary includes a page reference directing you to a more complete description of that item.

References in this proxy statement, unless the context requires otherwise, to RemedyTemp, the Company, we, our, ours, and us refer to RemedyTemp, Inc. and our consolidated subsidiaries. The term Parent refers to Koosharem Corporation. The term Merger Sub refers to RT Acquisition Corp.

- **Parties to the Merger.**

- RemedyTemp, with 230 offices throughout North America, is a professional staffing organization focused on delivering human capital workforce solutions in various business sectors. The company operates under the brands Remedy® Intelligent Staffing, Talent Magnet by Remedy and RemX® Specialty Staffing.

- Koosharem Corporation is the holding company of Select Personnel Services. Founded in Santa Barbara in 1985, Select, with annual revenues in excess of $500 million, currently operates more than 50 offices nationwide. In addition to pre-qualified, motivated employees, Select boasts a team of experts in human resources, technology, risk management, and labor and employment law to meet employers needs. Select provides employment solutions to a wide variety of companies, including manufacturing, industrial, clerical, accounting, technical, and professional services.

- RT Acquisition Corp. is a Delaware corporation formed on May 5, 2006 for the sole purpose of acquiring all of the fully diluted capital stock of RemedyTemp. See The Parties to the Merger on page 10.

- **The Merger.** You are being asked to approve the principal terms of a merger agreement providing for the acquisition of RemedyTemp by Parent. Pursuant to the merger agreement, Merger Sub will merge with and into RemedyTemp, which we refer to as the merger. RemedyTemp will be the surviving corporation in the merger and a wholly owned subsidiary of Parent. See The Merger Agreement Structure of the Merger on page 37.

- **Board Recommendation.** The Company s board of directors unanimously recommends that RemedyTemp s shareholders vote **FOR** the approval of the principal terms of the merger agreement, including the merger. See The Merger Recommendation of the Company s Board of Directors and Reasons for the Merger beginning on page 17.

- **Merger Consideration.** If the merger is completed, you will be entitled to receive $17.00 in cash, without interest, for each share of our Class A and Class B common stock that you own. See The Merger Agreement Consideration to be Received in the Merger on page 38.

- **Treatment of Outstanding Options.** Each option to acquire RemedyTemp common stock not exercised before the merger, whether or not then vested or exercisable, will be cancelled and converted into a right to receive an amount of cash equal to the amount by which $17.00 exceeds the exercise price per share of RemedyTemp common stock subject to the option multiplied by the total number of shares of stock subject to the option, which payment will be subject to applicable withholding taxes. See The Merger Agreement Consideration to be Received in the Merger Stock Options on page 38.

- **Treatment of Outstanding Restricted Stock.** At the effective time of the merger, all outstanding shares of RemedyTemp restricted stock will be converted into the right to receive an amount of cash equal to $17.00 per share, less applicable withholding taxes.

5

- **Procedure for Receiving Merger Consideration.** As soon as reasonably practicable after the effective time of the merger, an exchange agent appointed by Parent will mail a letter of transmittal and instructions to all RemedyTemp shareholders. The letter of transmittal and instructions will tell you how to surrender your RemedyTemp common stock certificates in exchange for the merger consideration, without interest. You should not return any stock certificates you hold with the enclosed proxy card, and you should not forward your stock certificates to the exchange agent without a letter of transmittal. See The Merger Agreement Payment Procedures beginning on page 38.

- **Conditions to Closing.** Before we can complete the merger, a number of conditions must be satisfied or waived (to the extent permitted by law), including receipt of Company shareholder approval and regulatory (including antitrust) approvals, and the absence of any law prohibiting the transaction. The obligation of Parent and Merger Sub to effect the merger is additionally subject to:

- the Company s representations and warranties in the merger agreement being true and correct as of the date of the merger agreement and as of the effective time of the merger (except where the failure to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company);

- the Company s and its subsidiaries performance of its obligations under the merger agreement;

- the absence of any suits, actions or proceedings that would reasonably be expected to prohibit the merger; and

- Parent and Merger Sub having received the proceeds of the financing on the terms and conditions contemplated by a commitment letter by and among Parent, Goldman Sachs Credit Partners L.P. and Bank of the West relating to the merger or Parent and Merger Sub otherwise having received proceeds of other financing on such terms and conditions as Parent reasonably determines, in good faith, are substantially comparable or more favorable to Parent.

The Company s obligation to effect the merger is additionally conditioned on:

- the representations and warranties of Parent and Merger Sub being true and correct as of the date of the merger agreement and the effective time of the merger (except where the failure to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of Parent and Merger Sub to consummate the transactions contemplated by the merger agreement); and

- the performance by Parent and the Merger Sub of their obligations under the merger agreement.

See The Merger Agreement Conditions to the Merger beginning on page 49.

