

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 24, 2019

OR

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

For the transition period from _____ to _____

Commission File Number: 0-32113

RESOURCES CONNECTION, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
**(State or Other Jurisdiction of
Incorporation or Organization)**

33-0832424
**(I.R.S. Employer
Identification No.)**

17101 Armstrong Avenue, Irvine, California 92614
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (714) 430-6400

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

Title of Each Class	Trading Symbol(s)	Name of Exchange on Which Registered
Common stock, par value \$0.01 per share	RECN	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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 for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 September 30, 2019, there were approximately 32,027,156 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

RESOURCES CONNECTION, INC.

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

RESOURCES CONNECTION, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Amounts in thousands, except par value per share)

ASSETS	August 24, 2019	May 25, 2019
Current assets:		
Cash and cash equivalents	\$ 45,723	\$ 43,045
Short-term investments	-	5,981
Trade accounts receivable, net of allowance for doubtful accounts of \$2,719 and \$2,520 as of August 24, 2019 and May 25, 2019, respectively	129,569	133,304
Prepaid expenses and other current assets	7,388	7,103
Income taxes receivable	699	2,224
Total current assets	183,379	191,657
Goodwill	216,420	190,815
Intangible assets, net	25,770	14,589
Property and equipment, net	25,874	26,632
Operating right-of-use assets	40,198	-
Deferred income taxes	1,493	1,497
Other assets	3,477	3,180
Total assets	\$ 496,611	\$ 428,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 22,763	\$ 21,634
Accrued salaries and related obligations	38,809	58,628
Operating lease liabilities, current	11,393	-
Other liabilities	16,060	11,154
Total current liabilities	89,025	91,416
Long-term debt	73,000	43,000
Operating lease liabilities, noncurrent	35,655	-
Deferred income taxes	5,050	5,146
Other long-term liabilities	5,450	6,412
Total liabilities	208,180	145,974
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, \$0.01 par value, 70,000 shares authorized; 63,436 and 63,054 shares issued, and 31,970 and 31,588 shares outstanding as of August 24, 2019 and May 25, 2019, respectively	634	631
Additional paid-in capital	466,481	460,226
Accumulated other comprehensive loss	(13,274)	(12,588)
Retained earnings	350,693	350,230
Treasury stock at cost, 31,466 shares as of August 24, 2019 and May 25, 2019	(516,103)	(516,103)
Total stockholders' equity	288,431	282,396
Total liabilities and stockholders' equity	\$ 496,611	\$ 428,370

The accompanying notes are an integral part of these consolidated financial statements

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended	
	August 24, 2019	August 25, 2018
Revenue	\$ 172,225	\$ 178,558
Direct cost of services, primarily payroll and related taxes for professional services employees	104,722	110,407
Gross margin	67,503	68,151
Selling, general and administrative expenses	56,978	56,366
Amortization of intangible assets	1,094	955
Depreciation expense	1,369	1,069
Income from operations	8,062	9,761
Interest expense	482	526
Income before provision for income taxes	7,580	9,235
Provision for income taxes	2,641	3,494
Net income	<u>\$ 4,939</u>	<u>\$ 5,741</u>
Net income per common share:		
Basic	<u>\$ 0.16</u>	<u>\$ 0.18</u>
Diluted	<u>\$ 0.15</u>	<u>\$ 0.18</u>
Weighted average common shares outstanding:		
Basic	<u>31,788</u>	<u>31,742</u>
Diluted	<u>32,267</u>	<u>32,468</u>
Cash dividends declared per common share	<u>\$ 0.14</u>	<u>\$ 0.13</u>

The accompanying notes are an integral part of these consolidated financial statements

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Amounts in thousands)

	Three Months Ended	
	August 24, 2019	August 25, 2018
COMPREHENSIVE INCOME:		
Net income	\$ 4,939	\$ 5,741
Foreign currency translation adjustment, net of tax	(686)	(602)
Total comprehensive income	<u>\$ 4,253</u>	<u>\$ 5,139</u>

The accompanying notes are an integral part of these consolidated financial statements

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
(Amounts in thousands)

	<u>Common Stock</u>		<u>Additional</u>	<u>Treasury Stock</u>		<u>Accumulated</u>	<u>Other</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Shares</u>	<u>Amount</u>	<u>Comprehensive</u>	<u>Loss</u>	<u>Earnings</u>	<u>Stockholders'</u>
			<u>Capital</u>						<u>Equity</u>
Balances as of May 25, 2019	63,054	\$ 631	\$ 460,226	31,466	\$ (516,103)	\$ (12,588)		\$ 350,230	\$ 282,396
Exercise of stock options	172	1	2,250						2,251
Stock-based compensation expense			1,408						1,408
Issuance of common stock under Employee Stock Purchase Plan	215	2	2,597						2,599
Cancellation of restricted stock	(5)	-	-						-
Cash dividends declared (\$0.14 per share)								(4,476)	(4,476)
Currency translation adjustment							(686)		(686)
Net income for the three months ended August 24, 2019								4,939	4,939
Balances as of August 24, 2019	63,436	\$ 634	\$ 466,481	31,466	\$ (516,103)	\$ (13,274)		\$ 350,693	\$ 288,431

The accompanying notes are an integral part of these consolidated financial statements

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in thousands)

	Three Months Ended	
	August 24, 2019	August 25, 2018
Cash flows from operating activities:		
Net income	\$ 4,939	\$ 5,741
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,463	2,024
Stock-based compensation expense	1,515	1,361
Contingent consideration adjustment	(131)	97
Loss on disposal of assets	7	4
Bad debt expense	471	487
Deferred income taxes	(246)	3,997
Changes in operating assets and liabilities, net of effects of business combinations:		
Trade accounts receivable	6,288	(8,367)
Prepaid expenses and other current assets	(236)	413
Income taxes	1,364	(1,445)
Other assets	940	(483)
Accounts payable and accrued expenses	(1,727)	(1,182)
Accrued salaries and related obligations	(20,082)	(20,163)
Other liabilities	1,397	915
Net cash used in operating activities	<u>(3,038)</u>	<u>(16,601)</u>
Cash flows from investing activities:		
Redemption of short-term investments	5,981	-
Acquisition of Veracity, net of cash acquired of \$2.1 million	(30,293)	-
Purchase of property and equipment	(510)	(1,073)
Net cash used in investing activities	<u>(24,822)</u>	<u>(1,073)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	2,251	2,409
Proceeds from issuance of common stock under Employee Stock Purchase Plan	2,599	2,178
Purchase of common stock	-	(7,462)
Proceeds from Revolving Credit Facility	35,000	-
Repayment on Revolving Credit Facility	(5,000)	(5,000)
Cash dividends paid	(4,106)	(3,792)
Net cash provided by (used in) financing activities	<u>30,744</u>	<u>(11,667)</u>
Effect of exchange rate changes on cash	(206)	(76)
Net increase (decrease) in cash	2,678	(29,417)
Cash and cash equivalents at beginning of period	43,045	56,470
Cash and cash equivalents at end of period	<u>\$ 45,723</u>	<u>\$ 27,053</u>

The accompanying notes are an integral part of these consolidated financial statements

RESOURCES CONNECTION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
Three months ended August 24, 2019 and August 25, 2018

1. Description of the Company and its Business

Resources Connection, Inc. (“Resources Connection”), a Delaware corporation, was incorporated on November 16, 1998. The Company’s operating entities provide services primarily under the name Resources Global Professionals (“RGP” or the “Company”). RGP is a global consulting firm that enables rapid business outcomes by bringing together the right people to create transformative change. As a human capital partner for its clients, the Company specializes in solving today’s most pressing business problems across the enterprise in the areas of Business Strategy & Transformation, Finance & Accounting, Risk & Compliance and Technology & Digital Innovation. The Company has offices in the United States (“U.S.”), Asia, Australia, Canada, Europe and Mexico.

The Company’s fiscal year consists of 52 or 53 weeks, ending on the last Saturday in May. The first quarters of fiscal 2020 and 2019 each consisted of 13 weeks. The Company’s fiscal 2020 will consist of 53 weeks.

2. Summary of Significant Accounting Policies

Interim Financial Information

The financial information as of and for the three months ended August 24, 2019 and August 25, 2018 is unaudited but includes all adjustments (consisting only of normal recurring adjustments) the Company considers necessary for a fair presentation of its financial position at such dates and the operating results and cash flows for those periods. The fiscal 2019 year-end balance sheet data was derived from audited financial statements, and certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”) have been condensed or omitted pursuant to Securities and Exchange Commission (“SEC”) rules or regulations; however, the Company believes the disclosures made are adequate to make the information presented not misleading.

The results of operations for the interim periods presented are not necessarily indicative of the results of operations to be expected for the full fiscal year. These interim financial statements should be read in conjunction with the audited financial statements for the year ended May 25, 2019, which are included in the Company’s Annual Report on Form 10-K (“Fiscal Year 2019 Form 10-K”) which was filed with the SEC on July 19, 2019 (File No. 000-32113).

The Company’s significant accounting policies are described in Note 2 to the consolidated financial statements included in the Fiscal Year 2019 Form 10-K. The Company has reviewed its accounting policies, identifying those that it believes to be critical to the preparation and understanding of its consolidated financial statements in the list set forth below. See the disclosure under the heading “Critical Accounting Policies” in Item 7 of Part II of the Fiscal Year 2019 Form 10-K for a detailed description of these policies and their potential effects on the Company’s results of operations and financial condition.

- Allowance for doubtful accounts
- Income taxes
- Revenue recognition
- Stock-based compensation
- Valuation of long-lived assets
- Business combinations

Except for the adoption of Accounting Standards Codification (“ASC”) 842 as described below, the Company did not adopt any changes in the fiscal quarter ended August 24, 2019 that had a material effect on these critical accounting policies.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Although management believes these estimates and assumptions are adequate, actual results could differ from the estimates and assumptions used.

Net Income Per Share Information

The Company presents both basic and diluted earnings per common share (“EPS”). Basic EPS is calculated by dividing net

income by the weighted average number of common shares outstanding during the period. Diluted EPS is based upon the weighted average number of common and common equivalent shares outstanding during the period, calculated using the treasury stock method for stock options. Under the treasury stock method, assumed proceeds include the amount the employee must pay for exercising stock options and the amount of compensation cost for future services the Company has not yet recognized. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect. Stock options for which the exercise price exceeds the average market price per common share over the period are anti-dilutive and are excluded from the calculation.

