Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 February 28, 2005

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	**33-0832424**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

695 TOWN CENTER DRIVE, SUITE 600, COSTA MESA, CALIFORNIA 92626
(Address of Principal Executive Offices and Zip Code)

(714) 430-6400
(Registrant's Telephone Number, Including Area Code)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

As of April 1, 2005, 47,585,304 shares of the registrant's common stock, $0.01 par value per share, were outstanding.

Table of Contents

RESOURCES CONNECTION, INC.

INDEX

PART I—FINANCIAL INFORMATION

Item 1.	Consolidated Financial Statements (Unaudited)	3
	Consolidated Balance Sheets as of February 28, 2005 and May 31, 2004	3
	Consolidated Statements of Income for the Three Months and Nine Months Ended February 28, 2005 and February 29, 2004	4
	Consolidated Statements of Stockholders’ Equity for the Nine Months Ended February, 28 2005 and February 29, 2004	5
	Consolidated Statements of Cash Flows for the Nine Months Ended February 28, 2005 and February 29, 2004	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	23
Item 4.	Controls and Procedures	23

PART II—OTHER INFORMATION

Item 1.	Legal Proceedings	24
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 3.	Defaults upon Senior Securities	24
Item 4.	Submission of Matters to a Vote of Security Holders	24
Item 5.	Other Information	24
Item 6.	Exhibits	24
Signatures		25

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

RESOURCES CONNECTION, INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	February 28, 2005	May 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 66,834,000	$ 50,126,000
Trade accounts receivable, net of allowance for doubtful accounts of $4,682,000 and $3,262,000 as of February 28, 2005 and May 31, 2004, respectively	79,793,000	59,766,000
Prepaid expenses and other current assets	2,618,000	3,955,000
Prepaid income taxes	—	535,000
Deferred income taxes	3,674,000	3,674,000
Total current assets	152,919,000	118,056,000
Investments in marketable securities	42,000,000	18,000,000
Goodwill	79,228,000	76,048,000
Intangible assets, net	4,064,000	5,005,000
Property and equipment, net	7,997,000	6,655,000
Other assets	2,750,000	2,499,000
Total assets	$ 288,958,000	$226,263,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 17,315,000	$ 13,700,000
Accrued salaries and related obligations	29,153,000	27,059,000
Income taxes payable and other liabilities	6,052,000	482,000
Total current liabilities	52,520,000	41,241,000
Deferred income taxes	4,658,000	4,688,000
Total liabilities	57,178,000	45,929,000
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 5,000,000 shares authorized; zero shares issued and outstanding		
Common stock, $0.01 par value, 140,000,000 and 70,000,000 shares authorized; 47,831,000 and 23,355,000 shares issued; and 47,523,000 and 23,201,000 outstanding as of February 28, 2005 and May 31, 2004, respectively	478,000	233,000
Additional paid-in capital	118,800,000	108,849,000
Deferred stock compensation	—	(168,000)
Accumulated other comprehensive gain	1,252,000	514,000
Retained earnings	111,554,000	71,210,000
Treasury stock at cost, 308,000 and 154,000 shares at February 28, 2005 and May 31, 2004, respectively	(304,000)	(304,000)
Total stockholders' equity	231,780,000	180,334,000
Total liabilities and stockholders' equity	$ 288,958,000	$226,263,000

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

Table of Contents

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004
Revenue	$ 135,199,000	$ 87,758,000	$ 387,627,000	$ 221,315,000
Direct cost of services, primarily payroll and related taxes for professional services employees	82,874,000	54,353,000	234,659,000	135,828,000
Gross profit	52,325,000	33,405,000	152,968,000	85,487,000
Selling, general and administrative expenses	29,600,000	22,724,000	82,951,000	60,424,000
Amortization of intangible assets	477,000	514,000	1,299,000	1,212,000
Depreciation expense	529,000	507,000	1,639,000	1,327,000
Income from operations	21,719,000	9,660,000	67,079,000	22,524,000
Interest income	586,000	147,000	1,301,000	422,000
Income before provision for income taxes	22,305,000	9,807,000	68,380,000	22,946,000
Provision for income taxes	9,145,000	4,021,000	28,036,000	9,342,000
Net income	$ 13,160,000	$ 5,786,000	$ 40,344,000	$ 13,604,000
Net income per common share:				
Basic	$ 0.28	$ 0.13	$ 0.86	$ 0.30
Diluted	$ 0.26	$ 0.12	$ 0.80	$ 0.29
Weighted average common shares outstanding:				
Basic	47,359,000	45,526,000	46,929,000	45,214,000
Diluted	50,968,000	48,280,000	50,382,000	47,700,000

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

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Nine Months Ended	
	February 28, 2005	February 29, 2004
COMMON STOCK—SHARES:		
Balance at beginning of period	23,355,000	22,251,000
Exercise of stock options	475,000	778,000
Issuance of common stock for the acquisition of Nordic Spring	32,000	—
Issuance of common stock under Employee Stock Purchase Plan	71,000	70,000
Common stock split	23,898,000	—
Balance at end of period	47,831,000	23,099,000
COMMON STOCK—PAR VALUE:		
Balance at beginning of period	$ 233,000	$ 222,000
Exercise of stock options	5,000	9,000
Issuance of common stock under Employee Stock Purchase Plan	1,000	—
Common stock split	239,000	—
Balance at end of period	$ 478,000	$ 231,000
ADDITIONAL PAID-IN CAPITAL:		
Balance at beginning of period	$ 108,849,000	$ 86,676,000
Exercise of stock options	7,706,000	9,514,000
Issuance of common stock for the acquisition of Nordic Spring	547,000	—
Issuance of common stock under Employee Stock Purchase Plan	1,937,000	1,395,000
Forfeiture of restricted stock and stock options	—	(14,000)
Common stock split	(239,000)	—
Balance at end of period	$ 118,800,000	$ 97,571,000
DEFERRED STOCK COMPENSATION:		
Balance at beginning of period	$ (168,000)	$ (480,000)
Forfeiture of restricted stock and stock options	—	14,000
Amortization of deferred stock compensation	168,000	228,000
Balance at end of period	$ —	$ (238,000)
ACCUMULATED OTHER COMPREHENSIVE GAIN:		
Balance at beginning of period	$ 514,000	$ 293,000
Translation adjustments	738,000	409,000
Balance at end of period	$ 1,252,000	$ 702,000
NOTES RECEIVABLE FROM STOCKHOLDERS:		
Balance at beginning of period	$ —	$ (55,000)
Repayment of notes receivable	—	55,000
Balance at end of period	$ —	$ —
RETAINED EARNINGS:		
Balance at beginning of period	$ 71,210,000	$ 46,876,000
Net income	40,344,000	13,604,000
Balance at end of period	$ 111,554,000	$ 60,480,000
TREASURY STOCK—SHARES:		
Balance at beginning of period	(154,000)	(141,000)
Common stock split	(154,000)	—
Repurchase of shares	—	(13,000)
Balance at end of period	(308,000)	(154,000)
TREASURY STOCK—COST:		
Balance at beginning of period	$ (304,000)	$ (1,000)
Repurchase of shares	—	(302,000)

Balance at end of period	$ (304,000)	$ (303,000)
COMPREHENSIVE INCOME:		
Net income	$ 40,344,000	$ 13,604,000
Translation adjustment	738,000	409,000
Total comprehensive income	$ 41,082,000	$ 14,013,000

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

Table of Contents

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	February 28, 2005	February 29, 2004
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net income	$ 40,344,000	$ 13,604,000
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	2,938,000	2,539,000
Amortization of deferred stock compensation	168,000	228,000
Bad debt expense	1,923,000	1,207,000
Changes in operating assets and liabilities, net of effect of acquisitions:		
Trade accounts receivable	(20,241,000)	(21,532,000)
Prepaid expenses and other current assets	1,522,000	1,263,000
Income taxes	5,858,000	4,051,000
Other assets	(138,000)	850,000
Accounts payable and accrued expenses	2,338,000	521,000
Accrued salaries and related obligations	1,504,000	(983,000)
Other liabilities	(262,000)	144,000
Net cash provided by operating activities	35,954,000	1,892,000
Cash flows from investing activities:		
Redemption of marketable securities	16,000,000	28,000,000
Purchase of marketable securities	(40,000,000)	(27,000,000)
Purchase of Nordic Spring, net of cash acquired and including transaction costs	(2,331,000)	—
Purchase of Executive Temporary Management BV, net of cash acquired and including transaction costs	—	(27,643,000)
Purchase of policyIQ, including transaction costs	—	(2,056,000)
Purchase of Deloitte Re:sources Pty, including transaction costs	—	(1,078,000)
Purchases of property and equipment	(2,834,000)	(1,922,000)
Net cash used in investing activities	(29,165,000)	(31,699,000)
Cash flows from financing activities:		
Proceeds from exercise of stock options	7,711,000	9,523,000
Proceeds from issuance of common stock under Employee Stock Purchase Plan	1,938,000	1,395,000
Repurchase of treasury stock	—	(302,000)
Repayment of notes receivable from stockholders	—	55,000
Net cash provided by financing activities	9,649,000	10,671,000
Effect of exchange rate changes on cash	270,000	(173,000)
Net increase (decrease) in cash	16,708,000	(19,309,000)
Cash and cash equivalents at beginning of period	50,126,000	48,078,000
Cash and cash equivalents at end of period	$ 66,834,000	$ 28,769,000

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

ITEM 1. (CONTINUED)

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Nine months ended February 28, 2005 and February 29, 2004

1. Description of the Company and its Business

Resources Connection, Inc. ("Resources Connection") was incorporated on November 16, 1998. Resources Connection announced on January 10, 2005 that it was formally changing the name of its operating entities to Resources Global Professionals ("Resources Global" or "the Company") to better reflect Resources Connection's global capabilities. Resources Global provides professional services to a variety of industries and enterprises through its subsidiaries, Resources Connection LLC ("LLC"), RECN of Texas, LP ("Texas"), Resources Audit Solutions, LLC ("RAS"), and nine foreign subsidiaries. LLC, which commenced operations in June 1996, and Texas, which was formed in May 2002, and the various foreign subsidiaries, provide clients with experienced professionals who specialize in accounting, finance, information technology, human resources, supply chain management and legal services on a project basis. RAS commenced business formally in June 2002 and assists clients with internal audit and risk assessment needs on a project or co-sourced basis. The Company has offices in the United States, Australia, Canada, France, Hong Kong, Japan, the Netherlands, Sweden, Taiwan and the United Kingdom. Resources Connection is a Delaware corporation. LLC and RAS are Delaware limited liability companies. Texas is a limited partnership formed in Texas.