- **Termination of the Merger Agreement.** RemedyTemp, Parent and Merger Sub may agree in writing to terminate the merger agreement at any time without completing the merger, even after the shareholders of RemedyTemp have adopted the merger agreement. The merger agreement may also be terminated in certain other circumstances, including:

- By mutual written consent of the Boards of Directors of Parent, Merger Sub and the Company;

- By either Parent and Merger Sub or the Company if the merger is not consummated before the six month anniversary of the date of the merger agreement, although this right will not be available to a party whose failure to perform its obligations under the merger agreement has been the principal cause of or resulted in the failure of the merger to be consummated by the six month anniversary;

- By either Parent and Merger Sub or the Company if a court or other governmental entity has issued a final order or statute prohibiting the merger;

- By either Parent and Merger Sub or the Company if the Company does not obtain the requisite shareholder approval at the special meeting of shareholders;

- By Parent and Merger Sub before approval of the principal terms of the merger agreement, including the merger, by the Company s shareholders if the Company s board of directors withdraws or modifies its approval or recommendation of the principal terms of the merger agreement, including the merger, or has approved or recommended a competing acquisition proposal to the Company s shareholders;

- By either Parent and Merger Sub or the Company if the other party has breached its representations or warranties or agreements, which breach would result in the failure of a condition to the terminating party s obligation to close, and the breach is not curable by the six month anniversary of the date of the merger agreement; or

- By the Company before approval of the principal terms of the merger agreement, including the merger, by the Company s shareholders if the Company s board of directors determines to pursue a superior proposal from a third party, after the Company has provided Parent two business days to revise the terms of the merger agreement and negotiate in good faith with the Company with respect thereto, and simultaneously with such termination the Company enters into a definitive acquisition, merger or similar agreement to effect the superior proposal, and the Company pays the termination fee within the requisite time period.

See The Merger Agreement Termination of the Merger Agreement beginning on page 50.

- **Termination Fees and Expenses.**

- Company Termination Fee. The Company will be required to pay Parent a fee of $5.6 million if the merger agreement is terminated:

(1) by the Company because the merger has not been consummated by the six month anniversary of the date of the merger agreement and the Company has not held the shareholders meeting;

(2) by the Company in order to enter into another acquisition agreement with a third party which the Company s board of directors believes constitutes a superior proposal from a third party;

(3) by Parent and Merger Sub due to the Company s board of directors withdrawing or modifying its approval or recommendation of the merger or the merger agreement, or due to the board of directors approving or recommending a competing acquisition proposal; or

(4) by any party due to the failure to obtain shareholder approval if at the time of such termination a competing acquisition proposal has been publicly made and not withdrawn, and within 12 months after such termination the Company enters into a definitive agreement with respect to a competing transaction (which is subsequently consummated) or an acquisition of the Company is completed.

See The Merger Agreement Termination Fees and Expenses beginning on page 51.

- **Regulatory Approvals.** The Hart-Scott-Rodino Antitrust Improvements Act of 1976 and related rules (the HSR Act) provide that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied. On May 17-18, 2006, the Company and Parent made the required filings with the Antitrust Division and the Federal Trade Commission. Except as noted above with respect to the required filings under the HSR Act and the filing of a merger agreement in California at or before the effective date of

the merger, we are unaware of any material federal, state or foreign regulatory

requirements or approvals required for the execution of the merger agreement or completion of the merger. See The Merger Federal Regulatory Matters beginning on page 34.

- **Financing.** As a condition to the closing of the merger, Parent anticipates financing a portion of the merger consideration with debt. Parent has received a commitment letter from Goldman Sachs Credit and Bank of the West, pursuant to which these entities have committed, subject to the terms and conditions set forth in the commitment letter, to provide senior secured term loan facilities and a senior secured revolving credit facility in an aggregate amount sufficient when combined with certain cash on hand at RemedyTemp to finance (or provide the funds for the Surviving Corporation to finance) the merger, to repay or refinance the Parent s existing credit facilities, to replace existing letters of credit of RemedyTemp, and to pay fees and expenses incurred in connection with the merger on the closing date. The financing is subject to the consummation of the merger and the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided. See The Merger Financing of the Merger beginning on page 32.

- **Opinion of Robert W. Baird & Co. Incorporated.** In connection with the merger, the Company retained Robert W. Baird & Co. Incorporated, which we refer to as Baird, as its financial advisor. In deciding to approve the merger agreement, the Company s board of directors considered the oral opinion of Baird provided to the Company s board of directors on May 10, 2006, subsequently confirmed in writing, that, as of the date of the opinion and based upon and subject to the assumptions and limitations set forth in the opinion, the merger consideration to be received by the holders of the Company s common stock in the merger (other than Select Personnel Services and its affiliates) was fair, from a financial point of view, to such holders (other than Select Personnel Services and its affiliates). The full text of the written opinion of Baird, dated May 10, 2006, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the scope of review undertaken by Baird in rendering its opinion, is attached as Annex C to this proxy statement and is incorporated by reference into this proxy statement. See The Merger Opinion of Robert W. Baird & Co. Incorporated beginning on page 19.