The following table summarizes the calculation of net income per common share for the periods indicated (in thousands, except per share amounts):

	Three Months Ended	
	August 24, 2019	August 25, 2018
Net income	\$ 4,939	\$ 5,741
Basic:		
Weighted average shares	31,788	31,742
Diluted:		
Weighted average shares	31,788	31,742
Potentially dilutive shares	479	726
Total dilutive shares	32,267	32,468
Net income per common share:		
Basic	\$ 0.16	\$ 0.18
Dilutive	\$ 0.15	\$ 0.18
Anti-dilutive shares not included above	3,345	2,975

Recent Accounting Pronouncements

Effective as of the beginning of fiscal year 2020, the Company adopted Accounting Standards Update (“ASU”) No. 2016-02, Leases, ASU No. 2018-10, Codification Improvements to Topic 842 (Leases) and ASU No. 2018-11, Targeted Improvements to Topic 842 (Leases). The guidance is intended to increase transparency and comparability among companies for leasing transactions, including a requirement for companies that lease assets to recognize on their balance sheets the assets and liabilities for the rights and obligations created by those leases. The guidance also provides for disclosures that allow the users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the guidance on May 26, 2019 using the modified retrospective method without restatement of comparative periods. As such, periods prior to the date of adoption are presented in accordance with ASC 840 - Leases. The Company utilized the available practical expedient that allowed the Company to not reassess whether existing contracts contain a lease under the new definition of a lease, the lease classification for existing leases, whether previously capitalized initial direct costs would qualify for capitalization under the new guidance and recognize leases with an initial term of 12 months or less on a straight-line basis without recognizing a ROU asset or operating lease liability.

The adoption of this guidance had a material impact on the Consolidated Balance Sheet as of August 24, 2019 due to the recognition of right-of-use assets and lease liabilities for the Company's portfolio of operating leases. The adoption of the guidance had an immaterial impact on the Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the three months ended August 24, 2019.

Additional information and disclosures required by the new standard are contained in Note 5, *Leases*.

Other recent accounting pronouncements issued by the Financial Accounting Standards Board (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants and the SEC did not, or are not expected to, have a material effect on the Company's results of operations, financial position or cash flows.

3. Acquisition and Divestiture

Acquisition of Veracity

On July 31, 2019, the Company acquired Veracity Consulting Group, LLC (“Veracity”), a fast-growing, digital transformation firm based in Richmond, Virginia, that delivers innovative solutions to the Fortune 500 and leading healthcare organizations. The acquisition of Veracity is a step in accelerating the Company’s stated objective to enhance its digital capabilities and allows the Company to offer comprehensive end-to-end solutions to its clients by combining Veracity’s customer-facing offerings with the Company’s depth of experience in transforming the back office. The Company paid initial cash consideration of \$30.3 million (net of \$2.1 million cash acquired). The initial consideration is subject to final adjustments for the impact of the Internal Revenue Code Section 338(h)(10) joint election between the Company and former owners of Veracity and working capital as defined in the purchase agreement.

In addition, the purchase agreement requires earn-out payments to be made based on performance after each of the first and second anniversary from the acquisition date. The Company is obligated to pay the former owners of Veracity contingent consideration if certain earnings before interest, taxes, depreciation and amortization (“EBITDA”) requirements are achieved. The Company determined the fair value of the contingent consideration as of the acquisition date using Monte Carlo simulation modeling and the application of an appropriate discount rate (Level 3 fair value). The current estimated fair value of the contractual obligation to pay the contingent consideration amounted to \$10.4 million and was recorded in other current and long-term liabilities in the Consolidated Balance Sheet. Each reporting period, the Company will estimate changes in the fair value of contingent consideration and any change in fair value will be recognized in the Company’s Consolidated Statements of Operations. The estimate of fair value of contingent consideration requires very subjective assumptions to be made of various potential EBITDA results and discount rates. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore could materially affect the Company’s future operating results.

Results of operations of Veracity are included in the Consolidated Statements of Operation from the date of acquisition. Veracity contributed \$1.4 million to consolidated revenue and \$0.3 million to income from operations in the first quarter of fiscal 2020. During the three months ended August 24, 2019, the Company incurred \$0.6 million in acquisition costs that were recorded in selling, general and administrative expenses in the Consolidated Statement of Operations.

In accordance with ASC 805, the Company made an initial allocation of the purchase price for Veracity based on the fair value of the assets acquired and liabilities assumed, with the residual amount recorded as goodwill. The Company’s initial purchase price allocation considered a number of factors, including the valuation of identifiable intangible assets. In connection with this acquisition, the Company provisionally recorded total intangible assets consisting of \$11.0 million for customer relationships (amortized over 7 years), \$0.7 million for backlog (amortized over 17 months) and \$0.6 million for tradenames (amortized over 3 years). The Company also provisionally recorded \$25.8 million of goodwill.

The following table summarizes the consideration for the acquisition of Veracity and the provisional amounts of the identified assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred (in thousands):

Cash	\$	32,349
Estimated initial contingent consideration		10,400
Total	\$	42,749

Recognized provisional amounts of identifiable assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	\$	2,056
Accounts receivable		3,413
Prepaid expenses and other current assets		116
Intangible assets		12,290
Property and equipment		121
Total identifiable assets		17,996
Accounts payable		316
Accrued expenses and other current liabilities		712
Total liabilities assumed		1,028
Net identifiable assets acquired		16,968
Goodwill		25,781
Net assets acquired	\$	42,749

The purchase price allocation described above is preliminary, preliminary with respect to the valuation of intangible assets acquired, goodwill, tax related matters, and the amount of contingent consideration. A final determination of fair value of assets acquired and liabilities assumed relating to the acquisition could differ from the preliminary purchase price allocation. As of the acquisition date, the gross contractual amount of accounts receivable of \$3.4 million was expected to be fully collected.

Divestiture and other exit activities

On August 20, 2019, the Company signed an agreement to divest its business (including certain assets and liabilities) in its foreign subsidiary, Resources Global Professionals Sweden AB, to Capacent Holding AB (publ), a Swedish public company, for SEK558,120 (approximately \$57,000) in cash. The divestiture closed on September 2, 2019. In addition, the Company closed its office in Belgium during the three months ended August 24, 2019. Both the Company's Sweden and Belgium offices were operated as non-strategic components of the Company's European operations. Total divestiture and exit costs related to the Sweden and Belgium offices of \$0.7 million were accrued in the Company's Consolidated Balance Sheet as of August 24, 2019.

4. Intangible Assets and Goodwill

The following table summarizes details of the Company's intangible assets and related accumulated amortization (amounts in thousands):

	As of August 24, 2019			As of May 25, 2019		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer contracts and relationships (3-8 years)	\$ 26,215	\$ (4,121)	\$ 22,094	\$ 14,495	\$ (3,439)	\$ 11,056
Tradenames (3-10 years)	4,956	(1,824)	3,132	4,407	(1,563)	2,844
Consultant list (3 years)	779	(525)	254	783	(462)	321
Non-compete agreements (3 years)	890	(600)	290	896	(528)	368
Total	\$ 32,840	\$ (7,070)	\$ 25,770	\$ 20,581	\$ (5,992)	\$ 14,589

The Company recorded amortization expense of \$1.1 million and \$1.0 million for the three months ended August 24, 2019 and August 25, 2018, respectively. The three-month period ended August 24, 2019 included approximately \$151,000 representing three weeks of amortization of intangible assets acquired from Veracity. Future estimated intangible asset amortization expense (based on existing intangible assets) is \$5.6 million, \$4.5 million, \$3.5 million, \$3.4 million and \$3.3 million for the years ending May 30, 2020, May 29, 2021, May 28, 2022, May 27, 2023 and May 25, 2024, respectively. The estimates of future intangible asset amortization expense do not incorporate the potential impact of future currency fluctuations when translating the financial results of the Company's international operations that have amortizable intangible assets into U.S. dollars.

The following table summarizes the activity in the Company's goodwill balance (in thousands):

	August 24, 2019	August 25, 2018
Goodwill, beginning of year	\$ 190,815	\$ 191,950
Acquisitions-Veracity (see Note 3)	25,781	-
Impact of foreign currency exchange rate changes	(176)	(116)
Goodwill, end of period	\$ 216,420	\$ 191,834

5. Leases

The Company currently leases office space, vehicles and certain equipment under operating leases expiring through 2028. Operating leases include fixed payments plus, in some cases, scheduled base rent increases over the term of the lease. Certain leases require variable payments of common area maintenance, operating expenses and real estate taxes applicable to the property. Variable payments are excluded from the measurements of lease liabilities and are expensed as incurred. Any tenant improvement allowances received from the lessor are recorded as a reduction to rent expense over the term of the lease. No lease agreements contain any residual value guarantees or material restrictive covenants.

Certain of the Company's leases include one or more options to renew or terminate the lease at the Company's discretion. Generally, the renewal and termination options are not included in the right-of-use assets and lease liabilities as they are not

reasonably certain of exercise. The Company regularly evaluates lease renewal and termination options and when they are reasonably certain of exercise, includes the renewal or termination option in the lease term.

The Company measures the lease liability for each leased asset at the present value of lease payments, as defined in ASC 842, discounted using an incremental borrowing rate. As most of the Company's leases do not provide an implicit interest rate, the Company utilizes its incremental borrowing rate based on the information available at the commencement date of the lease in determining the present value of lease payments. The Company has a centrally managed treasury function; therefore, a portfolio approach is applied in determining the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a fully collateralized basis over a similar term in an amount equal to the total lease payments in a similar economic environment. The Company's right-of-use assets are equal to the lease liabilities, adjusted for lease incentives received, including tenant improvement allowances, deferred rent, and prepayments made to the lessor.

Lease cost components included within selling, general and administrative expenses in the Consolidated Statement of Operations were as follows (in thousands):

	Three months ended August 24, 2019
Operating lease cost	\$ 3,080
Short-term lease cost	78
Variable lease cost	604
Sublease income	(121)
Total lease cost	\$ 3,641

Supplemental cash flow information related to the Company's operating leases were as follows (in thousands):

	Three months ended August 24, 2019
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 3,329
Right-of-use assets obtained in exchange for lease obligations	\$ 1,460

The weighted average remaining lease term and weighted average discount rate for our operating leases were as follows:

	As of August 24, 2019
Weighted average remaining lease term	4.8 years
Weighted average discount rate	4.12%

The maturities of operating lease liabilities were as follows as of August 24, 2019 (in thousands):

	Operating Lease Maturity
2020 (excluding the three months ended August 24, 2019)	\$ 9,837
2021	12,135
2022	10,331
2023	7,766
2024	6,305
Thereafter	5,912
Total lease payments	\$ 52,286

6. Income Taxes

The Company's provision for income taxes was \$2.6 million (effective tax rate of approximately 35%) and \$3.5 million (effective tax rate of approximately 38%) for the three months ended August 24, 2019 and August 25, 2018, respectively. The Company records tax expense based upon an actual effective tax rate versus a forecasted tax rate because of the volatility in its international operations that span numerous tax jurisdictions.

The provision for income taxes in the three months ended August 24, 2019 and August 25, 2018 results from taxes on income in the U.S. and certain other foreign jurisdictions, no benefit for losses in jurisdictions in which a full valuation allowance on operating loss carryforwards had previously been established and a lower benefit for losses in certain foreign jurisdictions with tax rates lower than the U.S. statutory rates. The provision for income taxes decreased for the three months ended August 24, 2019 compared to the prior year quarter because of lower global income. The effective rate decreased for the three months ended August 24, 2019 compared to the prior year quarter because of fewer stock option expirations.

