

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)

July 11, 2007

**RESOURCES CONNECTION, INC.**

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Delaware  
(State or other jurisdiction  
of incorporation)

0-32113  
(Commission  
File Number)

33-0832424  
(IRS Employer  
Identification No.)

695 Town Center Drive, Suite 600, Costa Mesa, California  
(Address of principal executive offices)

92626  
(Zip Code)

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

Not applicable  
(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))
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## Item 2.02 Results of Operations and Financial Condition.

On July 11, 2007, Resources Connection, Inc. (“Resources” or “the Company”) issued a press release announcing its financial results for the quarterly period and fiscal year ended May 31, 2007. A copy of the press release is attached hereto as Exhibit 99.1.

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.

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The information in Item 2.02 of this current report on Form 8-K, as well as 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 8.01 Other Events.**

On July 11, 2007, the Company also announced two separate Board approved actions regarding its capital structure. First, Resources' Board of Directors approved a special cash dividend of \$1.25 per share of common stock, payable on August 21, 2007, to shareholders of record on August 8, 2007. Second, the Company's Board of Directors approved a share buy back program of the Company's common stock with an aggregate dollar limit not to exceed \$150,000,000.

**Item 9.01 Financial Statements and Exhibits.**

**(c) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Press Release issued July 11, 2007

**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: July 11, 2007

By: /s/ Donald B. Murray

Donald B. Murray  
Chief Executive Officer

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## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Press Release issued July11, 2007

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**For Immediate Release****Contacts:**

Jeff Bellows, Resources Global Professionals  
(US+) 1-617-897-0350 or [jeff.bellows@resources-us.com](mailto:jeff.bellows@resources-us.com)

Sarah Lazarus, CL-Media  
(US+) 1-978-369-4478 or [sarah@cl-media.com](mailto:sarah@cl-media.com)

**Resources Connection, Inc. Reports Fourth Quarter, Fiscal 2007 Results****Announces completion of buyback, special cash dividend and additional new buyback authorization**

- Record Quarterly Revenue of \$200.5 Million, Up 21% Over Prior Year Fiscal Fourth Quarter
- Record Fiscal 2007 Revenue of \$735.9 Million, 16% Increase Over Fiscal 2006
- Record quarterly net income on a comparable basis - non-GAAP net income of \$20.7 million, (which excludes stock compensation expense and related tax benefit), up 31% over prior year's fourth quarter, which did not require expensing of stock compensation.
- Record fiscal 2007 net income on a comparable basis - non-GAAP net income of \$71.5 million, (which excludes stock compensation expense and related tax benefit), up 18% over prior fiscal year, which did not require expensing of stock compensation.
- Record quarterly GAAP net income of \$16.1 million in fourth quarter (which includes stock compensation expense and related tax benefit).

**COSTA MESA, CA. July 11, 2007** - Resources Connection, Inc. (NASDAQ: RECN), a multinational professional services firm that provides to clients - through its operating subsidiary, Resources Global Professionals - accomplished professionals in accounting and finance, risk management and internal audit, information management, human capital, supply chain management and legal services, today announced financial results for its fiscal fourth quarter and full year ended May 31, 2007.

Total revenue for the fourth quarter of fiscal 2007 improved 21% to \$200.5 million from \$165.9 million for the same quarter in fiscal 2006. For the year ended May 31, 2007, revenue rose 16% to \$735.9 million from \$633.8 million for the comparable period of the prior fiscal year.

Effective June 1, 2006, the beginning of the Company's just-completed fiscal 2007, Resources adopted SFAS 123(R), which requires companies to estimate the fair value of share-based awards to employees on the date of the grant using an option-pricing model. Because SFAS 123(R) has been adopted prospectively, net income for the three months and year ended May 31, 2007 is not comparable to net income for the three months and year ended May 31, 2006.

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Measured on a comparable basis to prior years but no longer considered to be in accordance with generally accepted accounting principles (GAAP), non-GAAP net income for the fourth quarter of fiscal 2007, (which excludes stock-based compensation expense and the related income tax effect), was \$20.7 million, or \$0.40 per diluted share. Net income (on a GAAP basis) for the quarter ended May 31, 2006, was \$15.7 million, or \$0.31 per diluted share.

Net income on a GAAP basis for the fourth quarter ended May 31, 2007, was \$16.1 million, or \$0.32 per diluted share, reflecting the inclusion of non-cash stock-based compensation expense of \$5.7 million on a pre-tax basis, and \$1.1 million of tax benefits related to stock-based compensation.

Non-GAAP net income for fiscal 2007, (which excludes stock-based compensation expense and the related income tax effect), was \$71.5 million, or \$1.39 per diluted share. Net income on a GAAP basis for the year ended May 31, 2006 was \$60.6 million, or \$1.17 per diluted share.