- **Record Date and Voting.** You are entitled to vote at the special meeting if you owned shares of RemedyTemp Class A or Class B common stock at the close of business on [ ], 2006, the record date for the special meeting. Each outstanding share of our Class A and Class B common stock on the record date entitles the holder to one vote on the proposal to approve the principal terms of the merger agreement. As of the record date, there were [ ] shares of common stock of RemedyTemp entitled to be voted. See The Special Meeting Record Date and Quorum on page 12.

- **Shareholder Vote Required to Approve the Principal Terms of the Merger Agreement.** For us to complete the merger, shareholders holding at least a majority of the combined shares of our Class A and Class B common stock outstanding at the close of business on the record date must vote **FOR** the approval of the principal terms of the merger agreement, including the merger. Three of RemedyTemp s directors, who collectively own in excess of 24% of RemedyTemp s shares entitled to vote on the approval of the principal terms of the merger agreement, have entered into voting agreements to support the transaction. See The Special Meeting Vote Required beginning on page 12 and The Voting Agreements beginning on page 53.

- **Share Ownership of Directors and Executive Officers.** As of [ ], 2006, the record date, the directors and executive officers of RemedyTemp held and are entitled to vote, in the aggregate, [ ] shares of our common stock, representing approximately [ ] percent of the outstanding shares of our common stock (or [ ] shares, representing approximately [ ] percent of the outstanding shares, including shares underlying options exercisable within 60 days of the record date). Three of RemedyTemp s directors, who collectively own in excess of 24% of RemedyTemp s shares entitled to vote on the approval of the principal terms of the merger

agreement, have entered into voting agreements to support the transaction. Like all our other shareholders, our directors and executive officers will be entitled to receive $17.00 per share in cash for each of their shares of RemedyTemp common stock, and all of their outstanding stock options will be cashed out as described above, whether or not then vested and exercisable. See The Merger Vote Required and Interests of Certain Persons in the Merger beginning on page 25.

- **Tax Consequences.** The merger will be a taxable transaction to you if you are a U.S. person. For U.S. federal income tax purposes, your receipt of cash (whether as merger consideration or pursuant to the proper exercise of dissenters rights) in exchange for your shares of RemedyTemp common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares of RemedyTemp common stock. Under U.S. federal income tax law, you may be subject to information reporting on cash received pursuant to the merger unless an exemption applies. Backup withholding may also apply (currently at a rate of 28 percent) with respect to the amount of cash received pursuant to the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your federal, state and local and/or non-U.S. taxes. See The Merger Material U.S. Federal Income Tax Consequences beginning on page 35.

- **Dissenters Rights.** Under the General Corporation Law of the State of California, holders of our common stock who do not vote in favor of approving the principal terms of the merger agreement will be entitled to statutory dissenters rights if timely demands for payment are filed with respect to five percent or more of the outstanding shares of Company common stock, and only if these demands comply with all requirements of California law, which are summarized in this proxy statement. Such demands must be received not later than the date of the special meeting to approve the principal terms of the merger agreement, including the merger. Shareholders who validly exercise statutory dissenters rights to receive the fair market value of their shares in cash pursuant to applicable provisions of California corporate law will not have the right to receive that portion of consideration otherwise payable with respect to such shares after the effective time, but will instead be entitled to such statutory dissenters rights. A shareholder who does not timely perfect his, her or its dissenters rights will be deemed to have had his, her or its shares converted into the right to receive that portion of the consideration otherwise payable with respect to such shares after the effective time. Any holder of our common stock intending to exercise their dissenters rights must submit a written demand to have us purchase the dissenting shares for cash at their fair market value, which must be received by us not later than the date of the special meeting to approve the principal terms of the merger agreement, including the merger, must not vote or otherwise submit a proxy in favor of approval of the principal terms of the merger agreement, and must continue to hold the shares of record through the effective time of the merger. Voting against the merger does not constitute a demand. A shareholder s failure to follow exactly the procedures specified under California law will result in the loss of that shareholder s dissenters rights. See Dissenters Rights beginning on page 55 and Annex D Chapter 13 of the General Corporation Law of the State of California.

- **Market Price of RemedyTemp Common Stock.** Our common stock is listed on the NASDAQ National Market under the trading symbol REMX. On May 10, 2006, which was the last trading day before the announcement of the execution of the merger agreement, the Company s common stock closed at $12.20 per share. On [ ], which was the last trading day before the date of this proxy statement, the Company s common stock closed at $[ ] per share.

THE PARTIES TO THE MERGER

RemedyTemp, Inc.
101 Enterprise
Aliso Viejo, California 92656
(949) 425-7600

RemedyTemp, Inc., a California corporation, with 230 offices throughout North America, is a professional staffing organization focused on delivering human capital workforce solutions in various business sectors. The company operates under the brands Remedy® Intelligent Staffing, Talent Magnet by Remedy and RemX® Specialty Staffing. RemedyTemp s Class A common stock is listed on the NASDAQ National Market. If the principal terms of the merger agreement are approved by the RemedyTemp shareholders at the special meeting and the merger is completed as contemplated, RemedyTemp will continue its operations following the merger as a private company and a wholly owned subsidiary of Koosharem Corporation.