The Company recognized a tax benefit of approximately \$0.4 million and a tax expense of \$0.1 million during the first quarter of fiscal 2020 and fiscal 2019, respectively, related to stock-based compensation for nonqualified stock options expensed and for disqualifying dispositions under the Employee Stock Purchase Plan (“ESPP”).

7. Long-Term Debt

The Company has a \$120 million secured revolving credit facility (“Facility”) with Bank of America, consisting of (i) a \$90 million revolving loan facility (“Revolving Loan”), which includes a \$5 million sublimit for the issuance of standby letters of credit, and (ii) a \$30 million reducing revolving loan facility (“Reducing Revolving Loan”), any amounts of which may not be reborrowed after being repaid. The Facility is available for working capital and general corporate purposes, including potential acquisitions and stock repurchases. The Company’s obligations under the Facility are guaranteed by all of the Company’s domestic subsidiaries and secured by essentially all assets of the Company, Resources Connection LLC and their respective domestic subsidiaries, subject to certain customary exclusions. Borrowings under the Facility bear interest at a rate per annum of either, at the Company’s option, (i) a London Interbank Offered Rate (“LIBOR”) defined in the Facility plus a margin of 1.25% or 1.50% or (ii) an alternate base rate, plus a margin of 0.25% or 0.50%, with the applicable margin depending on the Company’s consolidated leverage ratio. The alternate base rate is the highest of (i) Bank of America’s prime rate, (ii) the federal funds rate plus 0.50% and (iii) the Eurodollar rate plus 1.0%. The Company pays an unused commitment fee on the average daily unused portion of the Facility at a rate of 0.15% to 0.25% depending upon on the Company’s consolidated leverage ratio. The Facility expires October 17, 2021.

The Facility contains both affirmative and negative covenants. Covenants include, but are not limited to, limitations on the Company’s and its subsidiaries’ ability to incur liens, incur additional indebtedness, make certain restricted payments, merge or consolidate and make disposition of assets. In addition, the Facility requires the Company to comply with financial covenants limiting the Company’s total funded debt, minimum interest coverage ratio and maximum leverage ratio. The Company was in compliance with all financial covenants under the Facility as of August 24, 2019.

Upon the occurrence of an event of default under the Facility, the lender may cease making loans, terminate the Facility and declare all amounts outstanding to be immediately due and payable. The Facility specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults and material judgment defaults.

The Company’s borrowings on the Facility were \$73.0 million as of August 24, 2019, all of which were under the Revolving Loan. In addition, the Company had \$1.3 million of outstanding letters of credit issued under the Revolving Loan as of August 24, 2019. The Company has \$15.7 million remaining to borrow under the Revolving Loan and \$30.0 million remaining under the Reducing Revolving Loan as of August 24, 2019. As of August 24, 2019, the interest rate on the Company’s borrowings were as follows (amounts in thousands, except percentages):

	Principal Balance	Base Rate	Libor Rate	Interest Rate
\$	4,000	1.50%	3-month	2.33%
	10,000	1.50%	3-month	2.18%
	24,000	1.50%	6-month	2.21%
	35,000	1.50%	6-month	2.26%
\$	73,000			3.76%

8. Stockholders’ Equity

Stock Repurchase Program

In July 2015, the Company’s board of directors approved a stock repurchase program (the “July 2015 program”), authorizing the repurchase, at the discretion of the Company’s senior executives, of the Company’s common stock for an aggregate dollar limit not to exceed \$150 million. Repurchases under the program may take place in the open market or in privately negotiated transactions and may be made pursuant to a Rule 10b5-1 plan. The Company did not repurchase shares during the three months ended August 24, 2019. As of August 24, 2019, approximately \$90.1 million remained available for future repurchases of the Company’s common stock under the July 2015 program.

9. Supplemental Disclosure of Cash Flow Information

The following table presents information regarding income taxes paid, interest paid and non-cash investing and financing activities (amounts in thousands):

	Three Months Ended	
	August 24, 2019	August 25, 2018
Income taxes paid	\$ 1,432	\$ 844
Interest paid	\$ 477	\$ 607
Non-cash investing and financing activities:		
Capitalized leasehold improvements paid directly by landlord	\$ -	\$ 203
Acquisition of Veracity:		
Liability for contingent consideration	\$ 10,400	\$ -
Dividends declared, not paid	\$ 4,476	\$ 4,095

10. Stock-Based Compensation Plans

Stock Options and Restricted Stock

The maximum number of shares of the Company's common stock that may be issued or transferred pursuant to awards under the Company's 2014 Performance Incentive Plan (the "2014 Plan") equals the sum of: (1) 2,400,000 shares, plus (2) the number of shares subject to stock options granted under the Resources Connection, Inc. 2004 Performance Incentive Plan and the 1999 Long Term Incentive Plan (together the "Prior Stock Plans") and outstanding as of September 3, 2014 (the date at which the Prior Stock Plans terminated), which expire, or for any reason are cancelled or terminated, after that date without being exercised, plus (3) the number of shares subject to restricted stock, RSUs and other full-value awards granted under the Prior Stock Plans that were outstanding and unvested as of September 3, 2014, which are forfeited, terminated, cancelled, or otherwise reacquired after that date without having become vested. As of August 24, 2019, 1,736,000 shares were available for award grant purposes under the 2014 Plan, subject to future increases as described in (2) and (3) above and subject to increase as then-outstanding awards expire or terminate without having become vested or exercised, as applicable.

Awards under the 2014 Plan may include, but are not limited to, stock options, RSUs and restricted stock grants, including restricted stock units under the Company's Directors Deferred Compensation Plan. Stock option grants generally vest in equal annual installments over four years and terminate ten years from the date of grant. Restricted stock award vesting is determined on an individual grant basis. Awards of restricted stock under the 2014 Plan will be counted against the available share limit as two and a half shares for every one share actually issued in connection with the award. The Company's policy is to issue shares from its authorized shares upon the exercise of stock options.

The following table summarizes the stock option activity for the three months ended August 24, 2019 (number of shares under option and aggregate intrinsic value in thousands):

	Number of Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at May 25, 2019	6,029	\$ 15.95	6.06	\$ 5,482
Exercised	(172)	13.13		
Forfeited	(103)	17.27		
Expired	(25)	18.22		
Outstanding at August 24, 2019	5,729	\$ 16.00	5.81	\$ 7,454
Exercisable at August 24, 2019	3,351	\$ 15.17	4.04	\$ 6,300
Vested and expected to vest at August 24, 2019	5,544	\$ 15.93	5.71	\$ 7,425

The aggregate intrinsic value in the table above represents the total pretax intrinsic value, which is the difference between the Company's closing stock price on the last trading day of the first quarter of fiscal 2020 and the exercise price multiplied by the number of shares that would have been received by the option holders if they had exercised their "in the money" options on August 24, 2019. This amount will change based on changes in the fair market value of the Company's common stock. The total pre-tax intrinsic value related to stock options exercised during the three months ended August 24, 2019 and August 25, 2018 was \$0.6 million and \$0.8 million, respectively. As of August 24, 2019, there was \$7.0 million of total unrecognized compensation cost related to unvested employee stock options granted. That cost is expected to be recognized over a weighted-average period of 1.8 years.

The Company did not grant any shares of restricted stock during either the three months ended August 24, 2019 or August 25, 2018. As of August 24, 2019, there were 223,032 unvested restricted shares, including stock units under Directors Deferred Compensation Plan, with approximately \$2.4 million of remaining unrecognized compensation cost.

Stock-Based Compensation Expense

Stock-based compensation expense included in selling, general and administrative expenses was \$1.5 million and \$1.4 million for the three months ended August 24, 2019 and August 25, 2018, respectively. These amounts consisted of stock-based compensation expense related to employee stock options, employee stock purchases made via the ESPP, restricted stock awards and stock units credited under the Directors Deferred Compensation Plan. The Company recognizes compensation expense for only the portion of stock options and restricted stock that is expected to vest, rather than recording forfeitures when they occur. If the actual number of forfeitures differs from that estimated by management, additional adjustments to compensation expense may be required in future periods. There were no capitalized share-based compensation costs during the three months ended August 24, 2019 or August 25, 2018.

Employee Stock Purchase Plan

The ESPP allows qualified employees (as defined in the ESPP) to purchase designated shares of the Company's common stock at a price equal to 85% of the lesser of the fair market value of common stock at the beginning or end of each semi-annual stock purchase period. The ESPP's term expires October 16, 2024. A total of 5,900,000 shares of common stock may be issued under the ESPP. The Company issued 215,000 and 358,000 shares of common stock pursuant to the ESPP during the three months ended August 24, 2019 and the year ended May 25, 2019, respectively. There were 6,000 shares of common stock available for issuance under the ESPP as of August 24, 2019.

11. Segment Information and Enterprise Reporting

The Company discloses information regarding operations outside of the U.S. The Company operates as one segment. The accounting policies for the domestic and international operations are the same as those described in Note 2 — *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in the Company's Fiscal Year 2019 Form 10-K.

Summarized information regarding the Company's domestic and international operations is shown in the following table (amounts in thousands):

	Revenue for the Three Months Ended		Long-Lived Assets (1) as of	
	August 24, 2019	August 25, 2018	August 24, 2019	May 25, 2019
United States	\$ 136,997	\$ 141,229	\$ 270,716	\$ 200,385
International	35,228	37,329	38,666	31,651
Total	\$ 172,225	\$ 178,558	\$ 309,382	\$ 232,036

(1) Long-lived assets are comprised of goodwill, intangible assets and property and equipment. Long-lived assets as of August 24, 2019 included the Company's operating right-of-use assets which were added as a result of the Company's adoption of ASC 842 Leases. See note 5 — *Leases*.

12. Legal Proceedings

The Company is involved in certain legal matters arising in the ordinary course of business. In the opinion of management, all such matters, if disposed of unfavorably, would not have a material adverse effect on the Company's financial position, cash flows or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and accompanying notes. This discussion and analysis 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. These statements relate to expectations concerning matters that are not historical facts. Such forward-looking statements may be identified by words such as "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "remain," "should," or "will" or the negative of these terms or other comparable terminology. These statements, and all phases of our operations, are subject to known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievements and those of our industry to differ materially from those expressed or implied by these forward-looking statements. You are urged to review carefully the disclosures we make concerning risks, uncertainties and other factors that may affect our business or operating results included our Annual Report on Form 10-K for the year ended May 25, 2019 (File No. 000-32113) and our other public filings made with the Securities and Exchange Commission ("SEC"). Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business or operating results. Readers are cautioned not to place undue reliance on the forward-looking statements included herein, which speak only as the date of this filing. We do not intend, and undertake no obligation, to update the forward-looking statements in this filing to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events, unless required by law to do so. References in this filing to "Resources Connection," "RGP," "Resources Global Professionals," the "Company," "we," "us," and "our" refer to Resources Connection, Inc. and its subsidiaries.