The Company's fiscal year consists of 52 or 53 weeks, ending on the last Saturday in May. The actual quarter end dates for the third quarter of fiscal 2005 and 2004, each consisting of 13 weeks, were February 26, 2005 and February 28, 2004, respectively. For convenience, all references herein to years or periods are to years or periods ended May 31 or February 28, respectively.

2. Summary of Significant Accounting Policies

Interim Financial Information

The financial information as of and for the three months and nine months ended February 28, 2005 and February 29, 2004 is unaudited but includes all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for a fair presentation of the financial position at such dates and the operating results and cash flows for those periods. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to 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 fiscal year. These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended May 31, 2004, which are included in the Company's Annual Report on Form 10-K for the year then ended (File No. 0-32113).

Investments in Marketable Securities

The Company accounts for its marketable securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities". Accordingly, securities that the Company has the ability and positive intent to hold to maturity are carried at amortized cost. Cost approximates market for these securities. All held-to-maturity securities have remaining maturity dates greater than one year. To secure a slightly higher interest rate on its investment in government bonds, the $42.0 million in investments classified as long-term as of February 28, 2005 are callable at the discretion of the issuer although their stated maturity dates are greater than one year from the balance sheet date.

Stock-Based Compensation

On December 31, 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock Based Compensation Transition and Disclosure," which amends SFAS No. 123, "Accounting for Stock Based Compensation". SFAS No. 148 requires more prominent and frequent disclosures about the effects of stock-based compensation. The Company

will continue to account for its stock-based compensation according to the provisions of Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” until the required implementation of SFAS 123 (revised) “Shared-Based Payment” issued on December 16, 2004. See footnote 8 for further discussion.

If the Company had recognized compensation cost at the date of grant using the fair value method, our pro-forma net income and pro-forma income per share would have been as follows:

	Three months ended		Nine months ended	
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004
Net income, as reported	$13,160,000	$ 5,786,000	$40,344,000	$13,604,000
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,954,000)	(2,152,000)	(6,278,000)	(4,857,000)
Pro forma net income	$11,206,000	$ 3,634,000	$34,066,000	$ 8,747,000
Net income per share:				
Basic-as reported	$ 0.28	$ 0.13	$ 0.86	$ 0.30
Basic-pro forma	$ 0.24	$ 0.08	$ 0.73	$ 0.19
Diluted-as reported	$ 0.26	$ 0.12	$ 0.80	$ 0.29
Diluted-pro forma	$ 0.22	$ 0.08	$ 0.68	$ 0.18

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Reclassifications

Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current quarter presentation.

3. Stockholders’ Equity

On February 8, 2005, the board of directors approved a two-for-one split of our common stock. The stock split was payable in the form of a stock dividend and entitled each stockholder of record at the close of business on February 18, 2005 to receive one share of common stock for every outstanding share of common stock held on that date. The 100% stock dividend was distributed on March 1, 2005. Earnings per share for prior periods presented have been restated in the accompanying financial statements to reflect this split.

4. Net Income Per Share

The Company follows SFAS No. 128, “Earnings Per Share,” which establishes standards for the computation, presentation and disclosure requirements for basic and diluted earnings per share for entities with publicly held common shares and potential common shares. Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding. In computing diluted earnings per share, the weighted average number of shares outstanding is adjusted to reflect the effect of potentially dilutive securities, consisting solely of stock options.

Potential common shares totaling 1,386,000 were not included in the diluted earnings per share amounts for the three months ended February 28, 2005 as their effect would have been anti-dilutive. There were no anti-dilutive potential common shares for the three months ended February 29, 2004. For the three months ended February 28, 2005 and February 29, 2004, potentially dilutive securities consisted solely of stock options and resulted in potential common shares of 3,609,000 and 2,754,000, respectively.

Potential common shares totaling 631,000 and 1,076,000 were not included in the diluted earnings per share amounts for the nine months ended February 28, 2005 and February 29, 2004, respectively, as their effect would have been anti-dilutive. For the nine months ended February 28, 2005 and February 29, 2004, potentially dilutive securities consisted solely of stock options and resulted in potential common shares of 3,453,000 and 2,486,000, respectively.

Table of Contents

5. Acquisition

On August 27, 2004, the Company acquired approximately 80% of the shares of Nordic Spring Management Consulting AB ("Nordic Spring") of Stockholm, Sweden for $3.9 million. This acquisition expands the Company's European footprint into the Nordic/Scandinavian region. Consideration paid consisted of approximately $3.1 million in cash, $250,000 in transaction costs directly attributable to the acquisition and approximately 32,000 shares of common stock with a fair value of approximately $500,000. For purposes of computing the purchase price, the value of the common stock of $17.15 was determined by taking the average closing price of the Company's common stock as quoted on NASDAQ between August 25, 2004 and August 31, 2004. The acquisition agreement also provides for an additional earn-out payment if Nordic Spring meets certain financial goals for calendar year 2004. The final calculation of this earn-out has not been completed, but is expected to be finalized by the end of the Company's fiscal fourth quarter. The Company has the obligation to purchase the remaining 20% of the shares of Nordic Spring in the first quarter of fiscal 2007. The purchase price is dependent upon Nordic Spring's operating income (before interest and depreciation) for fiscal 2006 and will consist of consideration of 50% in cash and 50% in the Company's common stock.

In the third quarter of fiscal 2005, the Company recognized $38,000 as the minority interest in the operating results of Nordic Spring for the quarter and $68,000 for the nine months ended February 28, 2005; such amount is included in the Company's "selling, general and administrative expenses" in the Consolidated Statements of Income for the three and nine months ended February 28, 2005 and the related liability is included in "other liabilities" in the Consolidated Balance Sheet as of February 28, 2005.

In accordance with SFAS No. 141, "Business Combinations", the Company allocated the purchase price based on the fair value of the assets acquired and liabilities assumed. During the third quarter, the Company, with the assistance of an independent appraiser, completed the identification of intangible assets acquired in the transaction. The Company has assigned approximately $400,000 of the purchase price to amortizable intangibles, consisting of non-competition agreements, contractually based customer relationships and the acquired database of potential associates. These intangibles are being amortized over two to four years. Approximately $3.2 million of the excess purchase price has been allocated to goodwill. Pro forma disclosures related to this acquisition are not included as such disclosures are not material.

6. Intangible Assets and Goodwill

The following table presents details of our intangible assets, estimated lives, related accumulated amortization and goodwill:

	As of February 28, 2005			As of May 31, 2004		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer relationships (2 – 4 years)	$ 5,010,000	$ (2,148,000)	$ 2,862,000	$ 4,849,000	$ (1,170,000)	$ 3,679,000
Associate and customer database (1 – 5 years)	1,759,000	(1,036,000)	723,000	1,734,000	(878,000)	856,000
Non-compete agreements (1 –4 years)	802,000	(658,000)	144,000	630,000	(630,000)	—
Developed technology (3 years)	520,000	(267,000)	253,000	520,000	(132,000)	388,000
Trade name and trademark (indefinite life)	82,000	—	82,000	82,000	—	82,000
Total	$ 8,173,000	$ (4,109,000)	$ 4,064,000	$ 7,815,000	$ (2,810,000)	$ 5,005,000
Goodwill (indefinite life)	$ 83,845,000	$ (4,617,000)	$ 79,228,000	$ 80,665,000	$ (4,617,000)	$ 76,048,000

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which became effective January 1, 2002, goodwill and other intangible assets with indeterminate lives are no longer subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired. Intangible assets with finite lives continue to be subject to amortization, and any impairment is determined in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Table of Contents

The Company recorded amortization expense of $477,000 and $514,000 for the three months ended February 28, 2005 and February 29, 2004, respectively and $1,299,000 and $1,212,000 for the nine months ended February 28, 2005 and February 29, 2004. Estimated intangible asset amortization expense (based on existing intangible assets) for the years ending May 31, 2005, 2006, 2007, 2008 and 2009 is $1,744,000, $1,739,000, $1,380,000, $382,000 and $36,000, respectively.

The following is a roll forward of the Company's goodwill balance:

	Gross	Accumulated Amortization	Net
Goodwill, as of May 31, 2004	$80,665,000	$(4,617,000)	$76,048,000
Acquisitions	3,180,000	—	3,180,000
Goodwill, as of February 28, 2005	$83,845,000	$(4,617,000)	$79,228,000

7. Segment Reporting

In accordance with the requirements of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", the Company discloses information regarding operations outside of the United States. The Company operates as one segment. The accounting policies for the domestic and international operations are the same as those described in Note 1 of the Company's 2004 Annual Report on Form 10-K. Summarized financial information regarding the Company's domestic and international operations is shown in the following table for the three and nine months ended February 28, 2005 and February 29, 2004 (revenue for the nine months ended February 29, 2004 includes the Netherlands from July 15, 2003).

	Revenue for the three months ended		Revenue for the nine months ended		Long-Lived Assets as of	
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004	February 28, 2005(1)	May 31, 2004(1)
United States	$ 107,535,000	$ 68,616,000	$ 317,275,000	$ 179,070,000	$ 6,435,000	$ 4,890,000
The Netherlands	15,296,000	13,415,000	39,567,000	30,592,000	947,000	1,202,000
Other	12,368,000	5,727,000	30,785,000	11,653,000	615,000	563,000
Total	$ 135,199,000	$ 87,758,000	$ 387,627,000	$ 221,315,000	$ 7,997,000	$ 6,655,000

(1) Long-lived assets are comprised of computers and equipment, furniture and leasehold improvements.

8. Recent Accounting Pronouncements

In October 2004, the FASB issued Staff Position ("FSP") No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2"). FSP 109-2 provides further guidance on conforming to the requirements of SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"), with respect to the timing of evaluating and recording of the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the "Jobs Act") on a company's income tax provision and deferred tax accounts. FSP 109-2 states that a company is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. The Company does not expect to apply this provision based upon its preliminary evaluation.