For the year ended May 31, 2007, net income on a GAAP basis was \$54.8 million, or \$1.08 per diluted share, reflecting the inclusion of non-cash stock-based compensation expense of \$20.1 million on a pre-tax basis and \$3.4 million of tax benefits related to stock-based compensation.

After the end of the fiscal year, the Company completed the acquisition of Compliance Solutions (UK) Ltd., a UK-based provider of regulatory compliance services to investment advisors, hedge funds, private equity and venture capital firms, insurance companies and other financial institutions. The Company paid approximately \$8.2 million for the acquisition, consisting of \$5.8 million in cash and \$2.4 million in the Company's stock.

The Company also announced two separate board approved initiatives regarding its capital structure. First, the Company's Board of Directors has approved a special cash dividend of \$1.25 per share, payable on August 21, 2007 to shareholders of record on August 8, 2007. Second, the Company has completed its previously approved buyback of 3,000,000 shares of the Company's common stock during the fourth quarter of fiscal 2007, and its Board of Directors has approved a share buyback with an aggregate dollar limit of \$150 million.

"Our operating results for the fourth quarter and the entire year demonstrate good balance between investing for long term growth while generating solid current income and cash flows. We expect to continue pushing forward on our international expansion while also investing in complementary professional services, like regulatory compliance," said Donald B. Murray, Chairman and CEO of Resources Global Professionals. "Because our operating model has proved successful at growing while generating substantial cash flows, we are pleased to be able to return significant amounts of capital to our shareholders. We believe the Company can pursue its relevant strategic objectives, including prudent acquisitions, while continuing to improve return on equity through a balanced use of stock buybacks and periodic dividends. After completing our previously announced buyback and the acquisition of Compliance Solutions and giving effect to the special dividend, we will continue to have a strong, well-capitalized balance sheet capable of supporting our growth strategy."

#### **Business Highlights**

- n International revenue increased 39% in the fourth quarter from the year-earlier period and increased 30% over the prior fiscal year.
  - n In June 2007, Resources launched its regulatory consulting practice with the acquisition of Compliance Solutions (UK) Ltd., a regulatory compliance specialist firm serving investment advisors, hedge funds, private equity and venture capital firms, insurance companies and other financial institutions.
  - n During the fourth quarter of fiscal 2007, Resources opened international offices in Mexico City, Milan, Dusseldorf and Shanghai, raising the total number of international offices to 31.
  - n As of May 31, 2007, the number of associates on assignment rose to 3,276, up 15% from the prior year end.
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## ABOUT RESOURCES GLOBAL PROFESSIONALS

Resources Global Professionals, the operating subsidiary of Resources Connection, Inc. (NASDAQ: RECN), is a multinational professional services firm that helps business leaders execute internal initiatives. Working as members of client teams, we solve problems, execute and transfer knowledge. Partnering with business leaders, we drive internal change across all parts of a global enterprise - finance and accounting, information management, internal audit, human capital, legal services and supply chain management.

Resources Global was founded in 1996 within a Big Four accounting firm. Today, we are a publicly traded company with a market cap of approximately \$1.5 billion. Our 4,100 professionals, from more than 80 practice offices, serve 2,200 clients in 56 countries.

Headquartered in Costa Mesa, California, Resources Global has served 81 of the Fortune 100 companies.

Resources was selected #61 on *Fortune* magazine's list of 100 Fastest-Growing Companies for 2006. Also last year, Resources was chosen #21 on *BusinessWeek*'s list of 100 Hot Growth Companies and the firm has been named to the *Forbes* 200 Best Small Companies list for the past five years.

The Company is listed on the NASDAQ Global Select Market, the exchange's highest tier by listing standards. More information about Resources Global is available at <http://www.resourcesglobal.com>.

Resources will hold a conference call for interested analysts and investors at 5:00 p.m., ET today, July 11, 2007. This conference call will be available for listening via a webcast on the Company's website: <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. These forward-looking statements include (i) the Company's statement that it expects to continue pushing forward on its international expansion while also investing in complementary professional services, like regulatory compliance, and (ii) the Company's belief that it can pursue its strategic objectives, including prudent acquisitions, while continuing to improve return on equity through a balanced use of stock buybacks and periodic dividends. 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 and Form 10-Qs for the quarters ended August 31, 2006, November 30, 2006 and February 28, 2007 (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.

