

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) September 27, 2006

RESOURCES CONNECTION, INC.

Delaware	0-32113	33-0832424
----- (State or other jurisdiction of incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)
695 Town Center Drive, Suite 600, Costa Mesa, California		92626
----- (Address of principal executive offices)		----- (Zip Code)

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

Not applicable

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(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On September 27, 2006, Resources Connection, Inc. (the "Company") issued a press release announcing its results of operations for the quarter ended August 31, 2006 (the first quarter of the Company's fiscal 2007). A copy of the press release issued by the Company is attached as Exhibit 99.1 to this report and is incorporated by reference into this item.

Within the attached press release, the Company makes reference to certain non-generally accepted accounting principles ("non-GAAP") financial measures, including "non-GAAP operating income", "non-GAAP net income" and "non-GAAP net income per diluted share" which have directly comparable generally accepted accounting principles ("GAAP") financial measures. The Company believes that these non-GAAP measures represent important internal measures of performance. Accordingly, where these non-GAAP measures are provided, it is done so that investors have the same financial data that management uses with the belief that such information will assist the investment community in assessing the underlying performance of the Company on a year over year and sequential basis. Whenever such information is presented, the Company has complied with the provisions of the rules under Regulation G and Item 2.02 of Form 8-K. In addition to the reasons described above, specific reasons the Company's management believes that the presentation of certain non-GAAP financial measures provides useful information to investors regarding the Company's financial condition, results of operations and cash flows are as follows:

The non-GAAP measures presented in the attached press release are not in accordance with, or an alternative for, GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures and the

Non-GAAP Income Statement are not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures.

The Company believes that the presentation of non-GAAP operating income, non-GAAP net income, non-GAAP diluted net income per share and non-GAAP shares used in net income per share calculation, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations.

For its internal budgeting process, the Company's management uses financial statements that do not include stock-based compensation expense relating to employee stock option grants and employee stock purchases, and the income tax effects thereof. The Company's management also uses the foregoing non-GAAP measures, in addition to the corresponding GAAP measures, in reviewing the financial results of the Company.

As described above, the Company excludes the following items from one or more of its non-GAAP measures:

Stock-based compensation. These expenses (which comprise a portion of the selling, general, and administrative expenses line item in the Income Statement) consist of expenses for employee stock options and employee stock purchases under SFAS 123(R). The Company excludes stock-based compensation expenses from its non-GAAP measures primarily because they are non-cash expenses that the Company does not believe are reflective of ongoing operating results. Further, as the Company applies SFAS 123(R), it believes that it is useful to investors to understand the impact of the application of SFAS 123(R) to its results of operations. The Company will incur stock-based compensation expense related to employee stock options and employee stock purchases in future periods.

Provision for income taxes. Excluding the income tax effect of the non-GAAP pre-tax adjustments from provision for income taxes assists investors in understanding the tax provision associated with those adjustments. Further, because the Company has historically issued incentive stock options, the impact of implementing SFAS 123(R) can result in a tax provision considerably different than the tax provision calculated before stock based compensation, and the Company believes it is useful for investors to understand this impact.

Selling, general and administrative expenses before stock-based compensation, operating income before amortization and depreciation and stock-based compensation, operating income before stock-based compensation, income before provision for income taxes and stock-based compensation, provision for incomes taxes before stock-based compensation and net income before stock-based compensation and diluted earnings per share (before stock-based compensation) are presented as supplemental disclosures in order to provide comparable information versus prior year and prior quarter measures of operating performance. These measures are also the primary measures of performance used by management to evaluate the Company's financial performance and the compensation committee of the board of directors to assess portions of management's performance.

The information in this current report on Form 8-K, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

EXHIBIT NO.	DESCRIPTION
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Exhibit 99.1	Press Release issued September 27, 2006

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 hereunto duly authorized.

RESOURCES CONNECTION, INC.

Date: September 27, 2006

By: /s/ Donald B. Murray  
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Donald B. Murray  
Chief Executive Officer

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
Exhibit 99.1	Press Release issued September 27, 2006

FOR IMMEDIATE RELEASE

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## RESOURCES CONNECTION, INC. REPORTS FIRST QUARTER RESULTS

## First Quarter Revenue Improves 10%

Costa Mesa, Calif., September 27, 2006 -- Resources Connection, Inc. (NASDAQ: RECN), an international professional services firm that provides, through its operating subsidiary, Resources Global Professionals, experienced accounting and finance, risk management and internal audit, information management, human capital, supply chain management and legal professionals to clients on a project basis, today announced financial results for its first quarter ended August 31, 2006.

Total revenue for the first quarter of fiscal 2007 improved 10.4% to \$165.1 million from \$149.6 million for the same quarter in fiscal 2006.