In December 2004, the FASB issued SFAS No. 123 (revised), "Share-Based Payment" ("SFAS 123 (R)"). This standard requires all share-based payments to employees, including grants of employee stock options, to be expensed in the financial statements based on their fair values beginning with the first interim period after June 15, 2005. The pro forma disclosures permitted under SFAS 123 will no longer be allowed as an alternative presentation to recognition in the financial statements. The Company will be required to implement the new pronouncement beginning in its second quarter of fiscal 2006. Under SFAS 123 (R), the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at the date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first quarter of adoption of SFAS 123 (R), while the retroactive methods record compensation expense for all unvested stock options and restricted stock beginning with the

first period restated. The Company is currently evaluating the requirements of SFAS 123 (R) and expects the adoption of SFAS 123 (R) to have a material impact on its consolidated financial position and results of operation. The Company has not determined the method of adoption or whether the adoption will result in amounts similar to the current pro forma disclosures under the original SFAS 123.

In December 2004, the FASB issued SFAS No. 153, “Exchanges of Nonmonetary Assets-An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions” (“SFAS 153”). SFAS 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21 (b) of APB Opinion No. 29, “Accounting for Nonmonetary Transactions”, and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for fiscal periods beginning after June 15, 2005 and must be adopted by the Company for the three months ended November 30, 2005. The Company is currently evaluating the requirements of SFAS 153 but does not expect it to have a material impact on its consolidated results of operation or financial position.

9. Subsequent Event

In October 2002, the board of directors approved a stock repurchase program, authorizing the repurchase of up to 3.0 million shares of our common stock. As of February 28, 2005, we had not repurchased any shares of our common stock under this program. However, on March 31, 2005, the Company purchased 100,000 shares of our common stock at an average price of $20.94 per share for a total of approximately $2.1 million.

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 financial statements and related 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,” “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, some of which are identified herein and in our report on Form 10-K for the year ended May 31, 2004 (File No. 0-32113). Readers are cautioned not to place undue reliance on these forward-looking statements. Our actual results, levels of activity, performance or achievements and those of our industry may be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. We undertake no obligation to update the forward-looking statements in this filing. References in this filing to “Resources Connection,” “Resources Global Professionals,” the “Company,” “we,” “us,” and “our” refer to Resources Connection, Inc. and its subsidiaries.

Overview

Resources Global Professionals is an international professional services firm that provides experienced accounting and finance, risk management and internal audit, information technology, human resources, supply chain management and legal professionals to clients on a project basis. We assist our clients with discrete projects requiring specialized expertise in 1) accounting and finance, such as mergers and acquisitions due diligence, financial analyses (e.g., product costing and margin analyses), corporate reorganizations, budgeting and forecasting, audit preparation, public entity reporting and tax-related projects; 2) information management services, such as financial system/enterprise resource planning implementation and post implementation optimization; 3) human resources management services, such as compensation program design and implementation; 4) internal audit services, (provided via our subsidiary Resources Audit Solutions or “RAS”) such as documenting internal controls and assisting clients with their compliance efforts under the Sarbanes-Oxley Act of 2002 (“Sarbanes”); 5) supply chain management (“SCM”) services, such as leading strategic sourcing efforts, negotiating contracts and performing tactical purchasing; and 6) legal services, that provides attorneys, paralegals and contract managers to assist clients and law firms with project-based or peak period needs.

We began operations in June 1996 as a division of Deloitte & Touche and operated as a wholly owned subsidiary of Deloitte & Touche from January 1997 until April 1999. In November 1998, our management formed RC Transaction Corp., renamed Resources Connection, Inc., to raise capital for an intended management-led buyout. In April 1999, we completed the

management-led buyout in partnership with several investors. In December 2000, we completed our initial public offering of common stock and began trading on the Nasdaq National Market. In January 2005, we announced the change of our operating entity name to Resources Global Professionals to better reflect the Company's global capabilities across a base of more than 1,600 clients within 37 countries.

Growth in revenue, to date, has generally been the result of establishing offices in major markets. The following table summarizes for each fiscal year the number of offices opened, international expansion and the creation of additional service lines.

Fiscal Year	Number of Domestic Offices Opened	International Operations Established	Service Line Established
1997 (initial year)	Nine		Accounting and finance
1998	Nine		
1999	Ten		Information management
2000	Four	Toronto, Canada; Taipei, Taiwan; Hong Kong, People's Republic of China	Human resources management
2001	Nine	London, England	
2002	Two		
2003	Six	Birmingham, England	Resources Audit Solutions; Supply chain management (via acquisition)
2004	Two opened; two consolidation closures	The Netherlands (5 locations via acquisition); Melbourne & Sydney, Australia (via acquisition); Tokyo, Japan	
2005	One opened in second quarter; two consolidation closures	Stockholm, Sweden (via acquisition); Paris, France	Legal

In the first quarter of fiscal 2004, we completed three transactions (the "2004 acquisitions") to enhance our international presence as well as our ability to assist clients with their compliance efforts under Sarbanes. The largest of the three transactions was the all-cash acquisition for $29.8 million of the outstanding capital shares of Ernst & Young's subsidiary, Executive Temporary Management BV ("ETM") in the Netherlands on July 15, 2003. ETM, renamed Resources Connection.NL BV ("RC.NL"), is considered a market leader in the interim management industry in the Netherlands. We believe this acquisition provides a foundation in continental Europe and allows us to market to our current and prospective multinational clients seeking an alternative to the Big Four firms, particularly in light of concerns about auditor independence. RC.NL, which had seven offices at the date of acquisition, has consolidated two of the offices, in an effort to streamline operations and reduce costs during the European economic slowdown. RC.NL contracted with, or employed, over 268 professional service associates on assignment as of February 28, 2005.

In addition to the European expansion driven by the acquisition of RC.NL, we also acquired the operations of Deloitte Re:sources Pty Ltd. from Deloitte Touche Tohmatsu Australia in an all-cash transaction for $1 million on June 1, 2003. We originally launched the subsidiary, now renamed Resources Connection Australia Pty. Ltd., in 1998 on behalf of the Deloitte Touche Tohmatsu Australia firm. The acquisition presented the opportunity to expand our Asia Pacific presence.

In July 2003, we acquired the company that developed policyIQ™, a web-based solution for internal controls documentation and content management. The purchase included upfront cash and provision for contingent payments based on sales volume. policyIQ is a tool that our clients can use to assist in complying with Sarbanes, among other initiatives.

On August 27, 2004, the Company acquired approximately 80% of Nordic Spring Management Consulting AB ("Nordic Spring") of Stockholm, Sweden for $3.9 million. This acquisition expanded the Company's European footprint into the Nordic/Scandinavian region. Consideration paid consisted of approximately $3.1 million in cash, $250,000 in transaction costs directly attributable to the acquisition and approximately 32,000 shares of common stock with a fair value of approximately $500,000. The acquisition agreement also provides for an additional earn-out payment if Nordic Spring meets certain financial goals for calendar year 2004. The final calculation of this earn-out has not been completed, but is expected to be finalized by the end of the Company's fiscal fourth quarter. The Company has the obligation to purchase the remaining 20% of the shares of Nordic Spring in the first quarter of fiscal 2007. The purchase price is dependent upon Nordic Spring's operating income (before interest and depreciation) for fiscal 2006 and will consist of consideration of 50% in cash and 50% in the Company's common stock.

As of February 28, 2005, we served our clients through 48 offices in the United States and 15 offices abroad.

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 United States. 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.

The following represents a summary of our critical accounting policies, defined as those policies that we believe: (a) are the most important to the portrayal of our financial condition and results of operations and (b) involve inherently uncertain issues that require management's most difficult, subjective or complex judgments.

Valuation of long-lived assets—We assess the potential impairment of long-lived tangible and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our goodwill and certain other intangible assets are not subject to periodic amortization over their estimated useful lives. These assets are now considered to have an indefinite life and their carrying values are required to be assessed by us for impairment at least annually. Depending on future market values, our operating performance and other factors, these assessments could potentially result in impairment reductions of these intangible assets in the future.

Allowance for doubtful accounts—We maintain an allowance for doubtful accounts for estimated losses resulting from the failure of our clients to make required payments for services rendered. We estimate this allowance based upon our knowledge of the financial condition of our clients, review of historical receivable and reserve trends and other pertinent information. If the financial condition of our clients deteriorates or we note an unfavorable trend in aggregate receivable collections, additional allowances may be required.

Income taxes—In order to prepare our consolidated financial statements, we are required to make estimates of income taxes, if applicable, in each jurisdiction in which we operate. The process incorporates an assessment of any current tax exposure together with temporary differences resulting from different treatment of transactions for tax and financial statement purposes. These differences result in deferred tax assets and liabilities that are included in our Consolidated Balance Sheets. The recovery of deferred tax assets from future taxable income must be assessed and, to the extent recovery is not likely, we will establish a valuation allowance. An increase in the valuation allowance results in recording additional tax expense. If the ultimate tax liability is greater than the amount of tax expense we have reflected in the Consolidated Statements of Income, additional tax expense may need to be recorded.

We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Three Months Ended February 28, 2005 Compared to Three Months Ended February 29, 2004

Computations of percentage change period over period are based upon the truncated numbers presented herein.

Revenue. Revenue increased $47.4 million, or 54.0%, to $135.2 million for the three months ended February 28, 2005 from $87.8 million for the three months ended February 29, 2004. This increase was triggered by the continued expansion of our scope of services and improved overall demand for our services, resulting in more billable hours for our associates and improvement in rate per hour. We believe our business expanded by increasing market awareness of our ability to provide those types of services. In particular, RAS engagements increased significantly in the quarter. We believe one of the reasons for the increase in RAS engagements is the need generated by companies with calendar year-end deadlines for compliance with Sarbanes. Additional regulatory changes, such as the New York Stock Exchange requirement that all listed companies maintain or create an internal audit department, may generate opportunities for expanding our services. As calendar year 2004 filers with the Securities and Exchange Commission complete their initial Sarbanes filings, we believe we have improved the awareness of our service offerings with clients and prospective clients because of assistance we have offered during the initial phase of compliance with Sarbanes. Average bill rates improved by 9.1% compared to the prior year average bill rate. The increase in revenue is also reflected by the increase in the number of associates on assignment from 1,980 at the end of the third quarter of fiscal 2004 to 2,582 at the end of the third quarter of fiscal 2005.