Koosharem Corporation
3820 State Street
Santa Barbara, California 93105
(805) 882-2202

Koosharem Corporation is the holding company of Select Personnel Services. Founded in Santa Barbara in 1985, Select, with annual revenues in excess of $500 million, currently operates more than 50 offices nationwide. In addition to pre-qualified, motivated employees, Select boasts a team of experts in human resources, technology, risk management, and labor and employment law to meet employers needs. Select provides employment solutions to a wide variety of companies, including manufacturing, industrial, clerical, accounting, technical, and professional services.

RT Acquisition Corp.
3820 State Street
Santa Barbara, California 93105
(805) 882-2202

RT Acquisition Corp., a Delaware corporation, was formed on May 5, 2006 for the sole purpose of completing the merger with RemedyTemp and obtaining the related financing. RT Acquisition Corp. is a wholly owned subsidiary of Koosharem Corporation.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements that involve risks and uncertainties, including, but not limited to, statements concerning the ability of RemedyTemp to successfully complete the merger. These statements relate to expectations concerning matters that are not historical facts. Words such as projects, believes, anticipates, will, estimates, plans, expects, intends, and similar words and exp intended to identify forward-looking statements. These forward-looking statements are based on the current expectations, assumptions, estimates and projections about the Company and the industries in which the Company operates. These forward-looking statements involve known and unknown risks that may cause RemedyTemp s actual results and performance to be materially different from the future results and performance stated or implied by the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included in this discussion, the inclusion of such information should not be regarded as a representation by the Company or any other person that RemedyTemp s objectives or plans will be achieved. Important factors which could cause our actual results to differ materially from those expressed or implied in the forward-looking statements are detailed in filings with the Securities and Exchange Commission made from time to time by the Company, including our periodic filings on Forms 10-K, 10-Q and 8-K and the following:

- risks associated with the closing of the merger, including the possibility that the merger may not occur due to the failure of the parties to satisfy the conditions in the merger agreement;

- the inability of Parent and Merger Sub to obtain the financing necessary to complete the merger;

- the failure of RemedyTemp to obtain required shareholder approval;

- the inability of the parties to secure required governmental or third party consents to and authorizations for the merger;

- the occurrence of events that would have a material adverse effect on the Company as described in the merger agreement; and

- the effect of the announcement of the merger on our customer relationships, operating results and business generally, including our ability to retain key employees.

You should not place undue reliance on forward-looking statements. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to RemedyTemp s shareholders as part of the solicitation of proxies by RemedyTemp s board of directors for use at the special meeting be held at [ ], on **[**], 2006, at [ ] a.m., local time. The purpose of the special meeting is to consider and vote upon proposals to approve the principal terms of the merger agreement, which will constitute approval of the merger and the other transactions contemplated by the merger agreement, and to approve the adjournment of the meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the principal terms of the merger agreement. Our shareholders must approve the principal terms of the merger agreement for the merger to occur. A copy of the merger agreement is attached to this proxy statement as Annex A and is incorporated by reference herein.

Our board of directors has, by unanimous vote, determined that the merger agreement and the merger are advisable and in the best interests of RemedyTemp and its shareholders, and has approved the merger agreement and the merger. Our board of directors unanimously recommends that our shareholders vote **FOR** approval of the principal terms of the merger agreement, including the merger.

Record Date and Quorum

The holders of record of our Class A and Class B common stock as of the close of business on **[**], 2006, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. On the record date, there were [ ] shares of our Class A common stock and 798,188 shares of our Class B common stock outstanding.

The holders of a majority of the outstanding shares of our Class A and Class B common stock, counted as a single class, on the record date represented in person or by proxy will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Any shares of common stock held in treasury by the Company or by any of our subsidiaries are not considered to be outstanding for purposes of determining whether a quorum is present. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. If a quorum is not present, the special meeting may be adjourned from time to time without further notice, if the time and place of the adjourned meeting are announced at the meeting, until a quorum is obtained.

Vote Required

Approval of the principal terms of the merger agreement, including the merger, requires the affirmative vote of the holders of a majority of our Class A and Class B common stock entitled to vote as of the record date, voting as a single class. Each outstanding share of our Class A and Class B common stock on the record date entitles the holder to one vote on this proposal.

Approval of the proposal to adjourn the special meeting, if necessary, to permit further solicitation of proxies requires the affirmative vote of a majority of the shares represented and voting at the special meeting. Each outstanding share of our Class A common stock on the record date entitles the holder to one vote on this proposal. Our Class B common stock is not entitled to vote on the adjournment proposal.