The Company adopted SFAS 123(R), the accounting pronouncement requiring the recognition of compensation expense relating to employee stock option grants and employee stock purchases, effective with the Company's first quarter of fiscal 2007. Because SFAS 123(R) has been adopted prospectively, net income for the quarter ended August 31, 2006 is not comparable to net income for the quarter ended August 31, 2005. Net income on a generally accepted accounting principles (GAAP) basis for the quarter ended August 31, 2006, was \$11.0 million, or \$0.22 per diluted share, which includes non-cash stock-based compensation expense of \$4.7 million on a pre-tax basis and \$516,000 of tax benefits related to stock-based compensation. Non-GAAP net income for the first quarter of fiscal 2007, which excludes stock-based compensation expense and the related income tax effect, was \$15.1 million, or \$0.30 per diluted share. Net income (on a GAAP basis) for the quarter ended August 31, 2005, was \$15.1 million, or \$0.29 per diluted share.

"Resources is off to a strong start in fiscal 2007," said Chairman and CEO of Resources Global Professionals Donald Murray. "Our established client base, the high-quality service our associates provide, and the strength of our business model continue to help us grow as we continue to deliver on our global growth strategy. Our international practices performed well during the summer quarter even though we experienced a typical summer slow down. We look forward to our continued expansion in Europe and Asia and to partnering with our multi-national clients around the world."

## ABOUT RESOURCES GLOBAL PROFESSIONALS

Resources Global Professionals is an international professional services firm that helps business leaders execute internal initiatives. The Company provides accounting and finance, human capital, information management, supply chain management, internal audit/risk management, and legal services on a project basis. In addition to its project professional services, Resources Global Professionals has established itself as a leading business services provider for companies seeking independent and cost effective assistance for meeting or complying with many of the complex business and regulatory issues in today's marketplace.

Resources was founded in 1996 within a Big Four firm. Today, we are a publicly traded company (NASDAQ: RECN) with more than 75 practice offices and 3,600 professionals. Headquartered in Costa Mesa, California, Resources serves more than half of the Fortune Global 100.

This year, Resources debuted at #21 on Business Week's 100 Hot Growth Companies list and #61 on Fortune's list of the 100 Fastest-Growing Companies. Resources is also ranked #16 on Forbes 200 Best Small Companies list (marking the fourth straight year Resources has appeared on the Best Small Companies list) and #3 on Forbes 100 Best Mid-Cap Stocks for 2005. The Company is listed on NASDAQ's new Global Select Market, the exchange's highest listing tier. More information about Resources is available at <http://www.resourcesglobal.com>.

Resources will hold a conference call for interested analysts and investors at 5:00 pm, EDT today, September 27, 2006. This conference call will be available for listening via a webcast on the Company's Internet web site, at <http://www.resourcesglobal.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 10-K for the year ended May 31, 2006 (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.

The Non-GAAP Income Statement in this release excludes stock-based compensation expense from the following non-GAAP line items: non-GAAP selling, general and administrative expenses, non-GAAP operating income before amortization and depreciation, non-GAAP operating income, non-GAAP income before provision for income taxes, non-GAAP provision for income taxes, non-GAAP net income, non-GAAP net income per diluted share, and non-GAAP diluted shares used in net income per share calculation.

These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures and the Non-GAAP Income Statement are not based on any comprehensive set of accounting rules or principles. Resources believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Resources' results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Resources' results of operations in conjunction with the corresponding GAAP measures.

Resources believes that the presentation of non-GAAP selling, general and administrative expenses, non-GAAP operating income before amortization and depreciation, non-GAAP operating income, non-GAAP income before provision for income taxes, non-GAAP provision for income taxes, non-GAAP net income, non-GAAP net income per diluted share and non-GAAP diluted shares used in net income per share calculation, when presented in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations.

For its internal budgeting process, Resources' management uses financial statements that do not include stock-based compensation expense related to employee stock options and employee stock purchases, and the income tax effects thereof. Resources' management also uses the foregoing non-GAAP measures, in addition to the corresponding GAAP measures, in reviewing the financial results of Resources.

For additional information on the items excluded by Resources Connection, Inc. from one or more of its non-GAAP financial measures, and for additional information regarding these non-GAAP measures, we refer you to the Form 8-K regarding this release furnished today to the Securities and Exchange Commission

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RESOURCES CONNECTION, INC.  
 INCOME STATEMENT  
 (in thousands, except per share amounts)

	Quarter Ended August 31,	
	2006	2005
	(unaudited)	
Revenue	\$ 165,107	\$ 149,588
Direct costs of services	99,919	90,650
Gross profit	65,188	58,938
Selling, general and administrative expenses (1)	44,798	34,092
Operating income before amortization and depreciation (1)	20,390	24,846
Amortization of intangible assets	418	435
Depreciation expense	1,356	492
Operating income (1)	18,616	23,919
Interest income	(1,909)	(972)
Income before provision for income taxes (1)	20,525	24,891
Provision for income taxes (2)	9,574	9,832
Net income (1) (2)	\$ 10,951	\$ 15,059
Diluted net income per share	\$ 0.22	\$ 0.29
Diluted shares	49,775	51,434

(1) Includes \$4,701 of expense in the quarter ended August 31, 2006 related to the mandatory requirement to recognize compensation expense related to employee stock option grants and employee stock purchases, effective with the Company's first quarter of fiscal 2007. There was no corresponding expense in the quarter ended August 31, 2005.

