UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K
ANNUAL REPORT
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended May 29, 2010

OR

o **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.)*

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

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

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

Title of Each Class	Name of Exchange on Which Registered
Common Stock, par value $0.01 per share	The NASDAQ Stock Market LLC (Nasdaq Global Select Market)
Rights to Purchase Junior Participating Preferred Stock	The NASDAQ Stock Market LLC (Nasdaq Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:
None (Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No ☑

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑

As of November 27, 2009, the approximate aggregate market value of common stock held by non-affiliates of the Registrant was $860,006,000 (based upon the closing price for shares of the Registrant's common stock as reported by The Nasdaq Global Select Market). As of July 19, 2010, there were approximately 46,471,447 shares of common stock, $.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive proxy statement for the 2010 Annual Meeting of Stockholders, is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

RESOURCES CONNECTION, INC.

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In this Annual Report on Form 10-K, “Resources,” “Resources Connection,” “Resources Global Professionals,” “Resources Global,” “Company,” “we,” “us” and “our” refer to the business of Resources Connection, Inc. and its subsidiaries. References in this Annual Report on Form 10-K to “fiscal,” “year” or “fiscal year” refer to our fiscal years that consist of the 52- or 53-week period ending on the Saturday in May closest to May 31. The fiscal years ended May 29, 2010 and May 30, 2009 consisted of 52 weeks. The fiscal year ended May 31, 2008 consisted of 53 weeks.

This Annual Report on Form 10-K, including information incorporated herein by reference, 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.

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. These statements and all phases of our operations are subject to known and unknown risks, uncertainties and other factors, including those made in Item 1A of this Annual Report on Form 10-K, as well as our other reports filed with the Securities and Exchange Commission (“SEC”). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We do not intend, and undertake no obligation to update the forward-looking statements in this filing to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. *BUSINESS.*

Overview

Resources Connection is a multinational professional services firm; its operating entities primarily provide services under the name Resources Global Professionals ("Resources Global" or the "Company"). The Company serves its clients utilizing experienced professionals specializing in finance, accounting, risk management and internal audit, corporate advisory, strategic communications and restructuring, information management, human capital, supply chain management, actuarial and legal and regulatory services in support of client-led projects and initiatives. We assist our clients with discrete projects requiring specialized expertise in:

- finance and accounting services, such as financial analyses (e.g., product costing and margin analyses), budgeting and forecasting, audit preparation, public-entity reporting, tax-related projects, merger and acquisition due diligence, initial public offering assistance and assistance in the preparation or restatement of financial statements;
- information management services, such as financial system/enterprise resource planning implementation and post implementation optimization;
- corporate advisory, strategic communications and restructuring services;
- risk management and internal audit services (provided via our subsidiary Resources Audit Solutions), including compliance reviews, internal audit co-sourcing and assisting clients with their compliance efforts under the Sarbanes-Oxley Act of 2002 ("Sarbanes");
- supply chain management services, such as strategic sourcing efforts, contract negotiations and purchasing strategy;
- actuarial services for pension and life insurance companies;
- human capital services, such as change management and compensation program design and implementation; and
- legal and regulatory services, such as providing attorneys, paralegals and contract managers to assist clients (including law firms) with project-based or peak period needs.

We were founded in June 1996 by a team at Deloitte & Touche LLP ("Deloitte & Touche"), led by our chief executive officer, Donald B. Murray, who was then a senior partner with Deloitte & Touche. Our founders created Resources Connection to capitalize on the increasing demand for high quality outsourced professional services. We operated as a part of Deloitte & Touche from our inception in June 1996 until April 1999. In April 1999, we completed a management-led buyout. In December 2000, we completed our initial public offering of common stock and began trading on the NASDAQ Stock Market. We currently trade on the NASDAQ Global Select Market. In January 2005, we announced the change of our operating entity name to Resources Global Professionals to better reflect the Company's international capabilities.

Our business model combines the client service orientation and commitment to quality from our legacy as part of a Big Four accounting firm with the entrepreneurial culture of an innovative, dynamic company. We are positioned to take advantage of what we believe are two converging trends in the outsourced professional services industry: a shift in global demand for outsourced professional services by corporate clients and a supply of professionals interested in working in a non-traditional professional services firm. We believe our business model allows us to offer challenging yet flexible career opportunities, attract highly qualified, experienced professionals and, in turn, attract clients with challenging professional needs.

As of May 29, 2010, we employed 2,067 professional service consultants on assignment. Our consultants have professional experience in a wide range of industries and functional areas and tend to be in the latter third of their careers, many with advanced professional degrees or designations. We offer our consultants careers that combine the flexibility of project-based work with many of the advantages of working for a traditional professional services firm.

We served a diverse base of more than 1,800 clients during fiscal 2010, ranging from large corporations to mid-sized companies to small entrepreneurial entities, in a broad range of industries. For example, our clients have included 83 companies that have been in the Fortune 100 at one time or another. As of May 29, 2010, we served our clients through 53 offices in the United States and 29 offices abroad.

During our first three years of operations, our offices were located only in the United States. As the Company has evolved, we have increased our presence in other regions around the world. During fiscal 2010, we acquired certain assets of Sitrick and Company, a strategic communications firm, and Brincko Associates, Inc., a corporate advisory and restructuring firm with operations primarily in the United States, through the purchase of all of the outstanding membership interests in Sitrick Brincko Group, LLC ("Sitrick Brincko Group"). By combining the specialized skill sets of Sitrick Brincko Group with the Company's existing consultant capabilities, geographic footprint and client base, the Company believes it will significantly increase its ability to assist clients during challenging periods, particularly in the areas of corporate advisory, strategic communications and restructuring services.

During fiscal 2009, we acquired two companies with operations in Europe: Limbus Holding B.V. ("Limbus"), a Netherlands-based provider of risk, compliance and process improvement consultancy services to financial institutions and the public sector; and Kompetensslussen X-tern Personalfunktion AB ("Kompetensslussen"), a Sweden-based provider of human capital services. In fiscal 2009, we also purchased certain intangible assets of Xperianz, a Cincinnati-based provider of professional services to expand our presence in the Ohio Valley area.

While much of our growth in countries outside of the United States has resulted from the establishment of new Resources Global offices, we also completed a number of acquisitions prior to fiscal 2009 to build our presence and to serve our international clients around the world (including acquisitions in Australia, India, the Netherlands, Sweden and the United Kingdom).

We are a multinational company with offices in twenty countries. Revenue from the Company's major geographic areas was as follows (in thousands):

	Revenue for the Year Ended			% of Total	
	May 29, 2010	May 30, 2009	% Change	May 29, 2010	May 30, 2009
North America	$ 384,535	$ 501,139	(23.3)%	77.1%	73.1%
Europe	89,225	148,196	(39.8)%	17.9%	21.6%
Asia Pacific	25,238	36,241	(30.4)%	5.0%	5.3%
Total	$ 498,998	$ 685,576	(27.2)%	100.0%	100.0%

See Note 16 — *Segment Information and Enterprise Reporting* — to the Consolidated Financial Statements for additional information concerning the Company's domestic and international operations and Part I Item 1A. "Risk Factors — The increase in our international activities will expose us to additional operational challenges that we might not otherwise face" for information regarding the risks attendant to our international operations.