Revenue for domestic United States offices improved 56.7% or $38.9 million from $68.6 million for the three months ended February 29, 2004 to $107.5 million for the three months ended February 28, 2005. While general economic conditions have improved in the United States in the third quarter of fiscal 2005 compared to fiscal 2004, the market of our Dutch practice remains difficult. Revenue for the Dutch practice improved 14.2% or $1.9 million, from $13.4 million for the three months ended February 29, 2004 to $15.3 million for the three months ended February 28, 2005. Approximately $800,000 of the increase in Dutch revenues was from the impact of foreign currency translation due to the weaker U.S. dollar during the quarter compared to the prior year third quarter. The other international offices' revenue grew 117.5% or $6.7 million, from $5.7 million for the three months ended February 29, 2004 to $12.4 million for the three months ended February 28, 2005.

Our clients do not sign long-term contracts with us. Therefore, our future revenue or operating results cannot be reliably predicted from previous quarters or from extrapolation of past results.

We operated 63 and 66 offices in the third quarters of fiscal 2005 and fiscal 2004, respectively. The decrease in the number of offices reflects the consolidation of offices with operations within contiguous areas of the United States and the Netherlands since the third quarter of fiscal 2004.

Direct Cost of Services. Direct cost of services increased $28.5 million, or 52.4%, to $82.9 million for the three months ended February 28, 2005 from $54.4 million for the three months ended February 29, 2004. The increase in direct cost of services was attributable to the previously described expansion of the scope of services resulting in more chargeable hours for our associates at higher average pay rates; overall, the average pay rate per hour increased by 6.9% year-over-year. The direct cost of services as a percentage of revenue (the "direct cost of services percentage") was 61.3% and 62.0% for the three months ended February 28, 2005 and February 29, 2004, respectively. The favorable change in the direct cost of services percentage was the result of improvement in the ratio of direct associate salary expense compared to hourly revenue generated, as reflected by the increase in average bill rate per hour in the quarter as compared to the average pay rate per hour, and the increase in conversion fees and software revenue (revenues with little or no direct cost of services). These favorable improvements in the direct cost of services percentage were partially offset by the increase in volume of zero margin client expense reimbursements between the third quarter of fiscal 2004 and fiscal 2005, as the Company's projects requiring associate travel increased significantly.

The cost of compensation and related benefits offered to the associates of our international offices has been greater as a percentage of revenue than our domestic operations. In addition, international offices use independent contractors more extensively. Thus, the direct cost of services percentage of our international offices has usually exceeded our domestic operation's targeted direct cost of services percentage of 60%.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased as a percentage of revenue from 25.9% for the quarter ended February 29, 2004 to 21.9% for the quarter ended February 28, 2005 as a result of improved leverage. Selling, general and administrative expenses increased $6.9 million, or 30.4%, to $29.6 million for the three months ended February 28, 2005 from $22.7 million for the three months ended February 29, 2004. In particular, compensation and related benefit expenses increased as management and administrative headcount grew from 455 at the end of the third quarter of fiscal 2004 to 563 at the end of the third quarter of fiscal 2005. The increase in dollars spent was attributable to the increase in salaries and benefit costs driven by the larger headcount and occupancy and related costs from relocated or expanded offices and from an increase in bonus expense as a result of the Company's improved revenue results. These increases were partially offset by a reduction in the amount of bad debt expense recorded in the fiscal 2005 quarter after review of the Company's accounts receivable.

The Company anticipates its selling, general and administrative expenses to continue to increase in the remaining quarter of fiscal 2005, as it recruits certain key management positions, to support and grow the current revenue level. However, there can be no assurance that the Company will be able to recruit and identify appropriate candidates.

Amortization and Depreciation Expense. Amortization of intangible assets decreased to $477,000 in the third quarter of fiscal 2005 compared to $514,000 in the prior year's third quarter. Since the Company's third quarter of fiscal 2004, some of the intangible assets identified in previous Company purchases have been fully amortized. The lack of amortization on these assets has been offset partially by the completion of the purchase price allocation in the third quarter of fiscal 2005 that identified intangible assets of Nordic Spring. The Company has assigned approximately $400,000 of the purchase price to amortizable intangibles, consisting of non-competition agreements, contractually based customer relationships and the acquired database of potential associates. These intangibles are being amortized over two to four years.

Depreciation expense increased from $507,000 for the three months ended February 29, 2004 to $529,000 for the three months ended February 28, 2005. This increase reflects the impact of depreciation related to the offices relocated or expanded since February 2004 and investments in information technology.

Interest Income. During the third quarter of fiscal 2005, interest income was $586,000 compared to interest income of $147,000 in the quarter ended February 29, 2004. The increase in interest income is a combination of a higher average cash balance available for investment in the third quarter of fiscal 2005 and the improved interest rates available year over year. The Company earned approximately 2.3%, annualized, on its investments during the quarter.

The Company has invested available cash in money market and commercial paper investments that have been classified as cash equivalents due to the short maturities of these investments. In addition, as of February 28, 2005, the Company has $42 million in government-agency bonds with maturity dates in excess of one year from the balance sheet date. The bonds mature through February 2007 and have coupon rates ranging from 2.0% to 3.7%. These investments have been classified in the February 28, 2005 consolidated balance sheet as “held-to-maturity” securities.

Income Taxes. The provision for income taxes increased from $4.0 million for the three months ended February 29, 2004 to $9.1 million for the three months ended February 28, 2005 as a result of the increase in the Company’s pre-tax income. The effective tax rate was approximately 41.0% for both the three months ended February 28, 2005 and February 29, 2004, which differs from the federal statutory rate primarily due to state taxes, net of federal benefit. Periodically, the Company reviews the components of both book and taxable income to analyze the adequacy of the provision. There can be no assurance that the Company’s effective tax rate will not increase in the future.

Nine Months Ended February 28, 2005 Compared to Nine Months Ended February 29, 2004

The comments regarding the consolidated results of operation for the nine months ended February 28, 2005 discussed below include the results of operations for Nordic Springs from August 27, 2004 through February 28, 2005. The results of operations for the nine months ended February 29, 2004 include the results of operations of the following acquisitions for the following periods: for Resources Connection Australia Pty Ltd, a full nine months of results of operations; for RC.NL, results of operations from July 15, 2003 through February 29, 2004; and for policyIQ, results of operations from July 30, 2003 through February 29, 2004.

Computations of percentage change period over period are based upon the truncated numbers presented herein.

Revenue. Revenue increased $166.3 million, or 75.1%, to $387.6 million for the nine months ended February 28, 2005 from $221.3 million for the nine months ended February 29, 2004. In the prior year first nine months, the 2004 acquisitions provided $35.9 million in additional revenues. In the current year first nine months, increased revenue was triggered by the continued expansion of our scope of services resulting in more billable hours for our associates and an improvement in rate per hour. We believe our business expanded in all of our service lines by increasing market awareness of our ability to provide those types of services. In particular, RAS engagements increased significantly in the first nine months of fiscal 2005. We believe one of the reasons for the increase in RAS engagements is the need generated by companies with calendar year-end deadlines for compliance with Sarbanes. Overall bill rates improved by 9.2% compared to the prior year average bill rate. The increase in revenue is also reflected by the increase in the number of associates on assignment from 1,980 at the end of the third quarter of fiscal 2004 to 2,582 at the end of the third quarter of fiscal 2005.

Revenue for domestic United States offices improved 77.2% or $138.2 million from $179.1 million for the nine months ended February 29, 2004 to $317.3 million for the nine months ended February 28, 2005. Revenue for the Dutch practice improved 29. 4% or $9.0 million, from $30.6 million for the nine months ended February 29, 2004 to $39.6 million for the nine months ended February 28, 2005; however, the February 29, 2004 results include amounts only from July 15, 2003 (date of acquisition). Approximately $2.8 million of the increase in Dutch revenues was from the impact of foreign currency translation due to the weaker U.S. dollar during fiscal 2005 compared to fiscal 2004. The other international offices’ revenue grew 163.2% or $19.1 million, from $11.7 million for the nine months ended February 29, 2004 to $30.8 million for the nine months ended February 28, 2005. Approximately $1.6 million of the increase in the other international revenues was from the impact of foreign currency translation due to the weaker U.S. dollar during fiscal 2005 compared to fiscal 2004. Nevertheless, all international practices enjoyed growth, particularly in the United Kingdom, Japan, Canada and Hong Kong. The fiscal 2005 results include two quarters of operations for the Nordic Spring practice acquired in Sweden in August 2004.

We operated 63 offices during the first nine months of fiscal 2005 compared with 66 offices during the first nine months of the previous fiscal year. The decrease in the number of offices reflects the consolidation of offices with operations within contiguous areas of the United States and the Netherlands since the third quarter of fiscal 2004.

Direct Cost of Services. Direct cost of services increased $98.9 million, or 72.8%, to $234.7 million for the nine months ended February 28, 2005 from $135.8 million for the nine months ended February 29, 2004. The increase in direct cost of services was attributable to the previously described expansion of the scope of services resulting in more chargeable hours for our

associates at higher average pay rates as well as the inclusion of the results of the 2004 acquisitions for a full nine months in fiscal 2005; overall, the average pay rate per hour increased by 7.0% year-over-year. The direct cost of services percentage decreased from 61.4% for the nine months ended February 29, 2004 to 60.6% for the nine months ended February 28, 2005. The favorable change in the direct cost of services percentage was the result of improvement in the ratio of direct associate salary expense compared to hourly revenue generated, as reflected by the improved average bill rate per hour over average pay rate per hour, the increase in conversion fees and software revenue (revenues with little or no direct cost of services), and, to a lesser extent, spreading certain variable costs, such as health and dental insurance, over a larger revenue base helped improve the direct cost of services percentage. These favorable factors were offset by the greater impact of the international operations with a higher direct cost of services percentage (higher than the Company's targeted 60.0%) and the increase in volume of zero margin client expense reimbursements as the Company's projects requiring associate travel increased significantly.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $22.6 million, or 37.4%, to $83.0 million for the nine months ended February 28, 2005 from $60.4 million for the nine months ended February 29, 2004. In particular, compensation and related benefit expenses increased as management and administrative headcount grew from 455 as of February 29, 2004 to 563 as of February 28, 2005. The increase in dollars spent was attributable to the increase in salaries and benefit costs driven by the larger headcount and occupancy and related costs from relocated or expanded offices. Other increases in spending in the first nine months of fiscal 2005 were: bonus expense as a result of the Company's improved revenue results; bad debt expense in line with its receivable growth; recognition of the cost for the severance agreement of a senior executive in the Netherlands practice; and recruiting expense to support the need for an increased number of associates. However, despite the increase in amount spent, selling, general and administrative expenses decreased as a percentage of revenue from 27.3% for the nine months ended February 29, 2004 to 21.4% for the nine months ended February 28, 2005.

