

Resources Connection, Inc. Reports Year-end Results

Costa Mesa, Calif., July 10, 2002 -- Resources Connection, Inc. (NASDAQ: RECN), an international professional services firm that provides accounting and finance, human capital and information technology services on a project basis, today announced financial results for its fourth quarter and year ended May 31, 2002.

Total revenues were \$43.3 million for the fourth quarter of fiscal 2002, compared to \$56.2 million in the comparable quarter in fiscal 2001. Net income for the quarter ended May 31, 2002 was \$2.7 million, or \$0.12 per diluted share, compared to net income of \$5.1 million or \$0.23 per diluted share in the May 2001 quarter.

Revenues for the fiscal year ended May 31, 2002 were \$181.7 million compared to \$191.5 million for the fiscal year ended May 31, 2001. Net income was \$13.3 million, or \$0.58 per diluted share, for the year ended May 2002, versus income before extraordinary charge of \$14.3 million, or \$0.74 per diluted share, in fiscal 2001.

Effective with the fourth quarter of fiscal 2002, a new accounting rule requires all reimbursements received for "out-of-pocket" expenses be characterized as revenue in the income statement, including all prior periods. Previously, reimbursements were recorded as a reduction of direct cost of services. As a result of this new rule, revenue and direct cost of services each increased by \$398,000 and \$492,000 for the quarters ended May 31, 2002 and 2001, respectively, and \$1,657,000 and \$1,744,000 for the years ended May 31, 2002 and 2001, respectively. Accordingly, there is no change in the net income of the company for any period.

"As we have previously announced, our clients continue to spend cautiously due to the economic slow-down which has continued to put pressure on our results," said Chairman and CEO Donald Murray. "However, in the quarter just completed, we experienced our first quarterly sequential revenue increase since the 2001 fiscal year. Further, even with strategic investments in certain marketing and business development opportunities, we saw no earnings deterioration compared to the third quarter of fiscal 2002. Although we cannot predict a positive trend in this difficult economic environment, we have experienced some favorable results in certain markets, particularly our office in London, which has now grown revenue above the level necessary to break even."

"We also have invested resources to develop our internal audit practice and executive compensation consulting practice," Murray continued. "These are important initiatives in highlighting to our client and prospect base our abilities to be an alternative for services traditionally provided by the Big Five accounting firms. We intend to generate client assignments from these two service lines that utilize our project professionals in completing the engagement work. These engagements may generate more recurring assignments each year which may help reduce some of the uncertainty in our business."

Resources Connection, Inc. is an international professional services firm that provides accounting and finance, human capital and information technology services on a project basis. Headquartered in Costa Mesa, California, the company operates from 43 domestic offices and four international offices. More information about the company is available at <http://www.resourcesconnection.com/>.

Resources Connection will hold a conference call for interested analysts and investors at 5:00 pm, EDT today, July 10, 2002. This conference call will be available for listening via a webcast on the Company's Internet web site, at <http://www.resourcesconnection.com/>.

Certain statements in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may be identified by words such as "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," or "will" or the negative of these terms or other comparable terminology. Such statements and all phases of Resources Connection's operations are subject to known and unknown risks, uncertainties and other factors, including seasonality, overall economic conditions and other factors and uncertainties as are identified in Resources Connection's Form S-1, as amended (File No. 333-65272), Form 10-K for the year ended May 31, 2001, and Form 10-Q for the quarters ended August 31, 2001, November 30, 2001 and February 28, 2002 (File No. 0-32113). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Resources Connection's, and its industry's, actual results, levels of activity, performance or achievements may be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. The Company undertakes no obligation to update the forward-looking statements in this press release.

	Quarter Ended May 31,		Year Ended May 31,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Revenue (1)	\$43,250	\$56,213	\$181,677	\$191,496
Direct costs of services (1)	<u>25,592</u>	<u>33,110</u>	<u>108,715</u>	<u>112,555</u>
Gross profit	17,658	23,103	72,962	78,941
Selling, general and administrative expenses	13,164	14,071	50,688	49,964
Amortization of intangible assets (2)	32	565	125	2,273
Depreciation expense	320	231	1,180	866
Interest (income) expense, net	<u>(327)</u>	<u>(303)</u>	<u>(1,183)</u>	<u>2,043</u>
Income before provision for income taxes and extraordinary charge	4,469	8,539	22,152	23,795
Provision for income taxes	<u>1,788</u>	<u>3,415</u>	<u>8,861</u>	<u>9,518</u>
Income before extraordinary charge	2,681	5,124	13,291	14,277
Extraordinary charge, net of tax effect of \$381 (3)	=	=	=	<u>572</u>
Net income	<u>\$2,681</u>	<u>\$5,124</u>	<u>\$13,291</u>	<u>\$13,705</u>
Diluted income per share before extraordinary charge	<u>\$0.12</u>	<u>\$0.23</u>	<u>\$0.58</u>	<u>\$0.74</u>
Diluted net income per share (3)	<u>\$0.12</u>	<u>\$0.23</u>	<u>\$0.58</u>	<u>\$0.71</u>
Diluted shares	<u>23,049</u>	<u>22,622</u>	<u>22,862</u>	<u>19,421</u>

1-Effective with the fourth quarter of fiscal 2002, a new accounting rule requires all reimbursements received for "out-of-pocket" expenses be characterized as revenue in the income statement. Revenue and direct cost of services in the income statements presented have each increased by \$398,000, \$492,000, \$1,657,000 and \$1,744,000 for the quarters ended May 31, 2002 and 2001 and the years ended May 31, 2002 and 2001, respectively.

2-Resources Connection elected early adoption of new accounting rules in the first quarter of fiscal year 2002 which require the company to cease amortization of goodwill. If the same rule had been in effect in the prior fiscal year, net income before extraordinary charge would have been \$5.4 million or \$0.24 per diluted share for the three months ended May 31, 2001 and \$15.6 million or \$0.81 per diluted share for the year ended May 31, 2001.

3-Resources Connection recorded an extraordinary charge of \$572,000, net of tax, in the third quarter of fiscal year 2001 to write off unamortized loan origination costs related to the company's senior and subordinated debt obligations that were repaid from the company's December 2000 initial public offering of stock. The effect of the extraordinary charge was to reduce earnings per share by \$0.03 for the fiscal year ended May 31, 2001.

	<u>May 31, 2002</u>	<u>May 31, 2001</u>
	(unaudited)	
Cash, cash equivalents and marketable securities	\$55,745	\$34,503
Accounts receivable, less allowances	\$19,962	\$23,908
Total assets	\$129,636	\$105,345
Current liabilities	\$16,166	\$18,648
Total stockholders' equity	\$113,471	\$86,032