We believe our distinctive culture is a valuable asset and is, in large part, due to our management team, which has extensive experience in the professional services industry. Most of our senior management and office managing directors have Big Four experience and an equity interest in the Company. This team has created a culture of professionalism that we believe fosters in our consultants a feeling of personal responsibility for, and pride in, client projects and enables us to deliver high-quality service to our clients.

Industry Background

Changing Market for Project- or Initiative-Based Professional Services

Resources Global's services cover a range of professional areas, with over 50% of revenues derived from accounting and finance-related services. The market for professional services is broad and fragmented and independent data on the size of the market is not readily available. We believe that over the last decade that the market for professional services has evolved in response to financial scandals and legislation passed following such scandals and that companies may be more willing to choose alternatives to traditional professional service providers. However, given the recent economic downturn experienced worldwide, companies are choosing to be cautious and to either defer, downsize or eliminate internal projects and initiatives. As economies begin to recover, we believe Resources Global is positioned as a viable alternative to traditional accounting and consulting firms in numerous instances because, by using project professionals, companies can:

- strategically access specialized skills and expertise;
- effectively supplement internal resources;
- increase labor flexibility; and
- reduce their overall hiring, training and termination costs.

Typically, companies use a variety of alternatives to fill their project needs. Companies outsource entire projects to consulting firms; this provides them access to the expertise of the firm but often entails significant cost and less management control of the project. Companies also supplement their internal resources with employees from the Big Four accounting firms or other traditional professional services firms; however, these arrangements are on an ad hoc basis and have been increasingly limited by regulatory concerns focused on external auditor independence. Companies use temporary employees from traditional and Internet-based staffing firms, who may be less experienced or less qualified than employees from professional services firms. Finally, some companies rely solely on their own employees who may lack the requisite time, experience or skills.

Supply of Project Professionals

Based on discussions with our consultants, we believe that the number of professionals seeking to work on a project basis has historically increased due to a desire for:

- more flexible hours and work arrangements, coupled with competitive wages and benefits and a professional culture;
- challenging engagements that advance their careers, develop their skills and add to their experience base;
- a work environment that provides a diversity of, and more control over, client engagements; and
- alternate employment opportunities in the United States and many foreign regions.

The employment alternatives available to professionals may fulfill some, but not all, of an individual's career objectives. A professional working for a Big Four firm or a consulting firm may receive challenging assignments and training, but may encounter a career path with less choice and less flexible hours, extensive travel and limited control over work engagements. Alternatively, a professional who works as an independent contractor faces the ongoing task of sourcing assignments and significant administrative burdens.

Resources Global Professionals' Solution

We believe that Resources Global is positioned to capitalize on the confluence of the industry trends described above. We believe, based on discussions with our clients, that Resources Global provides clients seeking project professionals with high-quality services because we are able to combine all of the following:

- a relationship-oriented approach to assess our clients' project needs;
- highly qualified professionals with the requisite skills and experience;

- competitive rates on an hourly, instead of a per project, basis; and
- significant client control of their projects.

Resources Global Professionals' Strategy

Our Business Strategy

We are dedicated to serving our clients with highly qualified and experienced professionals in support of projects and initiatives in finance, accounting, risk management and internal audit, corporate advisory, strategic communications and restructuring, information management, human capital, supply chain management, actuarial and legal and regulatory areas. Our objective is to be the leading provider of these project-based professional services. We have developed the following business strategies to achieve this objective:

- *Maintain our distinctive culture.* Our corporate culture is the foundation of our business strategy and we believe it has been a significant component of our success. Our senior management, virtually all of whom are Big Four or other professional services firm alumni, has created a culture that combines the commitment to quality and the client service focus of a Big Four firm with the entrepreneurial energy of an innovative, high- growth company. We seek consultants and management with talent, integrity, enthusiasm and loyalty ("TIEL", an acronym used frequently within the company) to strengthen our team and support our ability to provide clients with high-quality services. We believe that our culture has been instrumental to our success in hiring and retaining highly qualified employees and, in turn, attracting clients.
- *Hire and retain highly qualified, experienced consultants.* We believe our highly qualified, experienced consultants provide us with a distinct competitive advantage. Therefore, one of our priorities is to continue to attract and retain high-caliber consultants. We believe we have been successful in attracting and retaining qualified professionals by providing challenging work assignments, competitive compensation and benefits, and continuing education and training opportunities, while offering flexible work schedules and more control over choosing client engagements.
- *Build consultative relationships with clients.* We emphasize a relationship-oriented approach to business rather than a transaction-oriented or assignment-oriented approach. We believe the professional services experience of our management and consultants enables us to understand the needs of our clients and to deliver an integrated, relationship-oriented approach to meeting their professional services requirements. We regularly meet with our existing and prospective clients to understand their business issues and help them define their project needs. Once an initiative is defined, we identify consultants with the appropriate skills and experience to meet the client's objectives. We believe that by establishing relationships with our clients to solve their professional services needs, we are more likely to generate new opportunities to serve them. The strength and depth of our client relationships is demonstrated by two key statistics: 1) during fiscal 2010, 96% of our 50 largest clients used more than one service line and 78% of those top 50 clients used three or more service lines; and 2) 47 of our largest 50 clients in fiscal 2007 remained clients in fiscal 2010 while 72% of our top 50 clients in 2004 were still clients in 2010.
- *Build the Resources Global brand.* Our objective is to build Resources Global's reputation as the premier provider of project-based professional services. Our primary means of building our brand is by consistently providing high-quality, value-added services to our clients. We have also focused on building a significant referral network through our 2,067 consultants on assignment as of May 29, 2010 and 716 management and administrative employees. In addition, we have ongoing national and local marketing efforts that reinforce the Resources Global brand.

Our Growth Strategy

Most of our growth since inception has been organic rather than through acquisition. We believe that we have significant opportunity for continued strong organic growth in our core business once the global economy begins to strengthen and, in addition, that we can grow through strategic acquisitions, such as the Sitrick Brincko Group acquisition this fiscal year. In both our core and acquired businesses, key elements of our growth strategy include:

- *Expanding work from existing clients.* A principal component of our strategy is to secure additional initiative work from the clients we have served. We believe, based on discussions with our clients, that the amount of revenue we currently receive from many of our clients represents a relatively small percentage of the amount they spend on professional services, and that, consistent with historic industry trends, they may continue to increase the amount they spend on these services as the global economy recovers. We believe that by continuing to deliver high-quality services and by further developing our relationships with our clients, we can capture a significantly larger share of our clients' expenditures for professional services.
- *Growing our client base.* We will continue to focus on attracting new clients. We strive to develop new client relationships primarily by leveraging the significant contact networks of our management and consultants and through referrals from existing clients. However, the global economic slow-down impacted the number of clients that we served, which declined from over 2,400 in fiscal 2008 to just over 1,800 in fiscal 2010. However, we believe we can continue to attract new clients by building our brand name and reputation and through our national and local marketing efforts. We anticipate that our growth efforts this year will continue to focus on identifying strategic target accounts that tend to be large multinational companies.
- *Expanding geographically.* We have been expanding geographically to meet the demand for project professional services across the world. We believe, based upon our clients' requests, that once global economic conditions improve, there are significant opportunities to resume growth in our business internationally and, consequently, we intend to continue to expand our international presence on a strategic and opportunistic basis. We may add to our existing domestic office network on an opportunistic basis when our existing clients have a need or if there is a new client opportunity.
- *Providing additional professional service offerings.* We will continue to develop and consider entry into new professional service offerings. Since fiscal 1999, we have diversified our professional service offerings by entering into the areas of human capital, information management, internal audit and risk management, supply chain management and legal services and in fiscal 2010, we expanded our capabilities in the areas of corporate advisory, strategic communications and restructuring services with the acquisition of Sitrick Brincko Group. Our considerations when evaluating new professional service offerings include cultural fit, growth potential, profitability, cross-marketing opportunities and competition.