Amortization and Depreciation Expense. Amortization of intangible assets increased to $1.3 million in the first nine months of fiscal 2005 compared to $1.2 million in the prior year's first nine months. The slight increase was caused by the initial amortization of intangibles associated with the purchase of Nordic Spring, offset by the full amortization of certain of the intangibles associated with the 2004 acquisitions.

Depreciation expense increased from $1.3 million for the nine months ended February 29, 2004 to $1.6 million for the nine months ended February 28, 2005. This increase reflects the increased depreciation from assets acquired in the 2004 acquisitions, the other offices relocated or expanded since February 2004 and investments in information technology.

Interest Income. During the first nine months of fiscal 2005, interest income was $1.3 million compared to interest income of $422,000 in the nine months ended February 29, 2004. The increase in interest income is a combination of a higher average cash balance available for investment during the first nine months of fiscal 2005 and improved interest rates available year over year.

Income Taxes. The provision for income taxes increased from $9.3 million for the nine months ended February 29, 2004 to $28.0 million for the nine months ended February 28, 2005 as a result of the increase in the Company's pre-tax income and a slight increase in the effective tax rate for fiscal 2005. The effective tax rates were approximately 41.0% and 40.7% for the nine months ended February 28, 2005 and February 29, 2004, respectively, which differ from the federal statutory rate primarily due to state taxes, net of federal benefit.

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 below in the section of this report entitled "Risks Related to Our Business." Due to these and other factors, we believe that quarter-to-quarter comparisons of our results of operations are not meaningful indicators of future performance.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by our operations and, to the extent necessary, available commitments under our revolving line of credit. On an annual basis, we have generated positive cash flows from operations since inception.

The Company's original August 2001 $10.0 million unsecured revolving credit facility with Bank of America has been replaced effective March 26, 2004 with a new $10.0 million unsecured revolving credit facility with substantially the same terms (the "Credit Agreement"). The Credit Agreement allows the Company to choose the interest rate applicable to advances. The interest rate options are Bank of America's prime rate, a London Inter-Bank Offered ("LIBOR") rate plus 1.5% or Bank of America's Grand Cayman Banking Center ("IBOR") rate plus 1.5%. Interest, if any, is payable monthly. There is an annual

facility fee of 0.25% payable on the unutilized portion of the Credit Agreement. The Credit Agreement expires December 1, 2005. As of February 28, 2005, the Company had no outstanding borrowings under the revolving credit facility and is in compliance with all covenants included in the Credit Agreement.

Net cash provided by operating activities was $36.0 million for the nine months ended February 28, 2005 compared to $1.9 million for the nine months ended February 29, 2004. Cash provided by operations resulted primarily from the increase in net income in the first nine months of fiscal 2005 to $40.3 million. Other components of the net increase in cash provided by operations were an increase in the accrual for the Company's income tax obligations and a higher accrued salary balance as a result of the Company's growth. These favorable impacts on operating cash were offset by growth in the Company's accounts receivable balance in fiscal 2005 of $20.2 million, reflecting the Company's higher revenue in the first nine months of fiscal 2005 as compared to the first nine months of fiscal 2004. The Company's working capital includes $66.8 million in cash and cash equivalents as of February 28, 2005.

Net cash used in investing activities was $29.2 million for the first nine months of fiscal 2005 compared to $31.7 million in the first nine months of fiscal 2004. The Company used a net amount of approximately $2.3 million in cash in the first nine months of fiscal 2005 to complete the acquisition of an 80% interest in Nordic Spring and pay related transaction costs. In the prior year first nine months, the Company used approximately $30.8 million for the 2004 acquisitions and related transaction costs. In addition, the Company spent approximately $2.8 million on leasehold improvements, office equipment and information technology upgrades in the first nine months of fiscal 2005, up from $1.9 million in the previous year's first nine months. In the first nine months of the prior year, the Company had a net redemption of $1 million in long-term investments; in the current year first nine months, the Company has invested a net of $24 million in securities with a maturity greater than one year.

Net cash provided by financing activities totaled $9.6 million for the nine months ended February 28, 2005 compared to $10.7 million for the comparable prior year period. Fewer stock options were exercised and less stock was purchased via the Company's Employee Stock Purchase Plan in the first nine months of fiscal 2005 compared to the prior year period.

Our ongoing operations and anticipated growth in the geographic markets we currently serve will require us to continue making investments in capital equipment, primarily technology hardware and software. In addition, we may consider making additional strategic acquisitions. We anticipate that our current cash, existing availability under our revolving line of credit and the ongoing cash flows from our operations 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 secure additional debt financing. The sale of additional equity securities or the addition of new 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, which could have a material adverse affect on our operations, market position and competitiveness.

In October 2002, our board of directors approved a stock repurchase program, authorizing the repurchase of up to 3.0 million shares of our common stock. As of February 28, 2005, we had not repurchased any shares of our common stock under this program. However, on March 31, 2005, the Company purchased 100,000 shares of our common stock at an average price of $20.94 per share for a total of approximately $2.1 million.

Recent Accounting Pronouncements

In October 2004, the FASB issued Staff Position ("FSP") No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2"). FSP 109-2 provides further guidance on conforming to the requirements of SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"), with respect to the timing of evaluating and recording of the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the "Jobs Act") on a company's income tax provision and deferred tax accounts. FSP 109-2 states that a company is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. The Company does not expect to apply this provision based upon its preliminary evaluation.

In December 2004, the FASB issued SFAS No. 123 (revised), "Share-Based Payment" ("SFAS 123 (R)"). This standard requires all share-based payments to employees, including grants of employee stock options, to be expensed in the financial statements based on their fair values beginning with the first interim period after June 15, 2005. The pro forma disclosures permitted under SFAS 123 will no longer be allowed as an alternative presentation to recognition in the financial statements. The Company will be required to implement the new pronouncement beginning in its second quarter of fiscal 2006. Under SFAS 123 (R), the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at the date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first quarter of adoption of SFAS 123 (R), while the retroactive methods record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Company is currently evaluating the requirements of SFAS 123 (R) and expects the adoption of SFAS 123 (R) to have a material impact on its consolidated financial position and results of operation. The Company has not determined the method of adoption or whether the adoption will result in amounts similar to the current pro forma disclosures under the original SFAS 123.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets-An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS 153"). SFAS 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21 (b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions", and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for fiscal periods beginning after June 15, 2005 and must be adopted by the Company for the three months ended November 30, 2005. The Company is currently evaluating the requirements of SFAS 153 but does not expect it to have a material impact on its consolidated results of operation or financial position.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

RISKS RELATED TO OUR BUSINESS

This section highlights specific risks affecting our business, operating results and financial condition. The order in which the risks appear is not intended as an indication of their relative weight or importance.

We must provide our clients with highly qualified and experienced associates, and the loss of a significant number of our associates, or an inability to attract and retain new associates, could adversely affect our business and operating results.

Our business involves the delivery of professional services, and our success depends on our ability to provide our clients with highly qualified and experienced associates who possess the skills and experience necessary to satisfy their needs. Such professionals are in great demand, particularly in certain geographic areas, and are likely to remain a limited resource for the foreseeable future. Our ability to attract and retain associates with the requisite experience and skills depends on several factors including, but not limited to, our ability to:

- provide our associates with full-time employment;
- obtain the type of challenging and high-quality projects which our associates seek;
- pay competitive compensation and provide competitive benefits; and
- provide our associates with flexibility as to hours worked and assignment of client engagements.

We cannot assure you that we will be successful in accomplishing any of these factors and, even if we are, that we will be successful in attracting and retaining the number of highly qualified and experienced associates necessary to maintain and grow our business.

The market for professional services is highly competitive, and if we are unable to compete effectively against our competitors our business and operating results could be adversely affected.

We operate in a competitive, fragmented market, and we compete for clients and associates with a variety of organizations that offer similar services. The competition is likely to increase in the future due to the expected growth of the market and the relatively few barriers to entry. Our principal competitors include:

- consulting firms;
- independent contractors;
- employees loaned by the Big Four accounting firms;
- traditional and Internet-based staffing firms; and
- the in-house resources of our clients.

We cannot assure you that we will be able to compete effectively against existing or future competitors. Many of our competitors have significantly greater financial resources, greater revenues and greater name recognition, which may afford them an advantage in attracting and retaining clients and associates. In addition, our competitors may be able to respond more quickly to changes in companies' needs and developments in the professional services industry.

An economic downturn or change in the use of outsourced professional services associates could adversely affect our business.

During the recent downturn in the U.S. economy, our business was affected. As the general level of economic activity slowed, our clients delayed or canceled plans that involved professional services, particularly outsourced professional services. Consequently, we experienced fluctuations in demand for our services. In addition, the use of professional services associates on a project basis could decline for non-economic reasons. In the event of a non-economic reduction in the demand for our associates, our financial results could suffer.

Our business depends upon our ability to secure new projects from clients and, therefore, we could be adversely affected if we fail to do so.

We do not have long-term agreements with our clients for the provision of services. The success of our business is dependent on our ability to secure new projects from clients. For example, if we are unable to secure new client projects because of improvements in our competitors' service offerings, or because of a change in government regulatory requirements, or because of an economic downturn decreasing the demand for outsourced professional services, our business is likely to be materially adversely affected. New impediments to our ability to secure projects from clients may develop over time, such as the increasing use by large clients of companies that manage their relationship with service providers.

We may be legally liable for damages resulting from the performance of projects by our associates or for our clients' mistreatment of our associates.