Overview

RGP is a global consulting firm that enables rapid business outcomes by bringing together the right people to create transformative change. As a human capital partner for our clients, we specialize in solving today's most pressing business problems across the enterprise in the areas of Business Strategy & Transformation, Finance & Accounting, Risk & Compliance and Technology & Digital Innovation. Our engagements are designed to leverage human connection and collaboration to deliver practical solutions and more impactful results that power our clients, consultants and partners' success.

RGP was founded in 1996 to help finance executives with operational and special project needs. Our first-to-market, agile human capital model quickly aligns the right resources for the work at hand with speed and efficiency. Our pioneering approach to workforce strategy uniquely positions us to support our clients on their transformation journeys. With more than 3,800 professionals, we annually engage with over 2,400 clients around the world from more than 70 practice offices.

To achieve our objective of being the premier provider of agile consulting services for companies facing transformation, change and compliance challenges, we have developed the following business strategies:

- *Hire and retain highly qualified, experienced consultants.* We believe our highly qualified, experienced consultants provide us with a distinct competitive advantage. Therefore, one of our priorities is to continue to attract and retain high-caliber consultants who are committed to solving problems.
- *Maintain our distinctive culture.* Our corporate culture is the foundation of our business strategy and we believe it has been a significant component of our success. We believe our culture, "LIFE AT RGP", representing Loyalty, Integrity, Focus, Enthusiasm, Accountability and Talent, has created a circle of quality; our culture is instrumental to our success in hiring and retaining highly qualified employees who, in turn, attract quality clients.
- *Build consultative relationships with clients.* We emphasize a relationship-oriented approach to business rather than a transaction-oriented or assignment-oriented approach. We believe the professional services experience of our management and consultants enables us to understand the needs of our clients and deliver an integrated, relationship-based approach to meeting those needs. Client relationships and needs are addressed from a client, not office, perspective. We regularly meet with our existing and prospective clients to understand their business issues and help them define their project needs.
- *Build the RGP brand.* We want to be the preferred provider in the future of work. Our primary means of building our brand is by consistently providing high-quality, value-added services to our clients. We have also focused on building a significant referral network. In addition, we have global, regional and local marketing efforts that reinforce the RGP brand.

Through fiscal 2019, we completed various initiatives including cultivating a more robust sales culture, adopting a new operating model for sales, talent and delivery in North America, refreshing the RGP brand, establishing digital innovation functions

focused on building and commercializing our digital engagement platform, enhancing our consulting capabilities in the digital transformation space, and building and commercializing digital product offerings.

To achieve a more robust sales culture, we aligned our sales process using tools such as Salesforce.com, established an enterprise-wide business development function, and implemented a new incentive compensation program for individuals focused on profitable revenue generation and gross margin. Finally, to complete this initiative, we expanded our Strategic Client Program, which involves dedicated account teams for certain high-profile clients with global operations.

Under the new operating model in North America, we realigned reporting relationships, largely defined by functional area rather than on an office location basis. We reorganized our Advisory and Project Services function, a team of seller-doer professionals whose primary responsibility is to shepherd sales pursuits and engagement delivery on our more complex projects. We believe this team deepens the scoping conversation, achieves value-oriented pricing and improves delivery management through greater accountability and a more seamless customer experience. While we believe these efforts have already delivered improved revenue growth and improved customer experience throughout fiscal 2019, we are focused on continued improvement from this initiative into fiscal 2020.

In fiscal 2019, we launched a brand refresh which emphasizes a human centered approach in how we serve our clients and engage with our consultants. We believe the development of our new brand will support future revenue growth.

Our digital innovation initiatives are additional strategic components of our growth. In July 2019, we acquired Veracity Consulting Group, LLC (“Veracity”), a full-service digital transformation firm based in Richmond, Virginia. Veracity delivers innovative solutions to the Fortune 500 and leading healthcare organizations. We believe this acquisition will further our growth objective by allowing us to offer comprehensive end-to-end solutions to clients by combining Veracity’s customer-facing offerings with our depth of experience in implementation (see Note 3 — *Acquisition and Divestiture*).

In fiscal 2020, we will continue to focus on our growth strategy by further investing in our brand and digital innovation, as well as further refining our operating model and optimizing our systems and structure. After a thorough review of our European operations, we divested our business in Resources Global Professionals Sweden AB (“RGP Sweden”) and closed our office in Belgium during the first quarter of fiscal 2020 (see Note 3 — *Acquisition and Divestiture*).

Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments 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.

Except for the adoption of Accounting Standards Codification (“ASC”) 842 as described in Item 1, Note 2 — *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, there have been no material changes in our critical accounting policies, or in the estimates and assumptions underlying those policies, from those described in our Annual Report on Form 10-K for the year ended May 25, 2019.

Results of Operations

The following tables set forth, for the periods indicated, our Consolidated Statements of Operations data. These historical results are not necessarily indicative of future results.

	Three Months Ended	
	August 24, 2019	August 25, 2018
	(Amounts in thousands)	
Revenue	\$ 172,225	\$ 178,558
Direct cost of services	104,722	110,407
Gross margin	67,503	68,151
Selling, general and administrative expenses	56,978	56,366
Amortization of intangible assets	1,094	955
Depreciation expense	1,369	1,069
Income from operations	8,062	9,761
Interest expense	482	526
Income before provision for income taxes	7,580	9,235
Provision for income taxes	2,641	3,494
Net income	\$ 4,939	\$ 5,741

We also assess the results of our operations using Adjusted EBITDA and Adjusted EBITDA Margin. We define Adjusted EBITDA as net income before amortization of intangible assets, depreciation expense, interest and income taxes plus stock-based compensation expense and plus or minus contingent consideration adjustments. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by revenue. These measures assist management in assessing our core operating performance. The following table presents Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated and includes a reconciliation of such measures to net income, the most directly comparable GAAP financial measure:

	Three Months Ended	
	August 24, 2019	August 25, 2018
	(Amounts in thousands, except percentages)	
Net income	\$ 4,939	\$ 5,741
Adjustments:		
Amortization of intangible assets	1,094	955
Depreciation expense	1,369	1,069
Interest expense	482	526
Provision for income taxes	2,641	3,494
Stock-based compensation expense	1,515	1,361
Contingent consideration adjustment	(131)	97
Adjusted EBITDA	\$ 11,909	\$ 13,243
Revenue	\$ 172,225	\$ 178,558
Adjusted EBITDA Margin	6.9 %	7.4 %

The financial measures and key performance indicators we use to assess our financial and operating performance above are not defined by, or calculated in accordance with, GAAP. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the comparable measure calculated and presented in accordance with GAAP in the Consolidated Statement of Operations; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the comparable measure so calculated and presented.

Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. We believe Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to our investors because they are financial measures used by management to assess the core performance of the Company. Adjusted EBITDA and Adjusted EBITDA Margin are not measurements of financial performance or liquidity under GAAP and should not be considered in isolation or construed as substitutes for net income or other cash flow data prepared in accordance with GAAP for purposes of analyzing our profitability or liquidity. These measures should be considered in addition to, and not as a substitute for, net income, earnings per share, cash flows or other measures of financial performance prepared in conformity with GAAP.

Further, Adjusted EBITDA and Adjusted EBITDA Margin have the following limitations:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- Equity based compensation is an element of our long-term incentive compensation program, although we exclude it as an expense from Adjusted EBITDA when evaluating our ongoing operating performance for a particular period;
- We exclude the changes in the fair value of the contingent consideration obligation related to a business acquisition from Adjusted EBITDA; and
- Other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDA Margin differently than we do, limiting their usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA and Adjusted EBITDA Margin should not be considered a substitute for performance measures calculated in accordance with GAAP.

Three Months Ended August 24, 2019 Compared to Three Months Ended August 25, 2018

Percentage change computations are based upon amounts in thousands.

Revenue. Revenue decreased \$6.3 million, or 3.6%, to \$172.2 million for the three months ended August 24, 2019 from \$178.6 million for the three months ended August 25, 2018. On a constant currency basis, revenue decreased 3.0%. Revenue in the first quarter of fiscal 2020 included \$1.4 million of revenue in North America attributable to Veracity. Excluding the revenue from Veracity, revenue decreased \$7.7 million, or 4.3%, compared to the prior year quarter.

We deliver our services to clients, whether multi-national or locally based, in a similar fashion across the globe. Bill rates decreased 1.6% (the same on a constant currency basis) and hours worked decreased 2.2% between the two periods. We believe the decrease in revenue for the first quarter of fiscal 2020 as compared to the prior year quarter reflects the impact of reduced client demand in the Nordics as well as the wind-down of technical accounting implementation projects.

As presented in the table below, revenue decreased in the first quarter of fiscal 2020 compared to the same quarter of fiscal 2019 in North America and Europe while revenue increased in Asia Pacific (dollars in thousands):

	Revenue for the Three Months Ended						
	August 24, 2019			August 25, 2018			% Change
North America	\$	140,376	81.5 %	\$	146,171	81.9 %	(4.0)%
Europe		18,763	10.9		20,684	11.6	(9.3)%
Asia Pacific		13,086	7.6		11,703	6.5	11.8 %
Total	\$	172,225	100 %	\$	178,558	100 %	(3.6)%

Our financial results are subject to fluctuations in the exchange rates of foreign currencies in relation to the U.S. dollar (“U.S. dollar”). Revenues denominated in foreign currencies are translated into U.S. dollars at the monthly average exchange rates in effect during each period. Thus, as the value of the U.S. dollar strengthens relative to the currencies of our non-U.S. based operations, our translated revenue (and expenses) will be lower; conversely, if the value of the U.S. dollar weakens relative to the currencies of our non-U.S. based operations, our translated revenue (and expenses) will be higher. Using the comparable fiscal 2019 first quarter conversion rates, international revenues would have been higher than reported under GAAP by approximately \$1.0 million in the first quarter of fiscal 2020. Using these constant currency rates, which we believe provides a more comprehensive view of trends in our business, our revenue decreased in North America and Europe by 4.0% and 5.5%, respectively, and increased in Asia Pacific by 13.0%.

The number of consultants on assignment as of August 24, 2019 was 3,120 compared to 3,176 consultants engaged as of August 25, 2018. We operated 73 (24 abroad) offices as of August 24, 2019 and 74 (26 abroad) as of August 25, 2018.

Our clients do not sign long-term contracts with us. As such, there can be no assurance as to future demand levels for the services we provide or that future results can be reliably predicted by considering past trends.

Direct Cost of Services. Direct cost of services decreased \$5.7 million, or 5.1%, to \$104.7 million for the three months ended August 24, 2019 from \$110.4 million for the three months ended August 25, 2018. The decrease in the amount of direct cost of

services between periods was primarily attributable to a decrease of 2.2% in the number of hours worked due to fewer engagement demands as well as a decrease of 3.2% in the average pay rate per hour between the two quarters.