Consultants

We believe that an important component of our success has been our highly qualified and experienced consultants. As of May 29, 2010, we employed or contracted with 2,067 consultants on assignment. Our consultants have professional experience in a wide range of industries and functional areas. We provide our consultants with challenging work assignments, competitive compensation and benefits, and continuing education and training opportunities, while offering more choice concerning work schedules and more control over choosing client engagements.

Almost all of our consultants in the United States are employees of Resources Global. We typically pay each consultant an hourly rate for each client service hour worked and for certain administrative time and overtime premiums, as required by law, and offer benefits, including: paid time off and holidays; a discretionary bonus program; group medical, dental and vision programs, each with an approximate 30-50% contribution by the consultant; a basic term life insurance program; a 401(k) retirement plan with a discretionary company match; and professional development and career training. Typically, a consultant must work a threshold number of hours to be eligible for all of these benefits. In addition, we offer our consultants the ability to participate in the Company's Employee Stock Purchase Plan ("ESPP"), which enables them to purchase shares of the Company's stock at a discount. We intend to maintain competitive compensation and benefit programs.

Internationally, our consultants are a mix between employees and independent contractors. Independent contractor arrangements are more common abroad than in the United States due to the labor laws, tax regulations and customs of the international markets we serve. A few international practices also utilize a partial "bench model"; that is, certain consultants are paid a weekly salary rather than for each client service hour worked.

Clients

We provide our services to a diverse client base in a broad range of industries. In fiscal 2010, we served more than 1,800 clients. Our revenues are not concentrated with any particular client or clients, or within any particular industry. In fiscal 2010, our largest client accounted for less than 4% of our revenue and our 10 largest clients accounted for approximately 18% of our revenues.

The clients listed below represent the geographic and industry diversity of our client base in fiscal 2010.

AIG
Beckman Coulter, Inc.
BP
Chevron Texaco
ConocoPhillips
Delta Air Lines
Expedia, Inc.
First American Financial Corporation
Kaiser Permanente
Kinetic Concepts, Inc.
Makita
McKesson Corporation
SONY
Sotheby's
Starbucks
Taco Bell Corp.
Tyco

Services and Products

Resources Global was founded with a business model and operating philosophy rooted in the support of client-led projects and initiatives. Partnering with business leaders, we help clients implement internal initiatives. Often, we deliver our services to clients across multiple areas of expertise: Finance & Accounting, Information Management, Human Capital, Corporate Advisory, Strategic Communications & Restructuring Services, Legal & Regulatory, Internal Audit & Risk Management and Supply Chain Management.

Finance & Accounting

Our Finance & Accounting services encompass accounting operations, financial reporting, internal controls, financial analyses and business transactions. Clients utilize our services to bring accomplished talent to bear on change initiatives as well as day-to-day operational issues; we provide specialized skills and then transfer knowledge to clients in order to help them leverage their own personnel. Resources Global helps organizations manage peak workload periods, add specific skill sets to certain projects, or have access to full project teams for a specific initiative.

Project examples include:

- shared service center migrations;
- finance transformation;
- restatements of previously issued financial statements;
- implementation of new accounting standards;
- post-merger and acquisition integration;
- external financial reporting and internal management reporting;
- financial analyses, such as product costing and margin analyses;
- remediation of internal control weaknesses;
- business process improvement; and
- interim accounting management roles, such as chief financial officer, controller and director of accounting.

In addition, we may assist with merger and acquisition projects, including divestitures and carve outs. Our finance and accounting consultants assist with the following functions for clients involved in divestitures and carve outs:

- preparation of public filings related to the transactions;
- carve out audits; and
- providing subject matter experts to perform technical research of complex accounting transactions, implementations and interpretations of pronouncements of the Financial Accounting Standards Board ("FASB").

Sample Engagement — Financial Transformation: A global life and material sciences company needed to carve out the financial processes of its research division and integrate those processes within other company business units. Several project teams formed to develop a plan to implement the transition: finance and accounting, legal, human resources ("HR") and communications. Resources Global consultants led the finance and accounting team.

The team researched and documented the existing accounting organization structure and the relationship between accounting, the research division, business leaders and an existing shared services organization. From there, the team prepared a proposal and presentation to management on how to effectively transfer certain responsibilities to the business leaders with certain processes remaining in the shared services organization.

Sample Engagement — Reduce Close Cycle to Meet Public Reporting Requirement: Our consultants reengineered the close process for a billion-dollar global private engineering company that intended to go public in the near future. In the initial phase of the project, Resources Global consultants analyzed the close cycle and made proposals to trim the close cycle in half, without losing valuable management information. Close cycle improvements included focus on the consolidation process; materiality thresholds; standardization of joint-venture accounting; revenue recognition issues; matrix reporting implementation; and finance department website development.

To help ensure the sustainability and repeatability of the changes identified, our team infused the client's personnel with the necessary expertise and resources to make the process improvements a part of the client's on-going culture. We also served as project managers, functional experts and change management professionals. To ensure that the improvements gained traction and remained imbedded in the organization, we trained client employees and promoted a standardized process throughout the organization.

Sample Engagement — Transition to International Financial Reporting Standards ("IFRS"): A Canadian public company with a complex organizational structure, including international operations, engaged Resources Global to assist with its transition from United States generally accepted accounting principles ("GAAP") and Canadian GAAP to IFRS.

The Resources Global project team developed a timeline for the transition process, identifying major milestones and deliverables required and a preliminary project plan transition overlay. In addition, the team performed a diagnostic analysis of high-level issues expected to develop from the transition, drafted IFRS white papers specific to the industry, provided recommendations with respect to accounting policy choices, monitored the IASB work plan and evaluated the impact on the client's transition project, prepared mock financial statements adjusted to reflect the application of IFRS, assisted with the development of IFRS training materials and trained the financial governance group.

Sample Engagement — Development of Single Finance System for Joint Venture: After a joint venture was formed between two aerospace and defense companies, Resources Global was engaged to partner with management to rationalize and integrate the joint venture's financial and operational business processes. Resources Global consultants, with backgrounds in accounting, finance, information technology ("IT") and human resources ("HR") provided project management and technical support functions during the joint venture's business integration process.