Many of our engagements with our clients involve projects that are critical to our clients' businesses. If we fail to meet our contractual obligations, we could be subject to legal liability or damage to our reputation, which could adversely affect our business, operating results and financial condition. It is likely, because of the nature of our business, that we will be sued in the future. Claims brought against us could have a serious negative effect on our reputation and on our business, financial condition and results of operations.

Because we are in the business of placing our associates in the workplaces of other companies, we are subject to possible claims by our associates alleging discrimination, sexual harassment, negligence and other similar activities by our clients. We may also be subject to similar claims from our clients based on activities by our associates. The cost of defending such claims, even if groundless, could be substantial and the associated negative publicity could adversely affect our ability to attract and retain associates and clients.

We may not be able to grow our business, manage our growth or sustain our current business.

We grew rapidly from our inception in 1996 until 2001 by opening new offices and by increasing the volume of services we provide through existing offices. We experienced a decline in revenue in fiscal 2002 to $181.7 million from $191.5 million in fiscal 2001, but then rebounded in fiscal 2003 to revenue of $202.0 million. Although revenue increased in fiscal 2004 by 37% compared to fiscal 2003 (excluding revenue from the 2004 acquisitions), and revenue has increased in the first nine months of fiscal 2005 compared to the prior year first nine months, there can be no assurance that we will continue to be able to maintain or expand our market presence in our current locations or to successfully enter other markets or locations. A significant portion of recent growth emanates from clients' demands related to initial compliance with certain sections of Sarbanes. For large companies with calendar year-ends, initial compliance was due in March 2005. Our ability to successfully grow our business will depend upon a number of factors, including our ability to:

- grow our client base;
- expand profitably into new cities;
- provide additional professional services lines;
- hire associates;
- maintain margins in the face of pricing pressures;
- manage costs; and
- maintain or grow revenues from clients who have engaged us for Sarbanes compliance.

Even if we are able to continue our growth, the growth will result in new and increased responsibilities for our management as well as increased demands on our internal systems, procedures and controls, and our administrative, financial, marketing and other resources. Failure to adequately respond to these new responsibilities and demands may adversely affect our business, financial condition and results of operation.

The increase in our international activities will expose us to additional operational challenges that we might not otherwise face.

As we increase our international activities, we will have to confront and manage a number of risks and expenses that we would not otherwise face if we conducted our operations solely in the United States. If any of these risks or expenses occur, there could be a material negative effect on our operating results. These risks and expenses include:

- difficulties in staffing and managing foreign offices as a result of, among other things, distance, language and cultural differences;

- less flexible labor laws and regulations;
- expenses associated with customizing our professional services for clients in foreign countries;
- foreign currency exchange rate fluctuations, when we sell our professional services in denominations other than U.S. dollars;
- protectionist laws and business practices that favor local companies;
- political and economic instability in some international markets;
- multiple, conflicting and changing government laws and regulations;
- trade barriers;
- reduced protection for intellectual property rights in some countries; and
- potentially adverse tax consequences.

We have acquired, and may continue to acquire, companies, and these acquisitions could disrupt our business.

We have acquired several companies and may continue to acquire companies in the future. Entering into an acquisition entails many risks, any of which could harm our business, including:

- diversion of management's attention from other business concerns;
- failure to integrate the acquired company with our existing business;
- failure to motivate, or loss of, key employees from either our existing business or the acquired business;
- potential impairment of relationships with our employees and clients;
- additional operating expenses not offset by additional revenue;
- incurring significant non-recurring charges;
- incurring additional debt with restrictive covenants or other limitations;
- dilution of our stock as a result of issuing equity securities; and
- assumption of liabilities of the acquired company.

Our business could suffer if we lose the services of one or more key members of our management.

Our future success depends upon the continued employment of Donald B. Murray, our chief executive officer, and Stephen J. Giusto, our chief financial officer. The departure of Mr. Murray, Mr. Giusto or any of the other key members of our senior management team could significantly disrupt our operations. Key members of our senior management team include Karen M. Ferguson, an executive vice president, John D. Bower, our vice president, finance, and Kate W. Duchene, our chief legal officer and executive vice president of human relations. We do not have employment agreements with Mr. Bower or Ms. Duchene.

Our quarterly financial results may be subject to significant fluctuations that may increase the volatility of our stock price.

Our results of operations could vary significantly from quarter to quarter. Factors that could affect our quarterly operating results include:

- our ability to attract new clients and retain current clients;
- the mix of client projects;
- the announcement or introduction of new services by us or any of our competitors;
- the expansion of the professional services offered by us or any of our competitors into new locations both nationally and internationally;
- changes in demand for our services by our clients;

- the entry of new competitors into any of our markets;
- the number of associates eligible for our offered benefits as their average length of employment with the Company increases;
- the number of holidays in a quarter, particularly the day of the week on which they occur;
- changes in the pricing of our professional services or those of our competitors;
- the amount and timing of operating costs and capital expenditures relating to management and expansion of our business; and
- the timing of acquisitions and related costs, such as compensation charges which fluctuate based on the market price of our common stock; and
- the periodic fourth quarter consisting of 14 weeks.

Due to these and other factors, we believe that quarter-to-quarter comparisons of our results of operations are not meaningful indicators of future performance. It is possible that in some future periods, our results of operations may be below the expectations of investors. If this occurs, the price of our common stock could decline.

We may be subject to risks associated with compliance with Section 404 of the Sarbanes-Oxley Act.

The Company is required to comply with Section 404 of the Sarbanes-Oxley Act as of the end of its fiscal 2005. The Company is in the process of completing management’s assessment and testing of internal controls, and its auditors have also begun their process aimed at certifying management’s assessment. There can be no assurance about the results of the assessment of the overall adequacy of the Company’s internal controls until both management and the auditors have completed their assessment and certification processes.

We may be subject to laws and regulations that impose difficult and costly compliance requirements and subject us to potential liability and the loss of clients.

In connection with providing services to clients in certain regulated industries, such as the gaming and energy industries, we are subject to industry-specific regulations, including licensing and reporting requirements. Complying with these requirements is costly and, if we fail to comply, we could be prevented from rendering services to clients in those industries in the future.

It may be difficult for a third party to acquire our company, and this could depress our stock price.

Delaware corporate law and our amended and restated certificate of incorporation and bylaws contain provisions that could delay, defer or prevent a change of control of our company or our management. These provisions could also discourage proxy contests and make it difficult for you and other stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that future investors are willing to pay for your shares. These provisions:

- authorize our board of directors to establish one or more series of undesignated preferred stock, the terms of which can be determined by the board of directors at the time of issuance;
- divide our board of directors into three classes of directors, with each class serving a staggered three-year term. Because the classification of the board of directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may make it difficult to change the composition of the board of directors;
- prohibit cumulative voting in the election of directors which, if not prohibited, could allow a minority stockholder holding a sufficient percentage of a class of shares to ensure the election of one or more directors;
- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;
- state that special meetings of our stockholders may be called only by the chairman of the board of directors, our chief executive officer, by the board of directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10% of our outstanding voting stock;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;

- provide that certain provisions of our certificate of incorporation can be amended only by supermajority vote of the outstanding shares, and that our bylaws can be amended only by supermajority vote of the outstanding shares or our board of directors;
- allow our directors, not our stockholders, to fill vacancies on our board of directors; and
- provide that the authorized number of directors may be changed only by resolution of the board of directors.

The Company's board of directors has adopted a stockholder rights plan, which was described in the Company's May 31, 2004 Report on Form 10-K. The existence of this rights plan may also have the effect of delaying, deferring or preventing a change of control of our company or our management by deterring acquisitions of our stock not approved by our board of directors.

Our clients may be confused by the change in our name to "Resources Global Professionals".

In January 2005, our operating company began doing business as Resources Global Professionals in order to better reflect our global capabilities across a base of more than 1,600 clients within 37 countries and to avoid confusion with other companies using the name "Resources Connection" or some variation thereof. However, some clients and prospective clients may be confused by this name change or may be unaware that Resources Connection and Resources Global Professionals are the same company. While we believe that the name change enhances our brand identity, there is a risk that confusion over the name change could cause our financial results to suffer.

We may be unable to adequately protect our intellectual property rights, including our brand name. If we fail to adequately protect our intellectual property rights, the value of such rights may diminish and our results of operations and financial condition may be adversely affected.

We believe that establishing, maintaining and enhancing the Resources Global Professionals brand name is essential to our business. We have applied for U.S. and foreign registrations on this new service mark. We previously have obtained U.S. registrations on our Resources Connection service mark and puzzle piece logo, Registration No. 2,516,522 registered December 11, 2001; No. 2,524,226 registered January 1, 2002; and No. 2,613,873, registered September 3, 2002, as well as certain foreign registrations. We had been aware of other companies using the name "Resources Connection" or some variation thereof and this contributed to our decision to adopt the new operating company name of Resources Global Professionals this year. Although we are not aware of other companies using the name "Resources Global Professionals" at this time, there could be potential trade name or service mark infringement claims brought against us by the users of similar names and marks and those users may have service mark rights that are senior to ours. If these claims were successful, we could be forced to cease using the service mark "Resources Global Professionals" even if an infringement claim is not brought against us. It is also possible that our competitors or others will adopt service names similar to ours or that our clients will be confused by another company using a name, service mark or trademark similar to ours, thereby impeding our ability to build brand identity. We cannot assure you that our business would not be adversely affected if confusion did occur or if we are required to change our name.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. At the end of the third quarter of fiscal 2005, we had approximately $108.8 million of cash, highly liquid short-term investments and long-term marketable securities. These investments are subject to changes in interest rates, and to the extent interest rates were to decline, it would reduce our interest income.