Direct cost of services as a percentage of revenue was 60.8% and 61.8% for the three months ended August 24, 2019 and August 25, 2018, respectively. The direct cost of services as a percentage of revenue improved in the first quarter of fiscal 2020 primarily due to an improvement in the Company's bill/pay ratio compared to the prior year period.

Our target direct cost of services percentage is 60% in all of our markets.

Selling, General and Administrative Expenses. Selling, general and administrative expenses ("SG&A") as a percentage of revenue was 33.1% and 31.6% for the quarters ended August 24, 2019 and August 25, 2018, respectively. SG&A was \$57.0 million for the first quarter of fiscal 2020 and \$56.4 million for the comparable prior year period. The year over year increase is primarily attributable to: (1) \$1.4 million in retention bonus and additional payroll and benefit costs from new headcount to support anticipated revenue growth; (2) \$1.1 million related to employee severance costs resulting mainly from the divestiture of RGP Sweden; and (3) \$0.6 million of costs incurred related to the acquisition of Veracity. These costs were partially offset by (1) a decrease in transformation and systems implementation costs of \$1.0 million, (2) a decrease in commissions and bonuses of \$0.8 million due to lower revenue compared to prior year quarter, and (3) a decrease in other expenses of \$0.7 million.

Management and administrative headcount was 948 at the end of the first quarter of fiscal 2020 and 885 at the end of the first quarter of fiscal 2019.

Sequential Operations. On a sequential quarter basis, fiscal 2020 first quarter revenues decreased approximately 5.4% (5.3% constant currency), from \$182.1 million to \$172.2 million. Excluding Veracity, revenue decreased 6.2% sequentially. We believe first quarter revenue declined primarily because of the Memorial Day and July 4th holidays in the U.S. and summer holiday breaks taken by our consultants. The impact of those holiday periods is reflected by the 3.9% decrease in hours worked. In addition, the average bill rates declined 1.6% between the two quarters. The Company's sequential revenue decreased in North America by 4.5%, Europe by 13.1% and Asia Pacific by 3.5%. On a constant currency basis, using the comparable fourth quarter fiscal 2019 conversion rates, sequential revenue decreased in North America (4.5%), Europe (12.0%) and Asia Pacific (3.5%).

Direct cost of services as a percentage of revenue was 60.8% and 59.9% in the first quarter of fiscal 2020 and fourth quarter of fiscal 2019, respectively; the increase in the direct cost of services percentage in the first quarter of 2020 is primarily the result of the increase in holiday pay for consultants for the Memorial Day and July 4th holidays in the U.S. (there were no paid holidays in the fourth quarter of fiscal 2019) while the bill/pay ratio remained the same between the two quarters.

SG&A as a percentage of revenue was 33.1% for the first quarter of fiscal 2020 compared to 31.2% for the fourth quarter of fiscal 2019. SG&A in the first quarter increased \$0.1 million to \$57.0 million from \$56.9 million in the previous quarter. The primary reasons for the change were: 1) \$0.6 million of costs incurred related to the acquisition of Veracity; 2) \$0.5 million of employee severance costs mainly from the divestiture of RGP Sweden; and 3) \$0.6 million increase in other expenses. These costs were partially offset by 1) a \$1.1 million decrease in commission and bonus expenses due to lower revenue in first quarter of 2020 compared to the fourth quarter of 2019; and 2) a decrease in transformation and systems implementation costs of \$0.5 million.

Amortization and Depreciation Expense. Amortization of intangible assets was \$1.1 million and \$1.0 million in the first quarter of fiscal 2020 and fiscal 2019, respectively. The increase in amortization expense is primarily due to the amortization of identifiable intangible assets acquired from Veracity during the first quarter of fiscal 2020.

Depreciation expense was \$1.4 million and \$1.1 million in the first quarter of fiscal 2020 and fiscal 2019, respectively. The increase is primarily the result of depreciation of our fiscal 2019 investments in new office furniture and fixtures as we transition to an open office footprint to enhance the ability to internally collaborate.

Interest Expense. Interest expense was approximately \$0.5 million in the first quarters of fiscal 2020 and fiscal 2019.

Income Taxes. The Company's provision for income taxes was \$2.6 million (effective tax rate of approximately 35%) and \$3.5 million (effective tax rate of approximately 38%) for the three months ended August 24, 2019 and August 25, 2018, respectively. The Company records tax expense based upon an actual effective tax rate versus a forecasted tax rate because of the volatility in its international operations that span numerous tax jurisdictions.

The provision for income taxes in the three months ended August 24, 2019 and August 25, 2018 results from taxes on income in the U.S. and certain other foreign jurisdictions, no benefit for losses in jurisdictions in which a full valuation allowance on operating loss carryforwards had previously been established and a lower benefit for losses in certain foreign jurisdictions with tax rates lower than the U.S. statutory rates. The provision for income taxes decreased for the three months ended August 24, 2019 compared to the prior year quarter because of lower global income. The effective rate decreased for the three months ended August 24, 2019 compared to the prior year quarter because of fewer stock option expirations.

The Company recognized a tax benefit of approximately \$0.4 million and a tax expense of \$0.1 million during the first quarter of fiscal 2020 and fiscal 2019, respectively, related to stock-based compensation for nonqualified stock options expensed and for disqualifying dispositions under the ESPP.

Periodically, the Company reviews the components of both book and taxable income to analyze the adequacy of the tax provision. There can be no assurance that the Company's effective tax rate will remain constant in the future because of the lower benefit from the U.S. statutory rate for losses in certain foreign jurisdictions, the limitation on the benefit for losses in jurisdictions in which a valuation allowance for operating loss carryforwards has previously been established, and the unpredictability of timing and the amount of eligible disqualifying incentive stock options exercises.

Comparability of Quarterly Results. Our quarterly results have fluctuated in the past and we believe they will continue to do so in the future. Certain factors that could affect our quarterly operating results are described in Part II, Item 1A.—Risk Factors of our Annual Report on Form 10-K for the year ended May 25, 2019. Due to these and other factors, we believe quarter-to-quarter comparisons of our results of operations may not be meaningful indicators of future performance.

Liquidity and Capital Resources

Our primary sources of liquidity are cash provided by our operations, our \$120 million secured revolving credit facility ("Facility") with Bank of America and, historically, to a lesser extent, stock option exercises and ESPP purchases. We have generated annual positive cash flows from operations since inception. Our ability to generate positive cash flow from operations in the future will be, at least in part, dependent on continued stable global economic conditions. As of August 24, 2019, the Company had \$45.7 million of cash and cash equivalents including \$21.5 million held in international operations.

In October 2016, we entered into the Facility which is available for working capital and general corporate purposes, including potential acquisitions and stock repurchases. The Facility allows the Company to choose the interest rate applicable to advances. Borrowings under the Facility bear interest at a rate per annum of either, at the Company's option, (i) LIBOR plus a margin of 1.25% or 1.50% or (ii) an alternate base rate, plus margin of 0.25% or 0.50% with the applicable margin depending on the Company's consolidated leverage ratio. The alternate base rate is the highest of (i) Bank of America's prime rate, (ii) the federal funds rate plus 0.50% and (iii) the Eurodollar rate plus 1.0%. The Company pays an unused commitment fee on the average daily unused portion of the Facility at a rate of 0.15% to 0.25% depending upon on the Company's consolidated leverage ratio. The Facility expires October 17, 2021. Additional information regarding the Facility is included in Note 7 — *Long Term Debt* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

As of August 24, 2019, the Company had borrowings of \$73.0 million under the Facility and directed Bank of America to issue approximately \$1.3 million of outstanding letters of credit for the benefit of third parties related to operating leases and guarantees. As of August 24, 2019, the Company was in compliance with the financial covenants in the Facility.

Our ongoing operations and anticipated growth in the geographic markets we currently serve will require us to continue to make investments in office premises and capital equipment, primarily technology hardware and software. In addition, we may consider making strategic acquisitions. We currently believe that our current cash, ongoing cash flows from our operations and funding available under our Facility will be adequate to meet our working capital and capital expenditure needs for at least the next 12 months. If we require additional capital resources to grow our business, either internally or through acquisition, we may seek to sell additional equity securities or to increase use of our Facility. In addition, if we decide to make additional share repurchases, we may fund these through existing cash balances or use of our Facility. The sale of additional equity securities or certain forms of debt financing could result in additional dilution to our stockholders. We may not be able to obtain financing arrangements in amounts or on terms acceptable to us in the future. In the event we are unable to obtain additional financing when needed, we may be compelled to delay or curtail our plans to develop our business or to pay dividends on our capital stock, which could have a material adverse effect on our operations, market position and competitiveness.

Operating Activities

Operating activities for the three months ended August 24, 2019 used cash of \$3.0 million compared to cash used in operating activities of \$16.6 million for the three months ended August 25, 2018. Cash used in operations in the first three months of fiscal 2020 resulted from net income of \$4.9 million and non-cash items of \$4.1 million. These amounts were offset by net unfavorable changes in operating assets and liabilities of \$12.0 million due primarily to our annual incentive compensation payments to employees. In the first three months of fiscal 2019, cash used in operations resulted from net income of \$5.7 million and non-cash items of \$8.0 million. These amounts were offset by net unfavorable changes in operating assets and liabilities of \$30.3 million due primarily to the increase in the balance of accounts receivable as of the end of the first quarter of fiscal 2019 reflecting increasing revenue during August 2018, coinciding with settlement of payroll at the end of the quarter and our annual incentive compensation payments to employees.

Investing Activities

Net cash used in investing activities was \$24.8 million for the first three months of fiscal 2020, compared to \$1.1 million in the comparable prior year period. The first quarter of fiscal 2020 included cash used to acquire Veracity of approximately \$30.3 million, net of cash acquired; the Company did not acquire an entity in the first three months of fiscal 2019. In the first quarter of fiscal 2020, we redeemed short-term investments of \$6.0 million while expenditures for property and equipment decreased \$0.5 million.

Financing Activities

Net cash provided by financing activities totaled \$30.7 million for the three months ended August 24, 2019 compared to a use of cash of \$11.7 million for the three months ended August 25, 2018. The Company borrowed an additional \$35.0 million to finance the acquisition of Veracity and related costs and made principal repayments of \$5.0 million during the first quarter of fiscal 2020. Net cash provided by financing activities for the three months ended August 24, 2019 included a use of cash for dividends paid on the Company's common stock of \$4.1 million, which were approximately \$0.3 million higher than in the comparable period of the prior year. The change in dividend paid in the current period was caused primarily by an increase in the Company's dividend accrual rate of \$0.01 per common share compared to the prior year. The Company's board of directors declared a quarterly cash dividend of \$0.14 per common share on July 25, 2019. The dividend of approximately \$4.5 million was paid on September 19, 2019 and is accrued in the Company's Consolidated Balance Sheet as of August 24, 2019.