Sample Engagement — Conversion to Bank-Holding Company: Faced with a difficult economic environment, a Fortune 500 commercial lending company converted to a bank-holding company in order to receive financial assistance from the United States government. In addition to providing initial support to assist in the formation of a bank-holding company, Resources Global was engaged to provide change management project support in the regulatory and financial reporting areas of the company. Resources Global consultants with backgrounds in financial reporting, risk management, IT and United States regulatory reporting assisted the organization to meet the extensive reporting requirements of the newly formed bank-holding company while also working to rationalize the organizational structure of the business.

Sitrick Brincko Group

Sitrick Brincko Group offers a unique combination of strategic counsel, tactical execution, and organizational and logistical support critical to companies undergoing restructuring and change. Its extensive experience in general management, finance, strategic planning, manufacturing and distribution have made Sitrick Brincko Group a valued partner to boards of directors and management engaged in unwinding a business mess or rewiring a business for success.

Now partnered with the broad capabilities and global footprint of Resources Global, Sitrick Brincko Group can offer a wide variety of services to clients, including:

- restructuring and reorganization;
- corporate and financial advisory;
- finance and capital sourcing;
- interim and crisis management;
- dispute resolution and litigation support;
- bankruptcy claims administration and management; and
- crisis and strategic communications.

Sample Engagement — Communication in a Liquidity Crisis: Sitrick Brincko Group was engaged to provide crisis communication support to a publicly traded consumer business facing severe liquidity issues. The restructuring group's senior practitioners, with 10 to 28 years of experience in developing and implementing strategic communications for both in and out-of-court restructurings, assisted the client with:

- development of communications strategies to help maintain stability and preserve the value of assets during this period of financial volatility and change;
- creation of communications — both traditional and digital — that advanced the company's business goals and aligned with its legal strategy;
- delivery of communications designed to maintain the confidence of all stakeholders while the company explored its strategic alternatives;
- management of expectations and calmed uncertainties via direct, targeted communications and judicious use of the media; and
- communications counsel, program development and implementation to those charged with the task of communications, business development, investor relations and other key functions.

Sample Engagement — Restructuring and Advisement Services: A publicly held multi-billion dollar international semiconductor provider engaged Sitrick Brincko Group to analyze its financial operations, recommend fixes for its significant losses and evaluate the management team. Following a Chapter 11 bankruptcy filing, Sitrick Brincko Group personnel served as Chief Restructuring Officer and interim Chief Financial Officer. The client's board of directors tasked Sitrick Brincko Group with responsibility for the review, analysis and development of strategic business plans; cash flow projections and feasibility studies in connection with the overall potential for restructuring success, as well as claims processing, liquidation analysis and contract reviews.

Information Management

Our Information Management practice provides planning and execution services in four primary areas: Program and Project Management, Business and Technology Integration, Data Strategy and Management, and IT Strategy and Governance. By focusing on the initiative as defined by our clients, Resources Global can provide continuity of service from the creation or expansion of an overall IT strategy through the post-implementation support. In addition to these services, we have expertise in a variety of technology solutions: Enterprise Resource Planning ("ERP") systems; strategic "front-of-the-house systems"; HR information systems; supply chain management systems, core finance and accounting systems, audit compliance systems, and financial reporting, planning and consolidation.

Our Information Management consultants work under the client's direction on a variety of projects related to, among other things:

Program & Project Management

- Program Management Office ("PMO") implementation and optimization;
- project management;
- change management, communications and training;
- portfolio rationalization; and
- project recovery.

Business & Technology Integration

- business analysis and process improvement;
- system selection and implementation;
- system stabilization and optimization; and
- quality assurance and testing.

Data Strategy & Management

- enterprise data strategy;
- data analysis and reporting;
- data quality management and standardization; and
- data conversion and integration.

IT Strategy & Governance

- IT strategy and effectiveness;
- disaster recovery and business continuity planning;
- IT governance; and
- organizational design and interim management.

Sample Engagement — IT Transformation: Working with a leading hospital system with more than 40 facilities, Resources Global consultants helped to transform the IT organization — including people, process and technology — to align and integrate the IT strategy with the company's overall business goals. This included:

- IT reorganization: Over a six-month schedule, our consultants designed and managed the transition of 400 IT roles from an outsourced provider. Specific actions taken included:
  - guiding senior leadership on developing and maintaining effective broad-based sponsorship of the project;
  - developing key metrics for appropriate IT staffing levels in eight different areas, development of the annual salaries budget, and creating metrics-driven job descriptions;
  - assisting recruitment and hiring of staff across the entire array of IT functions, including IT directors on site at hospital facilities; and
  - developing a plan to reduce resistance to change by anticipating and analyzing the impact on people and processes.
- PMO restructuring: Our consultants helped analyze the current state of the hospital systems' PMO, developed a future-state migration plan and designed effective process flows, methods and tools.
- IT controls methodology adoption: Our consultants mapped existing directives to COBiT (Control Objectives for Information and related Technology, a set of best practices for IT management) and reviewed and enhanced documentation deliverables for consistency, accuracy and completeness.
- Implementation of policyIQ®: Our consultants provided oversight of project effort to migrate all IT controls and standard operating procedures from an existing document repository into policyIQ (Resources Global's web-based content management system), while identifying control gaps and developing remediation efforts.
- Overall efforts: Our consultants assisted the company in accelerating value realization of change efforts; redefining jobs, roles and responsibilities that enable the IT group to deliver high-quality services; and creating a controlled environment that lends itself to consistent and accurate delivery of services, critical to the success of this project.

Sample Engagement — PMO and IT Resource Management: A multi-billion dollar, publicly held biotechnology company lacked strong visibility regarding its global IT capacity and was experiencing difficulty in managing project demands. The business' demand for IT resources exceeded its supply and a long-term approach and a roadmap for systems and IT processes was needed to support the organization's growth.

During phase I, Resources Global consultants assessed all IT resources needs and inventoried IT resources and projects. Then, partnering with the client, our consultants:

- Designed a "Project Prioritization Committee" (including business leaders), a prioritization process and a new demand- and resources-management process. As a result, a significant portion of the "what should IT work on?" responsibility shifted to the business units, accentuating responsibility and ownership.
- Developed, implemented and trained IT leaders on a short-term tool and processes to track, analyze and report project demand and resources to address immediate needs.

After learning about the competencies and maturity of the IT organization during phase I, our team built a business case for phase II, a long-term Project and Portfolio Management ("PPM") solution. A consistent, global approach to prioritizing projects and allocating resources resulted from our involvement and partnership with the company's leaders. The IT organization's effectiveness at supporting and managing projects rose substantially due to the new PPM solution. As a result, our consultants provided the client with a real-time view of critical project information, resource bench strength and resource allocation. The client now has visibility on its "demand and supply" of IT resources and projects at any given time, enabling it to shift priorities in an organized and efficient way.

Sample Engagement — SAP Business Management Software Implementation: To help ensure its business readiness and a successful go-live, a large apparel business engaged Resources Global to provide project management support for its SAP initiative. Initially, our SAP consultants with finance and compliance expertise:

- organized and led weekly status meetings with functional departments;
- identified, prioritized, and resolved pre go-live action items for each department;
- recommended controls and control improvements in each business process area; and
- provided regular updates to the North American CFO and the SAP finance team lead.