As of the record date, the directors and executive officers of the Company owned, in the aggregate, [ ] shares of the Class A common stock (or [ ] shares, including shares underlying options exercisable within 60 days of the record date) and [ ] shares of the Class B common stock. These shares represent approximately [ ] percent of the combined RemedyTemp Class A and Class B common stock entitled to vote on the approval of the principal terms of the merger agreement.

The Company expects that all of these shares will be voted in favor of the proposal to approve the principal terms of the merger agreement.

Three of RemedyTemp s directors Greg D. Palmer, chief executive officer; Paul W. Mikos, chairman; and Robert E. McDonough, Sr., founder and vice chairman have entered into voting agreements to support the transaction. The three directors collectively own in excess of 24% of RemedyTemp s shares entitled to vote on the approval of the principal terms of the merger agreement.

Proxies; Revocation

If you are a shareholder of record and submit a proxy by mail, your shares will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your proxy card, your shares of the Company s common stock will be voted **FOR** the approval of the principal terms of the merger agreement and **FOR** the proposal to adjourn the special meeting, if necessary.

If your shares are held in street name by your broker, bank or other nominee, you should instruct your broker how to vote your shares using the instructions provided by your broker. If you have not received voting instructions or require further information regarding such voting instructions, contact your broker, bank or other nominee for directions on how to vote your shares. Brokers who hold shares in street name for customers may not be permitted to exercise their voting discretion with respect to the approval of the proposals before the special meeting and in such instance, absent specific instructions from the beneficial owner of such shares, are not empowered to vote such shares with respect to the approval of the principal terms of the merger agreement. Such shares will constitute broker non-votes. Shares of common stock held by persons attending the special meeting but not voting, or shares for which the Company has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists, but will have the same effect as a vote AGAINST approval of the principal terms of the merger agreement. However, abstentions and broker non-votes will have no effect on the outcome of the proposal to adjourn the meeting, if necessary.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either advise our Corporate Secretary in writing, submit a proxy dated after the date of the proxy you wish to revoke or attend the special meeting and vote your shares in person. Attendance at the special meeting will not by itself constitute revocation of a proxy.

Please note that if you have instructed your broker to vote your shares, the options for revoking your proxy described in the paragraph above do not apply and instead you must follow the directions provided by your broker to change these instructions.

RemedyTemp does not expect that any matter other than the approval of the principal terms of the merger agreement and, if applicable, the adjournment proposal will be brought before the special meeting. If, however, any other matter is properly presented at the special meeting or any adjournment or postponement of the special meeting, the persons appointed as proxies will have authority to vote the shares represented by duly executed proxies in accordance with their discretion.

Solicitation of Proxies

The Company will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of RemedyTemp may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. The Company will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. The Company has retained Georgeson Shareholder Communications Inc. to assist it in the solicitation of proxies for the special meeting and will pay Georgeson a fee of approximately $7,500, plus reimbursement of out-of-pocket expenses.

THE MERGER

Background of the Merger

In early 2005, D. Stephen Sorensen, President and Chief Executive Officer of Parent, approached and subsequently met informally with Greg Palmer, President and Chief Executive Officer of the Company, to discuss their respective businesses and advantages that might accrue from a combination of the companies.

Also in early 2005, Baird, which had previously been engaged by the Company in connection with a financing transaction, approached the Company s management regarding a potential strategic business combination or partnership with another company in RemedyTemp s industry. The Company and the other party entered into a mutual non-disclosure agreement to share confidential information in August 2005, and extensive discussions took place between the parties over the course of the next several months.

On September 19, 2005, Mr. Sorensen contacted Mr. Palmer in order to arrange for another meeting to discuss the possibility of a strategic combination. In a subsequent telephone conversation on September 21, 2005, Mr. Sorensen indicated to Mr. Palmer that he believed the Company s stock at that time should be valued in the range of $12 to $13 per share rather than the $7 to $10 range the stock was then trading in. The parties agreed to meet on October 11, 2005.

On October 11, 2005, members of the Company s and Parent s management, and representatives from Baird and Parent s financial advisor, Goldman Sachs & Co., met, and Parent delivered a proposal to acquire all of the outstanding stock of the Company for between $13.20 and $14.30 per share in cash.

On October 25, 2005, the board of directors of the Company (the Board) held a regular meeting, at which all of the Board members were present and representatives of Company management and Baird also participated. In light of Parent s proposal and the ongoing discussions with the other potential business partner, Baird made a presentation to the Board concerning strategic alternatives, including acquisition and capital-raising strategies, and purchase of or sale to a strategic partner, and evaluated the relative attractiveness of each alternative compared to the prospects of the business as a stand-alone entity. Baird then presented an analysis of the acquisition proposal from Select, and informed the Board concerning the status of discussions with the other potential strategic business partner. The Board directed management and Baird to (i) request that Parent increase its offer and provide support for financing sufficient to consummate the proposed transaction and (ii) continue to hold conversations with the other potential strategic business partner.