The Company did not purchase any shares of common stock on the open market during the first quarter of fiscal 2020. The Company used \$7.5 million to purchase approximately 468,000 shares of common stock on the open market during the first three months of fiscal 2019 at a price averaging \$15.95 per common share. Proceeds from the exercise of employee stock options and issuance of shares via the ESPP were approximately \$0.3 million higher in fiscal 2020 as compared to the comparable period of fiscal 2019.

As described in Note 3 — *Acquisitions and Divestiture*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, the purchase agreement for Veracity requires earn-out payments to be made. The Company estimated the fair value of the obligation to pay contingent consideration based on a number of different projections of the estimated EBITDA. The estimated fair value of the contingent consideration as of August 24, 2019 was \$11.5 million.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 — *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk. We are primarily exposed to market risks from fluctuations in interest rates and the effects of those fluctuations on the market values of our cash and cash equivalents and our borrowings under our Facility that bear interest at a variable market rate.

As of August 24, 2019, we had approximately \$45.7 million of cash and cash equivalents and \$73.0 million of borrowings under our Facility. The earnings on investments are subject to changes in interest rates; however, assuming a constant balance available for investment, a 10% decline in interest rates would reduce our interest income but would not have a material impact on our consolidated financial position or results of operations.

Borrowings under the Facility bear interest at a rate per annum of either, at the Company's option, (i) LIBOR plus a margin of 1.25% or 1.50% or (ii) an alternate base rate, plus margin of 0.25% or 0.50% with the applicable margin depending on the Company's consolidated leverage ratio. The alternate base rate is the highest of (i) Bank of America's prime rate, (ii) the federal funds rate plus 0.50% and (iii) the Eurodollar rate plus 1.0%. We are exposed to rate risk related to fluctuations in the LIBOR rate primarily; at the current level of borrowing as of August 24, 2019 of \$73.0 million, a 10% change in interest rates would have resulted in approximately a \$0.1 million change in interest expense for the quarter.

Foreign Currency Exchange Rate Risk. For the three months ended August 24, 2019, approximately 20.5% of the Company's revenues were generated outside of the U.S. As a result, our operating results are subject to fluctuations in the exchange rates of

foreign currencies in relation to the U.S. dollar. Revenues and expenses denominated in foreign currencies are translated into U.S. dollars at the monthly average exchange rates prevailing during the period. Thus, as the value of the U.S. dollar fluctuates relative to the currencies in our non-U.S. based operations, our reported results may vary.

Assets and liabilities of our non-U.S. based operations are translated into U.S. dollars at the exchange rate effective at the end of each monthly reporting period. Approximately 53% of our balances of cash and cash equivalents as of August 24, 2019 were denominated in U.S. dollars. The remaining amount of approximately 47% was comprised primarily of cash balances translated from Euros, Mexican Pesos, British Pound Sterling, Japanese Yen and Chinese Yuan. The difference resulting from the translation each period of assets and liabilities of our non-U.S. based operations is recorded as a component of stockholders' equity in other accumulated other comprehensive income or loss.

Although we intend to monitor our exposure to foreign currency fluctuations, we do not currently use financial hedging techniques to mitigate risks associated with foreign currency fluctuations including in a limited number of circumstances when we may be asked to transact with our client in one currency but are obligated to pay our consultant in another currency. We cannot provide assurance that exchange rate fluctuations will not adversely affect our financial results in the future.

ITEM 4. CONTROLS AND PROCEDURES.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Interim Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of August 24, 2019. Based on that evaluation, the Company's Chief Executive Officer and Interim Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of August 24, 2019. There was no change in the Company's internal control over financial reporting, as such term is defined in Rule 13a-15(f) promulgated under the Exchange Act, during the Company's quarter ended August 24, 2019 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any material legal proceedings, although we are from time to time party to legal proceedings that arise in the ordinary course of our business.

ITEM 1A. RISK FACTORS.

There have been no material changes in our risk factors from those disclosed in Part 1, Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 25, 2019, which was filed with the Securities and Exchange Commission on July 19, 2019. See "Risk Factors" in such Annual Report on Form 10-K for a complete description of the material risks we face.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The Company did not purchase any shares of its common stock during the first quarter of fiscal 2020.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The exhibits listed in the Exhibit Index are filed with, or incorporated by reference in, this Report.

<u>Exhibit Number</u>	<u>Description of Document</u>
10.1*	Tony Cherbak Consulting Agreement, dated August 12, 2019, between the Company and Tony Cherbak
10.2*	John Bower Consulting Agreement, dated May 20, 2019, between the Company and John Bower
10.3*	Timothy Brackney Retention Bonus Recovery Agreement, dated August 6, 2019 between the Company and Timothy Brackney
10.4	Severance and General Release Agreement between the Company and Herbert M. Mueller (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on August 8, 2019).
10.5	Offer Letter with Jennifer Ryu (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 8, 2019).
31.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation.
101.DEF*	XBRL Taxonomy Extension Definition.
101.LAB*	XBRL Taxonomy Extension Labels.
101.PRE*	XBRL Taxonomy Extension Presentation.

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESOURCES CONNECTION, INC.

Date: October 3, 2019

/s/ Kate W. Duchene

Kate W. Duchene
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 3, 2019

/s/ Jennifer Ryu

Jennifer Ryu
Interim Chief Financial Officer
(Principal Financial Officer)

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT for consulting services ("Agreement") is made and entered into as of August 12, 2019, by and between Resources Connection LLC, d/b/a Resources Global Professionals (the "Company"), a limited liability company, and Tony Cherbak (the "Consultant").

IT IS AGREED:

1. **Independent Contractor Relationship.** In accordance with the mutual intentions of the Company and the Consultant, this Agreement establishes between them an independent contractor relationship going forward, and all of the terms and conditions of this Agreement shall be interpreted in light of that relationship. There is no intention to create an employer-employee relationship between the Company and Consultant. Consultant agrees that he will not claim to be an employee of the Company and he will not seek employee benefits from the Company.
2. **Term.** This Agreement shall commence on August 12, 2019, and shall continue to do so until the close of business on August 11, 2020 (the "Term"); provided, however, that the Consultant shall not be obligated to perform should Consultant become physically or mentally disabled from doing so. Notwithstanding the foregoing, the Agreement may be terminated at any time by the Company pursuant to paragraphs 13 and 15 of this Agreement.
3. **Amount of Service.** It is understood by the parties that the Company does not have the exclusive right to the Consultant's services. It is understood and agreed, however, that the Company may (although it has no obligation) call upon Consultant up to twenty (20) hours per month, for services to be rendered at mutually agreeable times and places and so as not to interfere unreasonably with other consulting or employment of the Consultant. The Consultant warrants and represents that there is no conflict of interest in the Consultant's other contracts for services or other employment, if any, with the services to be provided pursuant to this Agreement (which includes but is in no way limited to use of another's confidential and proprietary information) and that the Consultant will ensure that no such conflicts arise during the Term of this Agreement.
4. **Type of Service.** The Company will purchase from the Consultant, and the Consultant will sell to the Company, the following personal services: to provide assistance to the Finance Department as requested. The Company's Chief Executive Officer and Jennifer Ryu, Interim Chief Financial Officer, are the only people authorized to request the Consultant's services.
5. **Payment.** During the Term of this Agreement, the Company shall pay to the Consultant for his services \$300.00 per hour for each hour of work (or portion thereof) the Consultant performs services pursuant to this Agreement. The payment herein provided shall constitute full payment for the Consultant's services to the Company during the Term of this Agreement, and the Consultant shall not receive any additional benefits or

compensation for consulting services, except that the Company will reimburse the Consultant for reasonable and customary expenses incurred with the Company's prior written authorization. All such costs and expenses shall be itemized by statement and each statement shall be accompanied by substantiating bills or vouchers. The Consultant shall invoice the Company monthly for the performance of such services and the Company shall pay all non-disputed amounts of such invoices within 30 days of receipt. Consultant agrees to make all tax payments for which he is obligated under the jurisdiction's tax laws, and will indemnify Company for any claims related to Consultant's non-payment of such taxes.

6. Consultant Responsible for its Agents and Employees. The Consultant shall select and shall have full and complete control of and responsibility for all agents, employees and subcontractors, if any, employed or used by the Consultant and for the conduct of the Consultant's independent business and none of said agents, employees or subcontractors shall be, or shall be deemed to be, the agent, employee or subcontractor of the Company for any purpose whatsoever, and the Company shall have no duty, liability or responsibility, of any kind, to or for the acts or omissions of Consultant or such agents, employees or subcontractors, or any of them. Consultant agrees to defend, indemnify and hold the Company harmless from and with respect to any and all claims of any kind based on any intentional misconduct or gross negligence of the Consultant or Consultant's agents, employees or subcontractors.
7. Responsible for Taxes and Indemnification. Without limiting any of the foregoing, the Consultant agrees to accept exclusive liability for the payment of tax or contributions for unemployment insurance or old age pensions or annuities or social security payments which are measured by the wages, salaries or other remuneration paid to the Consultant or the employees of the Consultant, if any, and to reimburse and indemnify the Company for such taxes or contributions or penalties which the Company may be compelled to pay. The Consultant also agrees to comply with all valid administrative regulations respecting the assumption of liability for such taxes and contributions. The Consultant also understands and agrees it and any of its personnel will not be entitled to participate in the Company's benefits or health and welfare plans or 401(k) investment plans, or any other group benefit of the Company.
8. Means and Methods. The Consultant agrees to furnish personal services as provided herein as an independent contractor using his own means and methods.
9. Assignment of Work Product.
 - a. The Consultant hereby assigns to the Company, the entire right, title and interest for the entire world in and to all work performed, writing(s), formula(s), design(s), model(s), drawing(s), photograph(s), design invention(s) and other invention(s) made, conceived or reduced to practice or authorized by the Company, either solely or jointly with others, for services performed pursuant to this Agreement or with use of information, materials or facilities of the Company received or used by the Consultant during the period in which the Consultant is retained by the Company or its successor in business, under this Agreement. The

Consultant shall promptly disclose to the Company all work(s), writing(s), formula(s), design(s), other inventions(s) made, conceived, or reduced to practice or authored by the Consultant in the course of, and related to the performance of this Agreement.