Subsequent to the initial engagement, the company engaged Resources Global to replace the incumbent global consulting firm to provide post go-live support, including:

- data conversion reconciliations between SAP and legacy systems;
- project management for finance stabilization and optimization activities;
- business issue resolution;
- user training; and
- re-engineering of the monthly close process.

Sample Engagement — Oracle Project Management: As part of its growth strategy, a global professional services firm needed consistent, aligned and streamlined processes, systems and reporting. The company was also looking to optimize their global use of Oracle while leveraging its existing design to:

- align the system with the organizational matrix-reporting by geographies and business lines;
- improve management reporting and decision making;
- improve the ability to integrate new acquisitions;
- enable shared services and standardized processes; and
- set a foundation for resource sharing.

Resources Global was engaged to serve as the Oracle project lead. The role required the team to:

- maintain and communicate the detailed implementation project plan;
- conduct Oracle module planning sessions;
- accumulate proposed design changes to address business requirements;
- validate business requirements with stakeholders; and
- facilitate execution of change initiatives.

Human Capital

Consultants in our Human Capital practice apply project-management and business analysis skills to help solve the people aspects of business problems. The two primary areas of focus of our Human Capital practice are change management/business transformation and HR operations.

Change Management: To achieve the desired business outcome, our Human Capital professionals — all with deep operational backgrounds— work with client teams to help drive their initiatives to successful completion. Using our proprietary E^3 (E Cubed) change management framework, our consultants are able to help clients understand and prepare for significant changes in their organizations and how to best position their teams for success.

More specifically, our professionals help our clients with three distinct change management phases:

- *Engage* — Identify key stakeholders and develop communication messages to ensure buy-in and support

- *Enable* — Identify objectives, evaluate readiness and develop organizational modifications
- *Execute* — Assess impact, deliver training and communication, and assess outcomes

We help manage change resulting from acquisitions, mergers, reorganizations, system implementations, new legislative requirements (Sarbanes, Basel II, HIPAA, etc.), downsizing or any management initiative or reform effort.

HR Operations and Technology: Resources Global's Human Capital professionals, with backgrounds in HR operations and technology, possess the business acumen and technical skills to bring a blend of expertise to various projects, including:

Organizational Development

- performance measurement and management;
- process analysis and redesign;
- succession planning and career development programs; and
- employee retention programs, opinion surveys and communication programs.

HR Information Systems

- project management;
- change management;
- system selection and optimization;
- implementation;
- data conversion;
- post-implementation support; and
- supplementing client staff.

HR Operations

- HR management;
- compliance/legal;
- compensation;
- benefits;
- HR training; and
- recruitment.

Sample Engagement — Change Management: As part of its IT and organization transformation initiatives, a large healthcare organization engaged Resources Global human capital consultants to provide change management expertise. Our consultants worked with senior management to:

- define organizational/departmental structures;
- define specific roles and responsibilities for job functions;
- develop training plans to ensure adequate competencies;
- perform organizational readiness assessments; and
- design change management effectiveness metrics.

Sample Engagement — Restructuring Assistance: Subsequent to assisting a global company with a large financial restatement, Resources Global consultants evaluated the human resource challenges related to the reorganization of its international controllers' group. During this engagement, we assisted the company with:

- designing mechanisms to facilitate timely and effective communication;
- reviewing roles, titles, skills, competencies, and job scope as required and facilitating efforts of parent and local legal departments regarding labor contracts, local work councils and applicable local legislation; and
- conducting benchmark surveys to determine appropriate salaries for newly created roles.

Sample Engagement — Assistance with Managing Growth: After completing a series of strategic acquisitions, a large education company identified the need to develop an internal and external communication plan, create a new enterprise-wide compensation structure, and adopt a more cost effective consumer-driven health care program for all employees. To help facilitate these initiatives, the client engaged our Human Capital professionals to provide project management and technical professionals.

Working with the company's senior management, our consultants helped execute a multi-phased implementation plan to realign job roles and responsibilities, redesign the company's compensation strategy and improve internal and external communications. In addition, our consultants provided guidance related to the redesign of the health care program, including program pricing and roll out to the employees.

Legal & Regulatory

Our Legal & Regulatory practice helps clients drive and execute their legal, risk management and regulatory initiatives. The consultants in this group have significant experience working at the nation's top law firms and companies. Our consultants work at our clients' direction to support both routine and sophisticated initiatives and projects, as well as to augment their staff. A few examples of areas in which we serve our clients include:

- mergers and acquisitions (including integration), divestitures and joint ventures;
- quarterly and annual SEC filings, annual meetings, proxy statements and corporate governance matters;
- commercial transactions, contracts, licensing, real estate transactions and employment matters;
- compliance policy development and implementation, compliance training, testing and reporting;
- litigation, including complex class actions, investigations and regulatory exams;
- bankruptcy, corporate restructurings and workouts;
- secondment during leaves of absence or due to employee attrition; and
- implemention and optimization of legal and business policies, processes and procedures.

Sample Engagement — Mergers & Acquisitions ("M&A"): A publicly traded energy company was considering a complex transaction involving multiple cross-border entities and complicated foreign assets/subsidiaries. Up against tight deadlines and a significant volume of work, the General Counsel needed an additional M&A attorney to work side-by-side with him on this strategic acquisition.

Resources Global deployed one of its consultants, with significant corporate experience handling multi-national M&A deals in Asia, Europe and South America. Our consultant's level of sophistication and significant experience on strategic acquisitions, allowed the client to increase the amount of work done in-house rather than solely rely on outside counsel, thus dramatically reducing the overall costs of the transaction.

Sample Engagement — Bankruptcy Support: A publicly traded global manufacturer of specialty chemicals and polymer products filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. In connection with the bankruptcy filing, our client needed to engage in a comprehensive review and analysis of its current commercial and corporate contracts. Given the significant number of agreements to be reviewed, and in order to meet the required deadlines, our client asked for additional support to supplement its in-house legal team and outside counsel.

Resources Global provided a team of five attorney consultants with varied subject matter expertise, including extensive experience in bankruptcy, sophisticated commercial transactions, commercial finance and chemical industry experience. Our consultants worked with our client's in-house legal team to review a significant volume of contracts and assist in the preparation of a schedule of executory contracts. In addition, we assisted with streamlining various corporate governance processes.

Sample Engagement — Class Action Litigation Support: One of the world's largest publicly traded food and beverage companies was facing a substantial class action lawsuit. During the discovery phase, the company was served with various discovery requests, including certain requests for production of documents. Given the extensive breadth and scope of these requests, the number of responsive documents was substantial. In order to respond to the discovery requests in a timely and cost effective manner, our client requested that Resources Global partner with its outside counsel, a large international law firm.

We provided a team of six consultants to work closely with our client's outside counsel in the review of documents for responsiveness, confidentiality and privilege.