Foreign Currency Exchange Rate Risk. Prior to fiscal 2004, our foreign operations were not significant to our overall operations, and our exposure to foreign currency exchange rate risk was low. However, as our strategy to continue expanding foreign operations progresses, more of our revenues will be derived from foreign operations denominated in the currency of the applicable markets. As a result, our operating results could become subject to fluctuations based upon changes in the exchange rates of foreign currencies in relation to the U.S. dollar. Although we intend to monitor our exposure to foreign currency fluctuations, including the use of financial hedging techniques if and when we deem it appropriate, we cannot assure you that exchange rate fluctuations will not adversely affect our financial results in the future.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of third quarter of fiscal 2005, the Company's management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of February 28, 2005 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There was no change in the Company's internal controls over financial reporting during the Company's quarter ended February 28, 2005 that materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

a) Description of the Company's Executive Incentive Plan

The Chief Executive Officer and three Executive Vice Presidents are participants in the Resources Connection, Inc. Executive Incentive Plan for fiscal year 2005. This plan provides for a cash bonus to the participants to be paid after announcement of the Company's year-end financial results, provided the Company's revenue equals or exceeds the target level. The amount of the awards is based on revenue and net income levels plus a discretionary amount. The Corporate Governance, Nominating and Compensation Committee (the "Committee") is responsible for administering the plan, certifying the performance results, and determining the actual award for the Chief Executive Officer. The Chief Executive Officer recommends the discretionary award amounts for the other participants, and these recommendations are reviewed and approved by the Committee.

Item 6. Exhibits

a) Exhibits

10.22 Resources Connection, Inc. 2004 Performance Incentive Plan Nonqualified Stock Option Agreement

10.23 Resources Connection, Inc. 2004 Performance Incentive Plan Nonqualified Stock Option Agreement (Netherlands)

10.24 Resources Connection, Inc. 2004 Performance Incentive Plan Incentive Stock Option Agreement

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.

Table of Contents

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: April 7, 2005

/s/ Donald B. Murray

Donald B. Murray
President and Chief Executive Officer

Date: April 7, 2005

/s/ Stephen J. Giusto

Stephen J. Giusto
Chief Financial Officer, Executive Vice
President of Corporate Development and Secretary
(Principal Financial Officer)

Exhibit 10.22

RESOURCES CONNECTION, INC.
2004 PERFORMANCE INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "**Option Agreement**") dated, by and between Resources Connection, Inc., a Delaware corporation (the "**Corporation**"), and (the "**Grantee**") evidences the nonqualified stock option (the **"Option"**) granted by the Corporation to the Grantee as to the number of shares of the Corporation's Common Stock first set forth below.

Number of Shares of Common Stock:[1]

Award Date:

Exercise Price per Share:[1]

Expiration Date:[1,2] ten years from date of grant

Vesting[1,2]
25%
50%
75%
100%

The Option is granted under the Resources Connection, Inc. 2004 Performance Incentive Plan (the "**Plan**") and subject to the Terms and Conditions of Nonqualified Stock Option (the "**Terms**") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

"GRANTEE"

____
Signature

RESOURCES CONNECTION, INC.
a Delaware corporation

By: /s/ Kate W. Duchene

Print Name: Kate W. Duchene
Title: Chief Legal Officer and EVP of Human Relations

CONSENT OF SPOUSE

In consideration of the Corporation's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

____
Signature of Spouse

____
Date

[1] Subject to adjustment under Section 7.1 of the Plan.
[2] Subject to early adjustment under Section 4 of the Terms and Section 7.4 of the Plan.

TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

1. Vesting; Limits on Exercise; Incentive Stock Option Status.

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.
- Minimum Exercise. No fewer than 100[1] shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- Nonqualified Stock Option. The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the meaning of Section 422 of the Code.

2. Continuance of Employment/Service Required; No Employment/Service Commitment.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee's other compensation.

3. Method of Exercise of Option.

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,

- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Grantee, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Grantee for at least six (6) months before the date of such exercise;
- any written statements or agreements required pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

4. Early Termination of Option.

4.1 Possible Termination of Option upon Change in Control. The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

4.2 Termination of Option upon a Termination of Grantee's Employment or Services. Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 3 months after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 3-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period;
- if the termination of the Grantee's employment or services is the result of the Grantee's death, Total Disability (as defined below), or Retirement (as defined below), then (a) the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;

- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee's death, Total Disability or Retirement), then (a) the Grantee will have until the date that is 30 days after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 30-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 30-day period;
- if the Grantee's employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

For purposes of the Option, "**Total Disability**" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code and such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

For purposes of the Option, "**Cause**" means any act of theft, embezzlement, fraud, dishonesty, gross negligence, repeated failure to perform assigned duties, a breach of fiduciary duty to the Corporation or a breach of or deliberate disregard of the applicable law or policy of the Corporation or any of its Subsidiaries in any material respect, the unauthorized disclosure of any trade secrets or confidential information of the Corporation, unfair competition with the Corporation, inducement of any customer of the Corporation to break any contract with the Corporation, or inducement of any principal for whom the Corporation acts as agent to terminate such agency relationship. For purposes of the Option, a termination of employment or services for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date when the Corporation or any of its Subsidiaries delivers notice to the Grantee of Cause and shall be final in all respects on the date the Grantee's service is terminated. For purposes of this definition, the Corporation includes any affiliate of the Corporation.

For purposes of the Option, "**Retirement**" means retirement with the consent of the Corporation or any of its Subsidiaries from active service as an employee or officer of the Corporation or any of its Subsidiaries on or after attaining (a) age 55 with ten or more years of employment with the Corporation or any of its Subsidiaries, or (b) age 65.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

5. Non-Transferability.

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

6. Notices.

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

7. Plan.

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

8. Entire Agreement.

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

9. Governing Law.

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

10. Effect of this Agreement.

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

11. Counterparts.

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12. Section Headings.

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

Exhibit 10.23

RESOURCES CONNECTION, INC.
2004 PERFORMANCE INCENTIVE PLAN
NONQUALIFIED STOCK OPTION AGREEMENT (NETHERLANDS)

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "**Option Agreement**") dated, by and between Resources Connection, Inc., a Delaware corporation (the "**Corporation**"), and (the "**Grantee**") evidences the nonqualified stock option (the **"Option"**) granted by the Corporation to the Grantee as to the number of shares of the Corporation's Common Stock first set forth below.

Number of Shares of Common Stock:[1]

Award Date:

Exercise Price per Share:[1]

Expiration Date:[1,2] ten years from Award Date

Vesting[1,2]

The Option is granted under the Resources Connection, Inc. 2004 Performance Incentive Plan (the "**Plan**") and subject to the Terms and Conditions of Nonqualified Stock Option (the "**Terms**") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms, the Plan and the Prospectus for the Plan.

"GRANTEE"

____

Signature

RESOURCES CONNECTION, INC.
a Delaware corporation

By: /s/ Kate W. Duchene

Print Name: Kate W. Duchene
Title: Chief Legal Officer and EVP of Human Relations

CONSENT OF SPOUSE

In consideration of the Corporation's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

______________________________ ______________________

Signature of Spouse *Date*

[1] Subject to adjustment under Section 7.1 of the Plan.
[2] Subject to early adjustment under Section 4 of the Terms and Section 7.4 of the Plan.

TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTION

1. Vesting; Limits on Exercise; Incentive Stock Option Status.

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.
- Minimum Exercise. No fewer than 100[1] shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- Nonqualified Stock Option. The Option is a nonqualified stock option and is not, and shall not be, an incentive stock option within the meaning of Section 422 of the Code.

2. Continuance of Employment/Service Required; No Employment/Service Commitment.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee’s status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee’s other compensation.

3. Method of Exercise of Option.

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Administrator may require from time to time,

- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Grantee, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Grantee for at least six (6) months before the date of such exercise;
- any written statements or agreements required pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

4. Early Termination of Option.

4.1 Possible Termination of Option upon Change in Control. The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

4.2 Termination of Option upon a Termination of Grantee's Employment or Services. Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 3 months after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 3-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period;
- if the termination of the Grantee's employment or services is the result of the Grantee's death, Total Disability (as defined below), or Retirement (as defined below), then (a) the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;

- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee’s death, Total Disability or Retirement), then (a) the Grantee will have until the date that is 30 days after the Grantee’s Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 30-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 30-day period;
- if the Grantee’s employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

For purposes of the Option, “**Total Disability**” means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code and such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

For purposes of the Option, “**Cause**” means any act of theft, embezzlement, fraud, dishonesty, gross negligence, repeated failure to perform assigned duties, a breach of fiduciary duty to the Corporation or a breach of or deliberate disregard of the applicable law or policy of the Corporation or any of its Subsidiaries in any material respect, the unauthorized disclosure of any trade secrets or confidential information of the Corporation, unfair competition with the Corporation, inducement of any customer of the Corporation to break any contract with the Corporation, or inducement of any principal for whom the Corporation acts as agent to terminate such agency relationship. For purposes of the Option, a termination of employment or services for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date when the Corporation or any of its Subsidiaries delivers notice to the Grantee of Cause and shall be final in all respects on the date the Grantee’s service is terminated. For purposes of this definition, the Corporation includes any affiliate of the Corporation.

For purposes of the Option, “**Retirement**” means retirement with the consent of the Corporation or any of its Subsidiaries from active service as an employee or officer of the Corporation or any of its Subsidiaries on or after attaining (a) age 55 with ten or more years of employment with the Corporation or any of its Subsidiaries, or (b) age 65.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

5. **Non-Transferability**.

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

6. Securities Law Issues.

Unless (part of) the Option is exercised on the Expiration Date of the Option or within a period of five business days in advance of the Expiration Date of the Option (the **"Exercise Date"**), the Participant is not permitted to exercise (part of) the Option while the Participant is in possession of material non-public information about the Corporation which would affect the value of the Shares if made public (*voorwetenschap*), as defined in article 46(2) of the Netherlands Securities Act (*Wet toezicht effectenverkeer 1995* or the **"Wte 1995"**).

Unless the Shares acquired upon exercise of the Option will be sold on the Exercise Date - which intention the Participant will report to the Corporation in writing two months before the Exercise Date - the Participant is not permitted to sell the Shares acquired upon such exercise while the Participant is in possession of material non-public information about the Corporation which would affect the value of the Shares if made public (*voorwetenschap*), as defined in article 46(2) of the Wte 1995.

7. Submission of personal data.

The Participant herewith gives consent to his/her employer, Resources Global Professionals B.V., to submit his/her personal data to the Corporation.