- b. The Consultant shall sign, execute and acknowledge or cause to be signed, executed and acknowledged without cost, but at the expense of the Company, any and all documents and to perform such acts as may be necessary, useful or convenient for the purpose of securing for the Company or its nominees, patent, trademark, or copyright protection throughout the world upon all such writing(s), formulas(s), design(s), model(s), drawing(s), photograph(s), design invention(s) and other invention(s), title to which the Company may acquire in accordance with the provisions of this clause.
10. Consultant Work Product Owned by the Company. All information developed under this Agreement, of whatever type relating to the work performed under this Agreement, shall be the exclusive property of the Company. All machines, instruments and products purchased, manufactured or assembled by the Consultant pursuant to this Agreement and paid for by the Company shall be the exclusive property of the Company. Upon termination of this Agreement, the Consultant shall dispose of such items as directed by the Company.
11. Confidentiality. The Consultant agrees that all data and information about the Company's business, plans, finances, plants, equipment, processes and methods of operation disclosed to, acquired by or developed by the Consultant during performance of the work hereunder is and shall remain the exclusive property of the Company. Except for such information and data as can be proven by the Consultant to be in or to have entered the public domain through no fault of the Consultant, or to have been in the Consultant's possession prior to disclosure to the Consultant by the Company and/or the performance of Consultant's services hereunder, Consultant shall during the Term of the Agreement, and thereafter in perpetuity, maintain as confidential and not disclose to third parties or otherwise use, and will enjoin the Consultant's employees, agents or subcontractors (as applicable) to abide by such restrictions, unless otherwise authorized, in writing, signed by Company (or its successor). The Consultant agrees that such data and information shall be used by the Consultant solely for the purpose of performing services for the Company, and not for the benefit of any other person or entity whatsoever.
12. Non-Competition. Consultant shall not, whether for his own account or for the account of any other individual, partnership, firm, corporation or other business organization, (i) during the Term of this Agreement, divert, or attempt to divert, directly or indirectly, or otherwise interfere in a material fashion with any customers, clients or contractors of the Company, or otherwise interfere with the business relationship of the Company and any person or entity, or (ii) during the Term of this Agreement and for a period of one (1) year from the end date of this Agreement, solicit, employ or otherwise engage as an employee, independent contractor or otherwise, any person who is or was within the past year an employee of the Company, or in any manner induce or attempt to

induce any employee of the Company to terminate his or her employment with the Company.

13. Termination by Death. This Agreement shall automatically terminate upon the Consultant's death. In such event, the Company shall be obligated to pay the Consultant's estate or beneficiaries only the accrued but unpaid fees and expenses due as of the date of death.
14. No Assignments by Consultant. The Consultant shall not assign or transfer any rights under this Agreement without the Company's prior written consent, and any attempt of assignment or transfer without such consent shall be void. The Company may, however, assign the Agreement.
15. Termination by Notice. This Agreement is terminable by the Company or the Consultant upon two (2) weeks' notice for any violation by the Company or the Consultant of any provision of this Agreement, including specifically, but in no way limited to, paragraphs 3, 9, 10, 11, and 12 of this Agreement. If the Company exercises its right to terminate the Agreement, any obligation it may otherwise have under this Agreement shall cease immediately. The Company shall only be obligated to pay those fees already paid to the Consultant at the time of termination or those already performed. The Consultant's obligation pursuant to paragraphs 6, 7, 9, 10 and 11 of this Agreement shall continue in perpetuity.
16. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.
17. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and, to this end, the provisions of this Agreement are declared to be severable.
18. Waiver of Breach. No waiver of any breach of any term or provision of the Agreement shall be construed to be, or shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.
19. Notice. Any notice required to be given pursuant to this Agreement shall be deemed to have been sufficiently given either when delivered personally or when delivered by first-class mail addressed to either party. Notices to the Company shall be effective only when addressed to:

Resources Global Professionals
Attn: Kate Duchene
17101 Armstrong Avenue
Irvine, California 92614

(or another designated by proper notice under this Agreement).

Notice to the Consultant shall be effective only when addressed to:

Tony Cherbak
31151 Calle Bolero
San Juan Capistrano, CA 92675

20. Written Reports. The Consultant, when directed by the Company, shall provide written reports to the Company with respect to the services rendered hereunder.
21. Compliance with the Law. The Consultant shall comply with any and all applicable laws and regulations including but not limited to health, safety and security rules and regulations which are in effect or which may become applicable.
22. Mutual Drafters. Each party has cooperated in the drafting and preparation of this Agreement. Hence, this Agreement shall not be construed against any party on the basis that the party was the drafter.
23. Advice of Counsel. In entering this Agreement, the parties represent that they have relied upon the advice of their attorneys, who are attorneys of their own choice, and that the terms of this Agreement have been completely read and explained to them by their attorneys, and that those terms are fully understood and voluntarily accepted by them.
24. Arbitration of Disputes. Any controversy or claim arising out of, connected with, or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, shall be submitted to final and binding arbitration pursuant to the Federal Arbitration Act ("FAA") and administered by Judicial Arbitration & Mediation Services, Inc. ("JAMS"), pursuant to its Arbitration Rules and Procedures for Arbitration Disputes (which may be found and reviewed at <http://www.jamsadr.com/rules-comprehensive-arbitration/>). The FAA will govern the enforceability, applicability, interpretation, and implementation of this provision and all procedural issues connected with conducting the arbitration and enforcing or appealing the arbitration award. The arbitration will be held before a sole arbitrator, selected by mutual agreement of the parties. If the parties are unable to agree on an arbitrator, the arbitrator will be selected by striking from a list of arbitrators supplied by JAMS. Any and all claims and/or defenses that would otherwise be available in a court of law will be fully available to the parties, and the Arbitrator will be required to apply legal principles with the same force and effect as if the dispute were adjudicated in a court of law. Final resolution of any dispute through arbitration must be consistent with applicable substantive law, and may include any remedy or relief provided by applicable state or federal statutes. At the conclusion of the arbitration, the Arbitrator will issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto, and may be enforced by any court of competent jurisdiction. Except where the Company is required by law to pay any costs unique to arbitration (e.g., arbitrator's fees and room fees), such cost/fee(s) will be apportioned between the parties in accordance with applicable law, and

any disputes in that regard will be resolved by the Arbitrator. A party may apply to a court of competent jurisdiction for temporary or preliminary injunctive relief in connection with an arbitrable controversy, but only upon the ground that the award to which that party may be entitled may be rendered ineffectual without such provisional relief.

25. Entire Agreement. This instrument constitutes and contains the entire Agreement and final understanding between the parties covering the services provided by the Consultant. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes all prior negotiations and agreements, proposed or otherwise, whether written or oral, between the parties concerning consulting services provided by the Consultant. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either party. This is fully integrated document. This Agreement may be modified only with a written instrument duly executed by each of the parties. No person has any authority to make any representation or promise on behalf of any of the parties not set forth herein and this Agreement has not been executed in reliance upon any representations or promises except those contained herein.
26. Headings not Controlling. Headings are used only for ease of reference and are not controlling.

DATED: August 12, 2019

/s/ Lauren A. Elkerson
Resources Global Professionals
By: Lauren A. Elkerson
Associate General Counsel - Employment

DATED: August 12, 2019

/s/ Tony Cherbak
Tony Cherbak

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT for consulting services ("Agreement") is made and entered into as of May 20, 2019, by and between Resources Connection LLC, d/b/a Resources Global Professionals (the "Company"), a limited liability company, and John Bower (the "Consultant").

IT IS AGREED:

1. **Independent Contractor Relationship.** In accordance with the mutual intentions of the Company and the Consultant, this Agreement establishes between them an independent contractor relationship going forward, and all of the terms and conditions of this Agreement shall be interpreted in light of that relationship. There is no intention to create an employer-employee relationship between the Company and Consultant. Consultant agrees that he will no longer be an employee of the Company and he will not seek employee benefits from the Company after May 18, 2019, except that Consultant will remain eligible for bonus consideration for Fiscal Year 2019 based on Consultant's employment with RGP through May 18, 2019, and subject to Board Approval. In this consulting capacity, Consultant will continue to vest in the then-outstanding stock option/restricted stock awards that were granted during the Term of his employment with the Company. Such vesting will terminate with the termination of this Agreement. Thereafter, Consultant shall have the rights set forth in the 2004 and 2014 Performance Incentive Plan, as applicable. Consultant further acknowledges and agrees that any tax withholding obligation related to the vesting of restricted stock or the exercise of stock option awards granted to Consultant during the term of his employment must be satisfied by a cash payment to the Company of the applicable tax withholding amount prior to the vesting date of a restricted stock award or the exercise date of a stock option.
2. **Term.** This Agreement shall commence on May 20, 2019, and shall continue to do so until the close of business on May 19, 2021 (the "Term"); provided, however, that the Consultant shall not be obligated to perform should Consultant become physically or mentally disabled from doing so. Notwithstanding the foregoing, the Agreement may be terminated at any time by the Company pursuant to paragraphs 13 and 15 of this Agreement.
3. **Amount of Service.** It is understood by the parties that the Company does not have the exclusive right to the Consultant's services. It is understood and agreed, however, that the Company may (although it has no obligation) call upon Consultant up to forty (40) hours per month, for services to be rendered at mutually agreeable times and places and so as not to interfere unreasonably with other consulting or employment of the Consultant. The Consultant warrants and represents that there is no conflict of interest in the Consultant's other contracts for services or other employment, if any, with the services to be provided pursuant to this Agreement (which includes but is in no way limited to use of another's confidential and proprietary information) and that the Consultant will ensure that no such conflicts arise during the Term of this Agreement.

4. Type of Service. The Company will purchase from the Consultant, and the Consultant will sell to the Company, the following personal services: to perform special projects for the Company as requested. The Company's Chairman of the Board or its Chief Executive Officer and Chief Financial Officer are the only people authorized to request the Consultant's services.
5. Payment. During the Term of this Agreement, the Company shall pay to the Consultant for his services \$200.00 per hour for each hour of work (or portion thereof) the Consultant performs services pursuant to this Agreement. The payment herein provided shall constitute full payment for the Consultant's services to the Company during the Term of this Agreement, and the Consultant shall not receive any additional benefits or compensation for consulting services, except that the Company will reimburse the Consultant for reasonable and customary expenses incurred with the Company's prior written authorization. All such costs and expenses shall be itemized by statement and each statement shall be accompanied by substantiating bills or vouchers. The Consultant shall invoice the Company monthly for the performance of such services and the Company shall pay all non-disputed amounts of such invoices within 30 days of receipt. Consultant agrees to make all tax payments for which he is obligated under the jurisdiction's tax laws, and will indemnify Company for any claims related to Consultant's non-payment of such taxes.
6. Consultant Responsible for its Agents and Employees. The Consultant shall select and shall have full and complete control of and responsibility for all agents, employees and subcontractors, if any, employed or used by the Consultant and for the conduct of the Consultant's independent business and none of said agents, employees or subcontractors shall be, or shall be deemed to be, the agent, employee or subcontractor of the Company for any purpose whatsoever, and the Company shall have no duty, liability or responsibility, of any kind, to or for the acts or omissions of Consultant or such agents, employees or subcontractors, or any of them. Consultant agrees to defend, indemnify and hold the Company harmless from and with respect to any and all claims of any kind based on any intentional misconduct or gross negligence of the Consultant or Consultant's agents, employees or subcontractors.
7. Responsible for Taxes and Indemnification. Without limiting any of the foregoing, the Consultant agrees to accept exclusive liability for the payment of tax or contributions for unemployment insurance or old age pensions or annuities or social security payments which are measured by the wages, salaries or other remuneration paid to the Consultant or the employees of the Consultant, if any, and to reimburse and indemnify the Company for such taxes or contributions or penalties which the Company may be compelled to pay. The Consultant also agrees to comply with all valid administrative regulations respecting the assumption of liability for such taxes and contributions. The Consultant also understands and agrees it and any of its personnel will not be entitled to participate in the Company's benefits or health and welfare plans or 401(k) investment plans, or any other group benefit of the Company.