Resources Audit Solutions ("RAS"): Corporate Governance, Risk Management, Internal Audit and Sarbanes Compliance Services

Through our RAS practice, we assist clients with a variety of governance, risk management, internal audit, and compliance initiatives. The professionals in our RAS practice have experience in operations, controllership and internal and external audit and can serve our clients in any number of roles required — from program manager to team member. In addition to helping clients worldwide in the areas of audit, risk and compliance, we are able to draw on Resources Global's other practice areas to bring the required business expertise to the engagement. Specific types of engagements include:

- *Co-Sourced Internal Audit:* Knowing how businesses function is the key to today's risk-driven approach to integrated auditing. Our professionals have the experience required to assess the risks involved and develop and execute a program to audit the effectiveness and efficiency of an entity. We work with clients in a number of capacities, including: providing a variable resource to the client's staff, adding subject matter expertise, benchmarking processes against best practices and executing projects. We assist clients with co-sourcing requirements in:
  - IT audits;
  - operational audits;
  - financial audits;
  - compliance audits; and
  - fraud or forensic audits.
- *Royalty, Licensing and Contracts Auditing:* Working in today's increasingly complex and regulated business environment, we assist clients in determining vendor and customer compliance with contractual obligations. We help determine whether vendors are adhering to pricing formulas, customers are remitting according to licensing terms, franchisees are correctly calculating fees and internal contract calculations are accurate. Specifically we can assist with:
  - royalty and license audits;
  - vendor audits;
  - franchisee audits; and
  - contract management and compliance audits.
- *Governance, Risk and Compliance:* Recent economic and world events from 9/11 to the mortgage crisis have raised the awareness of risk and the need for strong governance in all areas of business. Companies are responding by taking a new and deeper look at how they make decisions and govern themselves, the type of

risks present in their environments and how to mitigate those risks and whether they have a culture of compliance. These initiatives are typically enterprise-wide and Resources Global can assist by:

- designing and executing a risk assessment process;
- working as project managers or team members on a governance, risk and compliance initiative; and
- evaluating governance processes such as compensation, hiring and promotion practices and evaluation of systems.

- *Sarbanes, J-SOX and Other Compliance Initiatives:* We have worked with clients on a number of compliance issues, including J-SOX, BSA, Basel II, HIPAA, Anti Money Laundering and Gramm Leach Bliley. In the area of Sarbanes compliance, Resources Global helps businesses by**:**
  - re-designing processes to leverage new guidance, using a risk-based approach;
  - identifying or designing entity level controls; and
  - reducing the cost of on-going testing and documentation.

Sample Engagement — Compliance Transformation for Leading Financial Services Institution: The client needed to transform its compliance program from one focused on the minimal requirements of a publicly traded finance company to a comprehensive compliance program appropriate for a Tier I bank-holding company.

Our cross-functional team of four consultants with significant experience in bank compliance met with senior management and helped to define key deliverables and milestones for the overall compliance transformation plan. The consultants then executed the plan, providing on-time deliverables, including policies, risk assessments, training programs, technology assessments and management briefings.

Sample Engagement — Sarbanes Compliance: A large U.S. government agency engaged Resources Global to assist with its effort to comply with certain Sarbanes requirements. Resources Global consultants are providing project management, quality assurance and testing expertise to this agency at several locations in which it operates. In its project management support function, Resources Global assists in the coordination of agency personnel and other third parties which are part of the Sarbanes compliance efforts.

Sample Engagement — Internal Audit/Sarbanes Compliance: Resources Global has an ongoing relationship with a Fortune 200 diversified company, assisting it in the areas of internal audit and Sarbanes compliance.

Highlights of this relationship include:

- *Internal Audit Transformation* — In response to the highly publicized issues and ethical breaches at our client's company, Resources Global assisted in a complete transformation of the company's internal audit function. Resources Global deployed 42 consultants to eight countries in three months to help complete audits of the company's high-risk businesses. Resources Global also assisted with developing a global audit plan and initial risk assessment for the company's audit committee.
- *Sarbanes Compliance* — The client's philosophy of autonomy and local decision making required a highly decentralized structure. As a result, over the course of several years Resources Global deployed over 500 consultants in 34 countries to assist with all aspects of Sarbanes compliance including: process documentation, test template design, testing, quality assurance, remediation, project management and assistance with non-Sarbanes work to allow process owners to gain more time for their own Sarbanes involvement.
- *Sarbanes Streamlining* — In each successive year of Sarbanes compliance, Resources has worked with the client to reduce the time and effort required to comply with the evolving standards and processes.

Supply Chain Management

Our Supply Chain Management practice assists clients in the planning, maintenance and troubleshooting of complex supply chain systems. Our consultants work as part of client teams to reduce the total cost of ownership, improve business performance and produce results. Specifically, our services include:

- performing current state assessments, analyzing and implementing business process improvements, and assisting with supply chain management technology enhancements to maximize the effectiveness of the supply chain.
- providing experienced and accomplished supply chain professionals — with a variety of skill sets and backgrounds — who can lead or assist strategic sourcing efforts, negotiate contracts, serve as commodity/category experts, develop strategies and perform operational and tactical procurement activities.
- presenting a variety of supply chain management solutions, including strategic sourcing; supplier relationship management; contracts management; supply chain compliance; logistics and materials management; inventory rationalization; warehouse optimization; Lean, Six Sigma and Demand Planning and Forecasting supply chain expertise; supplier diversity assistance; ERP implementations and purchasing card programs.

Sample Engagement — Materials and Inventory Management: A major telecommunications company experienced rapid and large-scale growth leading to concerns over the reliability of their supply chain and inventory management processes and data. Our team of more than 40 consultants in 21 United States markets was engaged to assist with the project that focused on:

- designing a process and data schematic for capturing receipt and inventory transfer transactions for upload into their procurement, inventory and asset management system;
- designing a physical-count process to validate equipment balances in warehouses as inventory and also validating equipment deployed in the wireless network as fixed assets;
- redesigning the distribution network to include establishing regional warehouses;
- redesigning warehouse processes in over 35 locations with five different third-party logistics providers; and
- coordinating supply-chain data and sub-ledger activities to support year-end close process.

Sample Engagement — End-to-End Current State Assessment: A Resources Global team of supply chain consultants helped a large United States defense contractor complete a supply chain management current state assessment for one of their large business units. The team reviewed and assessed the organization’s end-to-end supply chain function, including:

- reviewing the current state processes, systems, organization, and policies for the sourcing, inventory management and logistics operations;
- providing recommendations for future state business processes;
- identifying short and long-term technology enhancements;
- providing recommendations on a redesigned supply chain management organization;
- writing job descriptions for new and changed job roles; and
- developing a business case and implementation plan for each recommended change initiative.

policyIQ

Delivered via the web, policyIQ is our proprietary content management product for documenting, managing and communicating all types of business information, including policies and procedures, Sarbanes documentation, training documentation and other types of business content. Project teams, departments and entire companies use policyIQ in place of shared directories, e-mail and intranet sites to more effectively manage different types of content including:

- Finance and Accounting: accounting policies, financial reporting procedures, SEC regulations, bank account reconciliations, Sarbanes Section 302 certifications and 404 documentation;
- Information Management: disaster recovery plans, help desk procedures, system "how to's," system access request forms, change management documentation;
- Internal Audit: risk assessment, audit test plans, testing documentation, management action plans, audit committee charters and meeting minutes;
- Human Capital: employee handbook, benefits information and frequently asked questions, new hire and other employee forms, candidate or employee evaluations;
- Supply Chain: vendor qualification, procurement policies and procedures, executed contracts, transaction documentation; and
- Legal: Code of Conduct and other compliance documentation including employee sign-offs, safe harbor and privacy protective policies, ethics policies, contract templates and agreement repository.