8. Notices.

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation's payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

9. Plan.

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

10. Entire Agreement.

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

11. Governing Law.

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

12. Effect of this Agreement.

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

13. Counterparts.

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

14. Section Headings.

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

Exhibit 10.24

RESOURCES CONNECTION, INC.
2004 PERFORMANCE INCENTIVE PLAN
INCENTIVE STOCK OPTION AGREEMENT

THIS INCENTIVE STOCK OPTION AGREEMENT (this "**Option Agreement**") dated, by and between Resources Connection, Inc., a Delaware corporation (the "**Corporation**"), and (the "**Grantee**") evidences the incentive stock option (the **"Option"**) granted by the Corporation to the Grantee as to the number of shares of the Corporation's Common Stock first set forth below.

Number of Shares of Common Stock:[1]

Award Date:

Exercise Price per Share:[1]

Expiration Date:[1,2] ten years from date of grant

Vesting[1,2]
25%
50%
75%
100%

The Option is granted under the Resources Connection, Inc. 2004 Performance Incentive Plan (the "**Plan**") and subject to the Terms and Conditions of Incentive Stock Option (the "**Terms**") attached to this Option Agreement (incorporated herein by this reference) and to the Plan. The Option has been granted to the Grantee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to the Grantee. Capitalized terms are defined in the Plan if not defined herein. The parties agree to the terms of the Option set forth herein. The Grantee acknowledges receipt of a copy of the Terms. The Plan may be found in Public Folders – Stock Option Information.

"GRANTEE"

____
Signature

RESOURCES CONNECTION, INC.
a Delaware corporation

By: /s/ Kate W. Duchene

Print Name: Kate W. Duchene
Title: Chief Legal Officer and EVP of Human Relations

CONSENT OF SPOUSE

In consideration of the Corporation's execution of this Option Agreement, the undersigned spouse of the Grantee agrees to be bound by all of the terms and provisions hereof and of the Plan.

____
Signature of Spouse

____
Date

[1] Subject to adjustment under Section 7.1 of the Plan.
[2] Subject to early termination under Section 4 of the Terms and Section 7.4 of the Plan.

TERMS AND CONDITIONS OF INCENTIVE STOCK OPTION

1. Vesting; Limits on Exercise.

The Option shall vest and become exercisable in percentage installments of the aggregate number of shares subject to the Option as set forth on the cover page of this Option Agreement. The Option may be exercised only to the extent the Option is vested and exercisable.

- Cumulative Exercisability. To the extent that the Option is vested and exercisable, the Grantee has the right to exercise the Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Option.
- No Fractional Shares. Fractional share interests shall be disregarded, but may be cumulated.
- Minimum Exercise. No fewer than 100[1] shares of Common Stock may be purchased at any one time, unless the number purchased is the total number at the time exercisable under the Option.
- ISO Value Limit. If the aggregate fair market value of the shares with respect to which ISOs (whether granted under the Option or otherwise) first become exercisable by the Grantee in any calendar year exceeds $100,000, as measured on the applicable Award Dates, the limitations of Section 5.1.2 of the Plan shall apply and to such extent the Option will be rendered a nonqualified stock option.

2. Continuance of Employment/Service Required; No Employment/Service Commitment.

The vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits under this Option Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 4 below or under the Plan.

Nothing contained in this Option Agreement or the Plan constitutes a continued employment or service commitment by the Corporation or any of its Subsidiaries, affects the Grantee's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Grantee any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or service, or affects the right of the Corporation or any Subsidiary to increase or decrease the Grantee's other compensation.

3. Method of Exercise of Option.

The Option shall be exercisable by the delivery to the Secretary of the Corporation (or such other person as the Administrator may require pursuant to such administrative exercise procedures as the Administrator may implement from time to time) of:

- a written notice stating the number of shares of Common Stock to be purchased pursuant to the Option or by the completion of such other administrative exercise procedures as the Committee may require from time to time,
- payment in full for the Exercise Price of the shares to be purchased in cash, check or by electronic funds transfer to the Corporation, or (subject to compliance with all applicable laws, rules, regulations and listing requirements and further subject to such rules as the Administrator may adopt as to any non-cash payment) in shares of Common Stock already owned by the Participant, valued at their Fair Market Value on the exercise date, provided, however, that any shares initially acquired upon exercise of a stock option or otherwise from the Corporation must have been owned by the Participant for at least six (6) months before the date of such exercise;
- any written statements or agreements required pursuant to Section 8.1 of the Plan; and
- satisfaction of the tax withholding provisions of Section 8.5 of the Plan.

The Administrator also may, but is not required to, authorize a non-cash payment alternative by notice and third party payment in such manner as may be authorized by the Administrator.

The Option will qualify as an ISO only if it meets all of the applicable requirements of the Code. The Option may be rendered a nonqualified stock option if the Administrator permits the use of one or more of the non-cash payment alternatives referenced above.

4. Early Termination of Option.

4.1 Possible Termination of Option upon Change in Control. The Option is subject to termination in connection with a Change in Control Event or certain similar reorganization events as provided in Section 7.4 of the Plan.

4.2 Termination of Option upon a Termination of Grantee's Employment or Services. Subject to earlier termination on the Expiration Date of the Option or pursuant to Section 4.1 above, if the Grantee ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary, the following rules shall apply (the last day that the Grantee is employed by or provides services to the Corporation or a Subsidiary is referred to as the Grantee's "**Severance Date**"):

- other than as expressly provided below in this Section 4.2, (a) the Grantee will have until the date that is 3 months after his or her Severance Date to exercise the Option (or portion thereof) to the extent that it was vested on the Severance Date, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 3-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period;

- if the termination of the Grantee's employment or services is the result of the Grantee's death, Total Disability (as defined below), or Retirement (as defined below), then (a) the Grantee (or his beneficiary or personal representative, as the case may be) will have until the date that is 12 months after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 12-month period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period;
- if the Grantee voluntarily terminates his or her employment or services (other than due to the Grantee's death, Total Disability or Retirement), then (a) the Grantee will have until the date that is 30 days after the Grantee's Severance Date to exercise the Option, (b) the Option, to the extent not vested on the Severance Date, shall terminate on the Severance Date, and (c) the Option, to the extent exercisable for the 30-day period following the Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 30-day period;
- if the Grantee's employment or services are terminated by the Corporation or a Subsidiary for Cause (as defined below), the Option (whether vested or not) shall terminate on the Severance Date.

For purposes of the Option, "**Total Disability**" means a "permanent and total disability" within the meaning of Section 22(e)(3) of the Code.

For purposes of the Option, "**Cause**" means any act of theft, embezzlement, fraud, dishonesty, gross negligence, repeated failure to perform assigned duties, a breach of fiduciary duty to the Corporation or a breach of or deliberate disregard of the applicable law or policy of the Corporation or any of its Subsidiaries in any material respect, the unauthorized disclosure of any trade secrets or confidential information of the Corporation, unfair competition with the Corporation, inducement of any customer of the Corporation to break any contract with the Corporation, or inducement of any principal for whom the Corporation acts as agent to terminate such agency relationship. For purposes of the Option, a termination of employment or services for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date when the Corporation or any of its Subsidiaries delivers notice to the Grantee of Cause and shall be final in all respects on the date the Grantee's service is terminated. For purposes of this definition, the Corporation includes any affiliate of the Corporation.

For purposes of the Option, "**Retirement**" means retirement with the consent of the Corporation or any of its Subsidiaries from active service as an employee or officer of the Corporation or any of its Subsidiaries on or after attaining (a) age 55 with ten or more years of employment with the Corporation or any of its Subsidiaries, or (b) age 65.

In all events the Option is subject to earlier termination on the Expiration Date of the Option or as contemplated by Section 4.1. The Administrator shall be the sole judge of whether the Grantee continues to render employment or services for purposes of this Option Agreement.

Notwithstanding any post-termination exercise period provided for herein or in the Plan, the Option will qualify as an ISO only if it is exercised within the applicable exercise periods for ISOs under, and meets all of the other requirements of, the Code. If the Option is not exercised within the applicable exercise periods for ISOs or does not meet such other requirements, the Option will be rendered a nonqualified stock option.

5. Non-Transferability.

The Option and any other rights of the Grantee under this Option Agreement or the Plan are nontransferable and exercisable only by the Grantee, except as set forth in Section 5.7 of the Plan.

6. Notices.

Any notice to be given under the terms of this Option Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Grantee at the address last reflected on the Corporation’s payroll records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be delivered in person or shall be enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Grantee is no longer employed by the Corporation or a Subsidiary, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section 6.

7. Plan.

The Option and all rights of the Grantee under this Option Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. In the event of a conflict or inconsistency between the terms and conditions of this Option Agreement and of the Plan, the terms and conditions of the Plan shall govern. The Grantee agrees to be bound by the terms of the Plan and this Option Agreement (including these Terms). The Grantee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Option Agreement. Unless otherwise expressly provided in other sections of this Option Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not and shall not be deemed to create any rights in the Grantee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

8. Entire Agreement.

This Option Agreement (including these Terms) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the

parties hereto with respect to the subject matter hereof. The Plan and this Option Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

9. Governing Law.

This Option Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

10. Effect of this Agreement.

Subject to the Corporation's right to terminate the Option pursuant to Section 7.4 of the Plan, this Option Agreement shall be assumed by, be binding upon and inure to the benefit of any successor or successors to the Corporation.

11. Counterparts.

This Option Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12. Section Headings.

The section headings of this Option Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Donald B. Murray, 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)) 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) 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

   c) 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: April 7, 2005

/s/ Donald B. Murray

Donald B. Murray
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stephen J. Giusto, 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)) 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) 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

    c) 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: April 7, 2005

/s/ Stephen J. Giusto

Stephen J. Giusto
Chief Financial Officer
and Executive Vice President of Corporate Development

EXHIBIT 32

WRITTEN STATEMENT

PURSUANT TO

18 U.S.C. SECTION 1350

The undersigned, Donald B. Murray, the Chief Executive Officer of Resources Connection, Inc., and Stephen J. Giusto, the Chief Financial Officer of Resources Connection, Inc. (the “Company”), pursuant to Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350, hereby certify that, to the best of their knowledge:

(i) the Report on Form 10-Q of the Company for the quarter ended February 28, 2005 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) 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: April 7, 2005

/s/ Donald B. Murray

Donald B. Murray
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Stephen J. Giusto

Stephen J. Giusto
Chief Financial Officer and
Executive Vice President of Corporate Development
(Principal Financial Officer)

The foregoing certification accompanied the Report on Form 10-Q pursuant to 18 U.S.C. Section 1350. It is being reproduced herein for information only. 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.