8. Means and Methods. The Consultant agrees to furnish personal services as provided herein as an independent contractor using his own means and methods.
9. Assignment of Work Product.
 - a. The Consultant hereby assigns to the Company, the entire right, title and interest for the entire world in and to all work performed, writing(s), formula(s), design(s), model(s), drawing(s), photograph(s), design invention(s) and other invention(s) made, conceived or reduced to practice or authorized by the Company, either solely or jointly with others, for services performed pursuant to this Agreement or with use of information, materials or facilities of the Company received or used by the Consultant during the period in which the Consultant is retained by the Company or its successor in business, under this Agreement. The Consultant shall promptly disclose to the Company all work(s), writing(s), formula(s), design(s), other inventions(s) made, conceived, or reduced to practice or authored by the Consultant in the course of, and related to the performance of this Agreement.
 - b. The Consultant shall sign, execute and acknowledge or cause to be signed, executed and acknowledged without cost, but at the expense of the Company, any and all documents and to perform such acts as may be necessary, useful or convenient for the purpose of securing for the Company or its nominees, patent, trademark, or copyright protection throughout the world upon all such writing(s), formulas(s), design(s), model(s), drawing(s), photograph(s), design invention(s) and other invention(s), title to which the Company may acquire in accordance with the provisions of this clause.
10. Consultant Work Product Owned by the Company. All information developed under this Agreement, of whatever type relating to the work performed under this Agreement, shall be the exclusive property of the Company. All machines, instruments and products purchased, manufactured or assembled by the Consultant pursuant to this Agreement and paid for by the Company shall be the exclusive property of the Company. Upon termination of this Agreement, the Consultant shall dispose of such items as directed by the Company.
11. Confidentiality. The Consultant agrees that all data and information about the Company's business, plans, finances, plants, equipment, processes and methods of operation disclosed to, acquired by or developed by the Consultant during performance of the work hereunder is and shall remain the exclusive property of the Company. Except for such information and data as can be proven by the Consultant to be in or to have entered the public domain through no fault of the Consultant, or to have been in the Consultant's possession prior to disclosure to the Consultant by the Company and/or the performance of Consultant's services hereunder, Consultant shall during the Term of the Agreement, and thereafter in perpetuity, maintain as confidential and not disclose to third parties or otherwise use, and will enjoin the Consultant's employees, agents or subcontractors (as applicable) to abide by such restrictions, unless otherwise authorized, in writing, signed by Company (or its successor). The Consultant agrees that such data

and information shall be used by the Consultant solely for the purpose of performing services for the Company, and not for the benefit of any other person or entity whatsoever.

12. Non-Competition. Consultant shall not, whether for his own account or for the account of any other individual, partnership, firm, corporation or other business organization, (i) during the Term of this Agreement, divert, or attempt to divert, directly or indirectly, or otherwise interfere in a material fashion with any customers, clients or contractors of the Company, or otherwise interfere with the business relationship of the Company and any person or entity, or (ii) during the Term of this Agreement and for a period of one (1) year from the end date of this Agreement, solicit, employ or otherwise engage as an employee, independent contractor or otherwise, any person who is or was within the past year an employee of the Company, or in any manner induce or attempt to induce any employee of the Company to terminate his or her employment with the Company.
13. Termination by Death. This Agreement shall automatically terminate upon the Consultant's death. In such event, the Company shall be obligated to pay the Consultant's estate or beneficiaries only the accrued but unpaid fees and expenses due as of the date of death.
14. No Assignments by Consultant. The Consultant shall not assign or transfer any rights under this Agreement without the Company's prior written consent, and any attempt of assignment or transfer without such consent shall be void. The Company may, however, assign the Agreement.
15. Termination by Notice. This Agreement is terminable by the Company or the Consultant upon two (2) weeks' notice for any violation by the Company or the Consultant of any provision of this Agreement, including specifically, but in no way limited to, paragraphs 3, 9, 10, 11, and 12 of this Agreement. If the Company exercises its right to terminate the Agreement, any obligation it may otherwise have under this Agreement shall cease immediately. The Company shall only be obligated to pay those fees already paid to the Consultant at the time of termination or those already performed. The Consultant's obligation pursuant to paragraphs 6, 7, 9, 10 and 11 of this Agreement shall continue in perpetuity.
16. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.
17. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and, to this end, the provisions of this Agreement are declared to be severable.

18. Waiver of Breach. No waiver of any breach of any term or provision of the Agreement shall be construed to be, or shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.
19. Notice. Any notice required to be given pursuant to this Agreement shall be deemed to have been sufficiently given either when delivered personally or when delivered by first-class mail addressed to either party. Notices to the Company shall be effective only when addressed to:

Resources Global Professionals
Attn: Kate Duchene
17101 Armstrong Avenue
Irvine, California 92614

(or another designated by proper notice under this Agreement).

Notice to the Consultant shall be effective only when addressed to:

John Bower
At the Address on File with the Company

20. Written Reports. The Consultant, when directed by the Company, shall provide written reports to the Company with respect to the services rendered hereunder.
21. Compliance with the Law. The Consultant shall comply with any and all applicable laws and regulations including but not limited to health, safety and security rules and regulations which are in effect or which may become applicable.
22. Mutual Drafters. Each party has cooperated in the drafting and preparation of this Agreement. Hence, this Agreement shall not be construed against any party on the basis that the party was the drafter.
23. Advice of Counsel. In entering this Agreement, the parties represent that they have relied upon the advice of their attorneys, who are attorneys of their own choice, and that the terms of this Agreement have been completely read and explained to them by their attorneys, and that those terms are fully understood and voluntarily accepted by them.
24. Arbitration of Disputes. Any controversy or claim arising out of, connected with, or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, shall be submitted to final and binding arbitration pursuant to the Federal Arbitration Act ("FAA") and administered by Judicial Arbitration & Mediation Services, Inc. ("JAMS"), pursuant to its Arbitration Rules and Procedures for Arbitration Disputes (which may be found and reviewed at <http://www.jamsadr.com/rules-comprehensive-arbitration/>). The FAA will govern the enforceability, applicability, interpretation, and implementation of this provision and all procedural issues connected with conducting the arbitration and enforcing or appealing the arbitration award. The arbitration will be held before a sole

arbitrator, selected by mutual agreement of the parties. If the parties are unable to agree on an arbitrator, the arbitrator will be selected by striking from a list of arbitrators supplied by JAMS. Any and all claims and/or defenses that would otherwise be available in a court of law will be fully available to the parties, and the Arbitrator will be required to apply legal principles with the same force and effect as if the dispute were adjudicated in a court of law. Final resolution of any dispute through arbitration must be consistent with applicable substantive law, and may include any remedy or relief provided by applicable state or federal statutes. At the conclusion of the arbitration, the Arbitrator will issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto, and may be enforced by any court of competent jurisdiction. Except where the Company is required by law to pay any costs unique to arbitration (e.g., arbitrator's fees and room fees), such cost/fee(s) will be apportioned between the parties in accordance with applicable law, and any disputes in that regard will be resolved by the Arbitrator. A party may apply to a court of competent jurisdiction for temporary or preliminary injunctive relief in connection with an arbitrable controversy, but only upon the ground that the award to which that party may be entitled may be rendered ineffectual without such provisional relief.

25. Entire Agreement. This instrument constitutes and contains the entire Agreement and final understanding between the parties covering the services provided by the Consultant. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes all prior negotiations and agreements, proposed or otherwise, whether written or oral, between the parties concerning consulting services provided by the Consultant. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either party. This is fully integrated document. This Agreement may be modified only with a written instrument duly executed by each of the parties. No person has any authority to make any representation or promise on behalf of any of the parties not set forth herein and this Agreement has not been executed in reliance upon any representations or promises except those contained herein.

26. Headings not Controlling. Headings are used only for ease of reference and are not controlling.

DATED: May 20, 2019

/s/ Lauren A. Elkerson
Resources Global Professionals
By: Lauren A. Elkerson
Associate General Counsel - Employment

DATED: May 20, 2019

/s/ John Bower
John Bower

**Retention Bonus
Recovery Agreement**
(Five Years)

August 6, 2019

I, Tim Brackney, hereby acknowledge receipt of a retention bonus from Resources Global Professionals (“RGP”) in connection with my promotion to President & Chief Operating Officer, as reflected in my job description, in the amount of \$500,000 (the “Retention Bonus”). The Retention Bonus will be paid to me on August 9, 2019.

If, for any reason, I cease to be employed by RGP prior to the first day of RGP’s Fiscal Year 2025 (i.e., May 26, 2024), I agree to repay the total amount of the Retention Bonus; provided, however, that the Retention Bonus will be forgiven over a period of 20 Fiscal Quarters beginning on the first day of Fiscal Year 2020—i.e., .05% of the Retention Bonus will be forgiven at the end of every full Fiscal Quarter I remain employed by RGP. Additionally, if at any point my employment is terminated by RGP without Cause, or if I terminate my employment for Good Reason (as these terms are defined in my Employment Agreement with RGP dated April 3, 2019), I will not be required to repay RGP any of the Retention Bonus.

Any repayment amount must be paid by me to RGP within 30 days of my last day of employment at RGP. In the event this amount is not paid when due, I agree to pay all attorneys’ fees and reasonable costs of collection.

/s/ Tim Brackney
Signature

August 6, 2019
Dated:

**Certification of Chief Executive Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934**

I, Kate W. Duchene, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Resources Connection, Inc.;
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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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: October 3, 2019

/s/ Kate W. Duchene

Kate W. Duchene
President and Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Jennifer Ryu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Resources Connection, Inc.;
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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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: October 3, 2019

/s/ Jennifer Ryu

Jennifer Ryu
Interim Chief Financial Officer

WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350

The undersigned, Kate W. Duchene, the Chief Executive Officer of Resources Connection, Inc., and Jennifer Ryu, Interim Chief Financial Officer of Resources Connection, Inc. (the "Company"), pursuant to 18 U.S.C. §1350, hereby certify that, to the best of her or his knowledge:

- (i) the Report on Form 10-Q of the Company for the quarter ended August 24, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 3, 2019

/s/ KATE W. DUCHENE

Kate W. Duchene
President and Chief Executive Officer

/s/ JENNIFER RYU

Jennifer Ryu
Interim Chief Financial Officer

The foregoing certification accompanies the Report on Form 10-Q pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