Operations

We generally provide our professional services to clients at a local level, with the oversight of our regional managing directors and consultation of our corporate management team. The managing director, client service director(s) and recruiting director(s) in each office are responsible for initiating client relationships, identifying consultants specifically skilled to perform client projects, ensuring client and consultant satisfaction throughout engagements and maintaining client relationships post-engagement. Throughout this process, the corporate management team and regional managing directors are available to consult with the managing director with respect to client services.

Our offices are operated in a decentralized, entrepreneurial manner. The managing directors of our offices are given significant autonomy in the daily operations of their respective offices, and with respect to such offices, are responsible for overall guidance and supervision, budgeting and forecasting, sales and marketing, pricing and hiring. We believe that a substantial portion of the buying decisions made by our clients are made on a local or regional basis and that our offices most often compete with other professional services providers on a local or regional basis. Because our managing directors are in the best position to understand the local and regional outsourced professional services market and because clients often prefer local relationships, we believe that a decentralized operating environment maximizes operating performance and contributes to employee and client satisfaction.

We believe that our ability to successfully deliver professional services to clients is dependent on our managing directors working together as a collegial and collaborative team, at times working jointly on client projects. To build a sense of team effort and increase camaraderie among our managing directors, we have an incentive program for our office management that awards annual bonuses based on both the performance of the Company and the performance of the individual's particular office. In addition, we believe many members of our office management own equity in the Company. We also have a new managing director program whereby new managing directors attend a regularly scheduled series of seminars taught by experienced managing directors and other senior management personnel. This program allows the veteran managing directors to share their success stories, foster the culture of the Company with the new managing directors and review specific client and consultant development programs. We believe these team-based practices enable us to better serve clients who prefer a centrally organized service approach.

From our corporate headquarters in Irvine, California, we provide our North American and certain of our international offices with centralized administrative, marketing, finance, HR, IT, legal and real estate support. Our financial reporting is centralized in our corporate service center. This center also handles invoicing, accounts payable and collections, and administers HR services including employee compensation and benefits administration. During fiscal 2006, we established a service center in our Utrecht, Netherlands office to provide centralized finance, HR, IT, payroll and legal support to our European offices. In addition, in the United States, Canada and Mexico, we have a corporate networked IT platform with centralized financial reporting capabilities and a front office client management system. These centralized functions minimize the administrative burdens on our office management and allow them to spend more time focused on client and consultant development.

Business Development

Our business development initiatives are composed of:

- local initiatives focused on existing clients and target companies;
- national and international targeting efforts focused on multinational companies;
- brand marketing activities; and
- national and local direct mail programs.

Our business development efforts are driven by the networking and sales efforts of our management. The managing directors and client service directors in our offices develop a list of potential clients and key existing clients. In addition, the directors are assisted by management professionals focused on business development efforts on a national basis. These business development professionals, teamed with the managing directors and client service group, are responsible for initiating and fostering relationships with the senior management of our targeted client companies. These local efforts are supplemented with national marketing assistance. We believe that these efforts have been effective in generating incremental revenues from existing clients and developing new client relationships.

Our brand marketing initiatives help develop Resources Global's image in the markets we serve. Although we have reduced media advertising during fiscal 2010 in response to the economic slowdown, our brand is reinforced by our professionally designed website, direct marketing, seminars, brochures and pamphlets and public relations efforts. During fiscal 2011, we intend to commence a targeted marketing campaign with print and on-line media components. We believe that our branding initiatives coupled with our high-quality client service help to differentiate us from our competitors and to establish Resources Global as a credible and reputable global professional services firm.

Our marketing group develops our direct mail campaigns to focus on our targeted client and consultant populations. These campaigns are intended to support our branding, sales and marketing, and consultant hiring initiatives.

Competition

We operate in a competitive, fragmented market and compete for clients and consultants with a variety of organizations that offer similar services. Our principal competitors include:

- consulting firms;
- local, regional, national and international accounting firms;
- independent contractors;
- traditional and Internet-based staffing firms; and
- the in-house resources of our clients.

We compete for clients on the basis of the quality of professionals, the timely availability of professionals with requisite skills, the scope and price of services, and the geographic reach of services. We believe that our attractive value proposition, consisting of our highly qualified consultants, relationship-oriented approach and professional culture, enables us to differentiate ourselves from our competitors. Although we believe we compete favorably with our competitors, many of our competitors have significantly greater financial resources, generate greater revenues and have greater name recognition than we do.

Employees

As of May 29, 2010, we had a total of 2,783 employees, including 716 corporate and local office employees and 2,067 consultants. Our employees are not covered by any collective bargaining agreements.

Available Information

The Company's principal executive offices are located at 17101 Armstrong Avenue, Irvine, California 92614. The Company's telephone number is (714) 430-6400 and its website address is http://www.resourcesglobal.com. The information set forth in the website does not constitute part of this Annual Report on Form 10-K. We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 with the SEC electronically. These reports are maintained on the SEC's website at http://www.sec.gov.

A free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports may be obtained as soon as reasonably practicable after we file such reports with the SEC on our website at http://www.resourcesglobal.com.

ITEM 1A. *RISK FACTORS.*

You should carefully consider the risks described below before making a decision to buy shares of our common stock. The order of the risks is not an indication of their relative weight or importance. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties, including those risks set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations," may also adversely impact and impair our business. If any of the following risks actually occur, our business could be harmed. In that case, the trading price of our common stock could decline, and you might lose all or part of your investment. When determining whether to buy our common stock, you should also refer to the other information in this Annual Report on Form 10-K, including our financial statements and the related notes.

A continuation of the economic downturn or change in the use of outsourced professional services consultants could adversely affect our business.

Beginning in fiscal 2008, the United States economy deteriorated significantly, resulting in a reduction in our revenue as clients delayed, down-sized or cancelled initiatives that required the use of professional services. In addition, during fiscal 2009, many European and Asia Pacific countries reported significant contraction in their economies. Continued deterioration of the United States and international economies, coupled with tight credit markets, could result in a further reduction in the demand for our services and adversely affect our business in the future. In addition, the use of professional services consultants on a project-by-project basis could decline for non-economic reasons. In the event of a reduction in the demand for our consultants, our financial results would suffer.

The economic downturn may also affect our allowance for doubtful accounts. Our estimate of losses resulting from our clients' failure to make required payments for services rendered has historically been within our expectations and the provisions established. However, we cannot guarantee that we will continue to experience the same credit loss rates that we have in the past, especially given the deterioration in the global economy. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and cash flows and additional allowances may be required. These additional allowances could materially affect the Company's future financial results.