On November 1, 2005, Baird distributed a draft confidentiality agreement to Parent, and extended negotiations on the agreement took place over the next two months.

On December 14, 2005, Baird sent a letter to Parent requesting specific information relating to the financing for the proposed transaction.

On December 22, 2005, the Board held a special telephonic meeting, at which all of the Board members, except Robert E. McDonough, Sr., were present and representatives of Company management also participated. Company management informed the Board concerning the status of strategic discussions with both Parent and the other potential strategic business partner. The Board authorized the Executive Committee of the Board, consisting of Robert A. Elliott, Mary George and Michael Hagan, to oversee and aid Company management in its consideration and negotiation of the potential transactions. The Board instructed the Executive Committee to report periodically to the full Board on these matters.

On December 28, 2005, the Company received a letter from Parent addressed to the Board confirming the receipt from Parent s lenders of indications of interest to provide financing for a proposed transaction, and providing contact information for the lenders. During the next two weeks Baird contacted the lenders to discuss possible financing for the proposed transaction.

On January 12, 2006, the Executive Committee held a telephonic meeting, at which all members of the Committee were present and representatives of Company management and Baird also participated. Baird presented its assessment of Parent s ability to finance a proposed transaction based on the information available to that point. Company management also presented to the Board the proposed terms of a formal engagement of Baird, including a form of engagement letter, to act as exclusive financial advisor to the Company with respect to the possible transaction with Parent or the other potential strategic business partner.

On January 17, 2006, the Board held a special telephonic meeting, at which all of the Board members were present and representatives of Company management and O Melveny & Myers LLP, the Company s outside legal counsel, also participated. The Executive Committee reported to the full Board on its January 12 meeting, and Company management updated the Board on the status of the strategic discussions. The Board approved the engagement of Baird on the terms set forth in the engagement letter, and authorized Baird and Company management to proceed with strategic discussions under the oversight of the Executive Committee. At this time, Baird began to contact various other potential strategic business partners in the Company s industry on a confidential basis to determine the level of interest among these parties for a possible transaction with the Company.

On January 19, 2006, the Company entered into the confidentiality agreement with Parent and the engagement letter with Baird. Subsequently, RemedyTemp provided certain confidential information to Parent about the Company. In addition, on February 8, 2006, representatives of Parent met with Company management and Baird to conduct additional business and financial diligence on the Company.

On February 28, 2006, following further discussions among the Company and Parent and their respective financial advisors, Parent sent a letter to the Board offering to purchase all of the outstanding stock of the Company for $14.30 per share. In addition, Parent provided to the Board letters from several financial institutions indicating their continued interest, based on various assumptions and subject to certain limitations, to provide financing for the proposed transaction.

On March 1, 2006, the Board held a regular meeting, at which all of the Board members were present and representatives of Company management, Baird and O Melveny & Myers also participated. Baird made a presentation to the Board concerning potential share price appreciation for the Company s stock if, among other assumptions, the Company achieved certain financial targets, accomplished certain performance initiatives and released the $25 million of restricted cash it was then holding. Baird also commented on the February 28, 2006 letter from Parent and the financing letters. In addition, Baird updated the Board on its discussions with various potential strategic business partners. The Board instructed Baird to reject Parent s offer. In response, on March 6, 2006, Parent resubmitted the offer of $14.30 per share with supporting analysis to justify its valuation. Baird subsequently communicated to Parent the Board s instruction that the offer for $14.30 per share was insufficient.

Over the course of the next week, Baird, Parent and Goldman Sachs continued to discuss valuation, including a revised forecast indicating improved Company financial performance. On March 8, 2006, Parent delivered a revised proposal to acquire all of the Company s outstanding shares which, based on information available to the Company, the Company and its advisors concluded implied a per share consideration of approximately $16.33 in cash.

On March 13, 2006, the Board held a special telephonic meeting, at which all of the Board members were present and representatives of Company management, Baird and O Melveny & Myers also participated. Baird reviewed for the Board its recent discussions with Parent concerning Parent s most recent offer. Baird also analyzed Parent s ability to finance the transaction and the premium represented by Parent s offer relative to other recent public transactions. Baird also informed the Board concerning its confidential discussions with other potential strategic business partners or purchasers. The Board determined that the current offer was still insufficient, and directed Baird and Company management to

formulate a proposed response to the offer that would set forth the Company s rationale for a higher valuation. The meeting was adjourned and reconvened on March 15, 2006. At the reconvened meeting, Baird and Company management presented the proposed response to Parent rejecting the latest offer, and the Board authorized Baird to convey the response.

On March 24, 2006, after continued discussions between Baird and Company management on the one hand, and Parent and Goldman Sachs on the other, Parent delivered to the Board a further revised offer of $17.00 per share in cash. The offer letter indicated that the granting of exclusivity to Parent was a precondition to commencement of formal due diligence and negotiation of definitive documentation.