(2) The Company's effective tax rate, absent the impact of the adoption of the requirement to recognize compensation expense related to employee stock option grants and employee stock purchases, was 40% in the quarter ended August 31, 2006, compared to 39.5% in the quarter ended August 31, 2005. The Company's effective tax rate, including the impact of the adoption of the requirement to recognize compensation expense related to employee stock option grants and employee stock purchases, was 46.6% in the quarter ended August 31, 2006. The Company cannot recognize a potential tax benefit for certain stock option grants until and unless the holder exercises his or her option and sells the shares. In addition, the Company can only recognize a potential tax benefit for employees' acquisition and subsequent sale of shares purchased through the Company's Employee Stock Purchase Plan if the sale occurs within a certain defined period. Further, under SFAS 123(R), certain potential tax benefits associated with incentive stock options fully vested at the time of adoption of SFAS 123(R) will be recognized as additional paid in capital when and if those options are exercised.

RESOURCES CONNECTION, INC.  
NON-GAAP INCOME STATEMENT  
(in thousands, except per share amounts)

	Quarter Ended August 31,	
	2006	2005
	(unaudited)	
Revenue	\$ 165,107	\$ 149,588
Direct costs of services	99,919	90,650
Gross profit	65,188	58,938
Selling, general and administrative expenses (1)	40,097	34,092
Operating income before amortization and depreciation (1)	25,091	24,846
Amortization of intangible assets	418	435
Depreciation expense	1,356	492
Operating income (1)	23,317	23,919
Interest income	(1,909)	(972)
Income before provision for income taxes (1)	25,226	24,891
Provision for income taxes (2)	10,090	9,832
Net income (1) (2)	\$ 15,136	\$ 15,059
Diluted net income per share	\$ 0.30	\$ 0.29
Diluted shares (3)	50,936	51,434

(1) Excludes \$4,701 of expense in the quarter ended August 31, 2006 related to the mandatory requirement to recognize compensation expense related to employee stock option grants and employee stock purchases, effective with the Company's first quarter of fiscal 2007. There was no corresponding expense in the quarter ended August 31, 2005.

(2) Excludes tax benefits related to stock based compensation of \$516. Please refer to footnote (2) on the Income Statement for further detail.

(3) Includes 1,161 of shares presumed to be repurchased in accordance with the requirements of SFAS 123(R) and SFAS 128 for GAAP computation of diluted number of shares.

See table below for reconciliation of net income on a GAAP basis to non-GAAP net income, and diluted net income per share on a GAAP basis to non-GAAP diluted net income per share.

RESOURCES CONNECTION, INC.

Following is a reconciliation of net income under GAAP to non-GAAP net income for the three months ended August 31, 2006. There was no corresponding reconciliation necessary for the three months ended August 31, 2005, as the Company had not adopted the accounting required under SFAS 123(R).

	(in thousands, except per share amounts)
GAAP net income	\$ 10,951
Stock based compensation included in SG&A	4,701
Effect of stock based compensation on provision for income taxes	(516)
Net effect of stock based compensation	4,185
Non-GAAP net income	\$ 15,136

Following is a reconciliation of shares used in the calculation of GAAP to non-GAAP diluted net income per share:

Diluted number of shares used - GAAP	49,775
Impact of SFAS 123R	1,161
Diluted number of shares used -non-GAAP	50,936

Following is a reconciliation of GAAP diluted net income per share to non-GAAP diluted net income per share:

GAAP diluted net income per share	\$ 0.22
Net effect of stock based compensation on diluted net income per share	\$ 0.08
Non-GAAP diluted net income per share	\$ 0.30

RESOURCES CONNECTION, INC.  
SELECTED BALANCE SHEET INFORMATION  
(in thousands)

	August 31, 2006	May 31, 2006
	-----	-----
	(unaudited)	
Cash, cash equivalents, short-term investments and long-term marketable securities	\$ 171,929	\$ 185,439
Accounts receivable, less allowances	\$ 93,388	\$ 90,720
Total assets	\$ 391,660	\$ 398,611
Current liabilities	\$ 55,852	\$ 66,614
Total stockholders' equity	\$ 323,334	\$ 317,436