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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 May 31,		Year Ended May 31,	
	2007	2006	2007	2006
	(unaudited)		(unaudited)	
Revenue	\$ 200,516	\$ 165,862	\$ 735,891	\$ 633,843
Direct costs of services	121,354	99,383	447,363	384,429
Gross profit	79,162	66,479	288,528	249,414
Selling, general and administrative expenses (1)	51,557	40,426	191,590	149,736
Operating income before amortization and depreciation (1)	27,605	26,053	96,938	99,678
Amortization of intangible assets	392	435	1,472	1,740
Depreciation expense	1,759	1,034	6,122	2,958
Operating income (1)	25,454	24,584	89,344	94,980
Interest income	(2,616)	(1,582)	(8,939)	(5,015)
Income before provision for income taxes (1)	28,070	26,166	98,283	99,995
Provision for income taxes (2)	12,012	10,421	43,518	39,398
<b>Net income (1) (2)</b>	<b>\$ 16,058</b>	<b>\$ 15,745</b>	<b>\$ 54,765</b>	<b>\$ 60,597</b>
<b>Diluted net income per share</b>	<b>\$ 0.32</b>	<b>\$ 0.31</b>	<b>\$ 1.08</b>	<b>\$ 1.17</b>
Diluted shares	50,882	51,369	50,644	51,676

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

- (1) Includes \$5,726 and \$20,107 of expense for the three months and year ended May 31, 2007, respectively, related to the mandatory requirement to recognize compensation expense related to employee stock option grants and employee stock purchases, effective in the Company's fiscal year 2007. There was no corresponding expense in the three months and year ended May 31, 2006.
  - (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 38.7% and 39.6% for the three months and year ended May 31, 2007, respectively, compared to 39.8% and 39.4% for the three months and year ended May 31, 2006, respectively. 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 42.8% and 44.3% in the three months and year ended May 31, 2007. 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.
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**RESOURCES CONNECTION, INC.**  
**NON-GAAP INCOME STATEMENT**  
*(in thousands, except per share amounts)*

	Quarter Ended May 31,		Year Ended May 31,	
	2007	2006	2007	2006
	(unaudited)		(unaudited)	
Revenue	\$ 200,516	\$ 165,862	\$ 735,891	\$ 633,843
Direct costs of services	121,354	99,383	447,363	384,429
Gross profit	79,162	66,479	288,528	249,414
Selling, general and administrative expenses (1)	45,831	40,426	171,483	149,736
Operating income before amortization and depreciation (1)	33,331	26,053	117,045	99,678
Amortization of intangible assets	392	435	1,472	1,740
Depreciation expense	1,759	1,034	6,122	2,958
Operating income (1)	31,180	24,584	109,451	94,980
Interest income	(2,616)	(1,582)	(8,939)	(5,015)
Income before provision for income taxes (1)	33,796	26,166	118,390	99,995
Provision for income taxes (2)	13,093	10,421	46,930	39,398
<b>Net income (1) (2)</b>	<b>\$ 20,703</b>	<b>\$ 15,745</b>	<b>\$ 71,460</b>	<b>\$ 60,597</b>
<b>Diluted net income per share</b>	<b>\$ 0.40</b>	<b>\$ 0.31</b>	<b>\$ 1.39</b>	<b>\$ 1.17</b>
Diluted shares (3)	51,719	51,369	51,409	51,676

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

- (1) Excludes \$5,726 and \$20,107 of expense for the three months and year ended May 31, 2007, respectively, 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 for the three months and year ended May 31, 2006.
- (2) Excludes tax benefits related to stock based compensation of \$1,081 and \$3,412 for the three months and year ended May 31, 2007, respectively. Please refer to footnote (2) on the GAAP Income Statement for further detail.
- (3) Includes 837 and 765 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 for the three months and year ended May 31, 2007, respectively.

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.

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**RESOURCES CONNECTION, INC.**

Following is a reconciliation of net income under GAAP to non-GAAP net income for the three months and year ended May 31, 2007. There was no corresponding reconciliation necessary for the three months and year ended May 31, 2006, as the Company had not adopted the accounting required under SFAS 123(R).

(in thousands, except per share amounts)

	Three months ended May 31, 2007	Year ended May 31, 2007
GAAP net income	\$ 16,058	\$ 54,765
Stock-based compensation included in SG&A	5,726	20,107
Effect of stock-based compensation on provision for income taxes	(1,081)	(3,412)
Net effect of stock-based compensation	4,645	16,695
Non-GAAP net income	\$ 20,703	\$ 71,460

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

	Three months ended May 31, 2007	Year ended May 31, 2007
Diluted number of shares used - GAAP	50,882	50,644
Impact of SFAS 123R	837	765
Diluted number of shares used -non-GAAP	51,719	51,409

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

	Three months ended May 31, 2007	Year ended May 31, 2007
GAAP diluted net income per share	\$ 0.32	\$ 1.08
Net effect of stock-based compensation on diluted net income per share	\$ 0.08	\$ 0.31
Non-GAAP diluted net income per share	\$ 0.40	\$ 1.39

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

	<u>May 31, 2007</u>		<u>May 31, 2006</u>
		(unaudited)	
Cash, cash equivalents, short-term investments and long-term marketable securities	\$ 223,095	\$	185,439
Accounts receivable, less allowances	\$ 105,146	\$	90,720
Total assets	\$ 467,250	\$	398,611
Current liabilities	\$ 87,686	\$	66,614
Total stockholders' equity	\$ 363,296	\$	317,436

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