On March 28, 2006, the Board held a special meeting, at which all Board members were present (in person or by phone) and representatives of Company management, Baird and O Melveny & Myers also participated. O Melveny & Myers advised the Board members regarding their fiduciary duties under California law, and explained the proper process for conducting a market survey. Baird informed the Board of the results of its survey, which had involved detailed discussions with various entities that Baird and Company management had determined possessed the means and resources to complete an acquisition of the Company. Ultimately, none of the identified parties had evinced an interest at a valuation competitive with that represented by Parent s offer, or at all. After lengthy discussion, the Board voted unanimously to authorize Baird and Company management to continue discussions with Parent concerning the latest offer, and to negotiate with Parent a period of exclusivity to conduct due diligence.

On April 10, 2006, the Company entered into an exclusivity agreement, expiring on May 5, 2006, with Parent.

On April 12, 2006, the Board held a special meeting, at which all Board members were present (in person or by phone) and representatives of Company management, Baird and O Melveny & Myers also participated. Company management provided the Board with an update on discussions with Parent, and presented a financial and business review of the Company, discussing major business initiatives, cost-reduction measures, office closures and other matters. Baird presented an assessment of the Company s prospects as stand-alone entity, reflecting the Company s relative performance to its staffing peer group. The Board unanimously approved continuing discussions with Parent based on its most recent offer. Also on April 12, 2006, the Company opened to Parent and its lenders, auditors and legal advisors a physical data room at O Melveny & Myers Newport Beach offices.

On April 17-18, 2006, meetings took place at O Melveny & Myers Newport Beach offices among representatives of the Company s and Parent s management; Baird; Goldman Sachs; O Melveny & Myers; Skadden, Arps, Slate, Meagher & Flom LLP, corporate legal advisors to Parent, and Stradling Yocca Carlson & Rauth, legal advisors to Parent with respect to the financing; representatives from the parties financial diligence providers; and Goldman Sachs Credit, Bank of the West and ING Capital LLC as potential lenders, to discuss due diligence items and negotiate the terms of the merger agreement.

Between April 19, 2006 and May 5, 2006, the parties continued to negotiate the terms of the merger agreement and of the commitment letter to be delivered by Goldman Sachs Credit and Bank of the West.

On May 5, 2006, the Board held a regular meeting, at which all Board members were present and representatives of Company management, Baird and O Melveny & Myers also participated. Company management provided the Board with an update on financial results and discussed a long-term projection of Company performance. In addition, Company management and O Melveny updated the Board on the status and progress of discussions with Parent, and O Melveny presented to the Board summaries of the transaction structure, draft merger agreement, voting agreements and draft financing commitment letter. Baird presented a preliminary analysis of its opinion of the fairness of the proposed transaction. After lengthy discussions regarding the terms of the proposed transaction, including the closing conditions in the merger agreement and the financing commitment letter, the Board directed Baird, Company management

and O Melveny & Myers to convey to Parent the need for certainty of closing if the Company was to proceed with the transaction. Following that meeting, the parties continued to negotiate the terms of the merger agreement and the commitment letter.

On May 10, 2006, the Board held a telephonic special meeting, at which all Board members were present and representatives of Company management, Baird and O Melveny & Myers also participated. O Melveny and Company management reviewed for the Board the changes to the merger agreement and financing commitment letter since the last Board meeting. O Melveny also reviewed a request from Parent to have Mr. Palmer execute a nonsolicitation agreement, to be effective and contingent upon the closing of the proposed transaction. Baird then rendered to the Board an oral opinion, which opinion was subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of the Company s stock. Following discussions and questions by the Board members to Baird, O Melveny and Company management, the Company s Board, by unanimous action, approved and declared advisable the merger agreement and the merger and resolved to recommend that the Company s shareholders approve the principal terms of the merger agreement. In addition, the Board (with Mr. Palmer abstaining) approved the form of nonsolicitation agreement to be entered into by Mr. Palmer.

Immediately following the adjournment of the Board meeting on May 10, 2006, the Company entered into an amendment of the Company s rights agreement with American Stock Transfer & Trust Company, and later that evening the Company, Parent and Merger Sub executed the merger agreement. The following morning the Company and Parent issued a joint press release announcing the entry into the merger agreement.

Recommendation of the Company s Board of Directors and Reasons for the Merger

The board of directors of RemedyTemp, by unanimous vote, determined that the terms of the merger agreement, including the merger consideration of $17.00 in cash per share of Class A and Class B common stock, and the merger are advisable and fair to, and in the best interests of, the shareholders of the Company. **The board of directors recommends that shareholders vote FOR the approval of the principal terms of the merger agreement, including the merger.**

In the course of reaching its decision to approve the merger agreement, the Company s board of directors consulted with the Company s financial and legal advisors, reviewed a significant amount of information and considered the following material factors:

- the board s belief that the merger was more favorable to the shareholders than any other alternative reasonably available to the Company and its shareholders based on the fact that the $17.00 to be paid for each share of the Company s Class A and Class B common stock represents a substantial premium over the current and historical market prices of the Company s common stock, including an approximate 39% premium over RemedyTemp s May 10, 2006 closing stock price of $12.20 per share, and because of the uncertain returns to the shareholders in light of the Company s business, financial performance and condition, operations and competitive position;

- the board s belief that the sale contemplated by the merger agreement offered better potential value to the Company s shareholders than the other alternatives available to RemedyTemp, including the alternative of remaining a stand-alone, independent company;

- the financial presentation of Baird, including its opinion as to the fairness, from a financial point of view, to the holders of the Company s common stock of the merger consideration to be received by such holders in the merger (see The Merger Opinion of Robert W. Baird & Co. Incorporated);

- the efforts made by the Company and its advisors to negotiate and execute a merger agreement favorable to the Company;

- the financial and other terms and conditions of the merger agreement as reviewed by our board of directors (see The Merger Agreement) and the fact that they were the product of arm s-length negotiations between the parties;

- the nature of the financing commitments obtained by Parent, including the identity of the institutions providing the commitments and to the conditions to the obligations of the institutions to fund the commitments;

- the fact that the merger consideration is all cash, so that the transaction allows the Company s shareholders to immediately realize a fair value, in cash, for their investment and provides such shareholders certainty of value for their shares; and

- the fact that, subject to compliance with the terms and conditions of the merger agreement, the Company is permitted to terminate the merger agreement, before the completion of the merger, in order to approve an alternative transaction proposed by a third party that is a superior proposal (as defined in the merger agreement), or which the board concludes in good faith (after consultation with its financial advisors) would reasonably be expected to result in a superior proposal, upon the payment to Parent of a $5.6 million termination fee (representing approximately 3.3 percent of the total equity value of the transaction) (see The Merger Agreement Termination Fees and Expenses).

The Company s board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

- the fact that the Company s shareholders will not participate in any future earnings or growth of RemedyTemp and will not benefit from any appreciation in value of RemedyTemp;

- the fact that an all cash transaction would be taxable to the Company s shareholders for U.S. federal income tax purposes;

- the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger will not occur if the financing contemplated by the commitment letter is not obtained;

- the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships; and

- the restrictions on the conduct of the Company s business prior to the completion of the merger, requiring the Company to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger.

After considering these factors, the board of directors concluded that the positive factors relating to the merger agreement and the merger outweighed the negative factors. In view of the wide variety of factors considered by our board of directors, our board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of our board of directors may have assigned different weights to various factors. Our board of directors approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

After consideration, the Company s board of directors, by unanimous vote:

- has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Company and its shareholders;

- has approved the merger, the merger agreement and the transactions contemplated by the merger agreement; and

- **recommends that the Company s shareholders vote FOR the approval of the principal terms of the merger agreement, including the merger.**

Opinion of Robert W. Baird & Co. Incorporated Financial Advisor to the Company

The board of directors of the Company retained Baird to provide financial advisory services in connection with the merger and to render an opinion as to the fairness, from a financial point of view, to the holders of the Company s common stock (other than Select Personnel Services and its affiliates) of the merger consideration to be received by the holders of the Company s common stock (other than Select Personnel Services and its affiliates) in the merger.

On May 10, 2006, Baird rendered its oral opinion, which was subsequently confirmed in writing, to the board of directors of the Company to the effect that, subject to the various considerations described in such opinion, including the various assumptions and limitations set forth in the opinion, as of such date, the merger consideration to be received by the holders of the Company s common stock (other than Select Personnel Services and its affiliates) was fair, from a financial point of view, to the holders of the Company s common stock (other than Select Personnel Services and its affiliates).

The full text of Baird s written opinion, dated May 10, 2006, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the scope of review undertaken by Baird in rendering its opinion, is attached as Annex C to this proxy statement and is incorporated in this document by reference. Baird s opinion is directed only to the fairness, as of the date of the opinion and from a financial point of view, of the merger consideration to the holders of the Company s common stock (other than Select Personnel Services and its affiliates) and does not constitute a recommendation as to how you should vote with respect to the merger. The summary of Baird s opinion set forth below is qualified in its entirety by reference to the full text of such opinion attached as Annex C to this proxy statement. You are urged to read the opinion carefully in its entirety.

In conducting its investigation and analyses and in arriving at its opinion, Baird reviewed information and took into account financial and economic factors, investment banking procedures and considerations as it deemed relevant under the circumstances. In rendering its opinion, Baird, among other things:

- reviewed certain internal information, primarily financial in nature, including forecasts provided by the Company s senior management, concerning the business and operations of the Company furnished to Baird for purposes of its analysis;

- reviewed publicly available information including, but not limited to, the Company s recent filings with the Securities and Exchange Commission and equity analyst research reports covering the Company prepared by various investment banking firms;

- reviewed the draft merger agreement in the form presented to the Company s board of directors;

- compared the financial position and operating results of the Company with those of other publicly traded companies Baird deemed relevant and con