In addition, we are required to periodically, but at least annually, assess the recoverability of certain assets, including deferred tax assets and goodwill. Continued softening of the United States economy and the downturn in international economies could adversely affect our evaluation of the recoverability of deferred tax assets, requiring us to record additional tax valuation allowances. Our assessment of impairment of goodwill is currently based upon comparing our market capitalization to our net book value. Therefore, a significant downturn in the future market value of our stock could potentially result in impairment reductions of goodwill in the future and such an adjustment could materially affect the Company's future financial results and financial condition.

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 consultants 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;
- local, regional, national and international accounting firms;
- independent contractors;
- 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 consultants. Some of our competitors in certain markets do not provide medical and other benefits to their consultants, thereby allowing them to potentially charge lower rates to clients. In addition, our competitors may be able to respond more quickly to changes in companies' needs and developments in the professional services industry.

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 in-house procurement groups that manage their relationship with service providers.

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

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. While we have not been subject to a legal claim filed by a client, it remains possible, 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 consultants in the workplaces of other companies, we are subject to possible claims by our consultants 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 consultants. 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 consultants and clients.

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

Historically, we have grown by opening new offices and by increasing the volume of services provided through existing offices. During the recent economic slow-down, our revenue declined for five consecutive quarters through the first quarter of fiscal 2010. Since then we have experienced a modest growth rate. There can be no assurance that we will be able to maintain or expand our market presence in our current locations or to successfully enter other markets or locations. Our ability to continue to grow our business will depend upon an improving global economy and a number of factors, including our ability to:

- grow our client base;
- expand profitably into new cities;
- provide additional professional services offerings;
- hire qualified and experienced consultants;
- maintain margins in the face of pricing pressures;
- manage costs; and
- maintain or grow revenues and increase other service offerings from existing clients.

Even if we are able to resume more rapid growth in our revenue, 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. For instance, a limited number of clients are requesting that certain engagements be of a fixed fee nature rather than our traditional hourly time and materials approach, thus shifting a portion of the burden of financial risk and monitoring to us. 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 face if we conducted our operations solely in the United States. Any of these risks or expenses could cause 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 United States' 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 we 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;
- incurrence of significant non-recurring charges;
- incurrence of additional debt with restrictive covenants or other limitations;
- addition of significant amounts of intangible assets, including goodwill, that are subject to periodic assessment of impairment, primarily through comparison of market value of our stock to our net book value, with such impairment potentially resulting in a material impact on our future financial results and financial condition;
- dilution of our stock as a result of issuing equity securities; and
- assumption of liabilities of the acquired company.

Additionally, in accordance with GAAP, we estimate and record the acquisition date fair value of contingent consideration as part of purchase price consideration for acquisitions occurring subsequent to May 30, 2009. Each reporting period, we will estimate changes in the fair value of contingent consideration and any change in fair value will be recognized in our consolidated statement of operations. Our estimate of the fair value of contingent consideration requires very subjective assumptions to be made of future operating results, discount rates and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change our estimate of the fair value of contingent consideration and therefore materially affect the Company's future financial results and financial condition.

Under the terms of our acquisition agreements for Sitrick Brincko Group, up to 20% of the contingent consideration is payable to employees of the acquired business at the end of the measurement period to the extent certain growth targets are achieved. We will record the estimated amount of the contractual obligation to pay the employee portion of the contingent consideration as compensation expense over the service period as it is deemed probable that growth targets will be achieved. Our estimate of the amount of the employee portion of contingent consideration requires very subjective assumptions to be made of future operating results. Future revisions to these assumptions could materially change our estimate of the amount of the employee portion of contingent consideration and therefore materially affect the Company's future financial results and financial condition.

We must provide our clients with highly qualified and experienced consultants, and the loss of a significant number of our consultants, or an inability to attract and retain new consultants, 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 consultants who possess the skills and experience necessary to satisfy their needs. At various times, such professionals can be in great demand, particularly in certain geographic areas. Our ability to attract and retain consultants with the requisite experience and skills depends on several factors including, but not limited to, our ability to:

- provide our consultants with either full-time or flexible-time employment;
- obtain the type of challenging and high-quality projects that our consultants seek;
- pay competitive compensation and provide competitive benefits; and
- provide our consultants 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 consultants necessary to maintain and grow our business.

Decreased effectiveness of equity compensation could adversely affect our ability to attract and retain employees.

We have historically used stock options as a key component of our employee compensation program in order to align employees' interests with the interests of our stockholders, encourage employee retention and provide competitive compensation packages. The requirement to expense stock-based compensation beginning in fiscal 2007 may limit our use of stock options and other stock-based awards to attract and retain employees because of the possible impact on our results of operations. This treatment could make it more difficult to attract, retain and motivate employees. In addition, a significant portion of our options outstanding are priced at more than the current per share market valuation of our stock, further reducing existing option grants as an incentive to retain employees.

Our computer hardware and software and telecommunications systems are susceptible to damage and interruption.

The management of our business is aided by the uninterrupted operation of our computer and telecommunication systems. These systems are vulnerable to security breaches, natural disasters, computer viruses, or other interruptions or damage stemming from power outages, equipment failure or unintended usage by employees. System-wide or local failures of these systems could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our cash and short-term investments are subject to economic risk.

The Company invests its cash, cash equivalents and short-term investments in United States treasuries and government agencies, bank deposits, money market funds, commercial paper and certificates of deposit. Certain of these investments are subject to general credit, liquidity, market and interest rate risks. In the event these risks caused a decline in value of any of the Company's investments, it could adversely affect the Company's financial condition.

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

Our future success depends upon the continued employment of our senior management team. The departure of one or more key members of our senior management team, including management of Sitrick Brincko Group, could significantly disrupt our operations.

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 the demand for our services by our clients;
- the entry of new competitors into any of our markets;
- the number of consultants eligible for our offered benefits as the average length of employment with the Company increases;
- the amount of vacation hours used by consultants or 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;

- variation in foreign exchange rates from one quarter to the next used to translate the financial results of our international operations;
- the amount and timing of operating costs and capital expenditures relating to management and expansion of our business;
- changes in the estimates of contingent consideration and the employee portion of contingent consideration;
- the timing of acquisitions and related costs, such as compensation charges that fluctuate based on the market price of our common stock; and
- the periodic fourth quarter consisting of 14 weeks, which last occurred during the fiscal year ended May 31, 2008.

Due to these 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.

If our internal control over financial reporting does not comply with the requirements of Sarbanes, our business and stock price could be adversely affected.

Section 404 of Sarbanes requires us to evaluate periodically the effectiveness of our internal control over financial reporting, and to include a management report assessing the effectiveness of our internal controls as of the end of each fiscal year. Our management report on internal controls is contained in this Annual Report on Form 10-K. Section 404 also requires our independent registered public accountant to report on our internal control over financial reporting.

Our management does not expect that our internal control over financial reporting will prevent all errors or acts of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, involving us have been, or will be, detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of a person, or by collusion among two or more people, or by management override of controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies and procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to errors or fraudulent acts may occur and not be detected.

Although our management has determined, and our independent registered public accountant has attested, that our internal control over financial reporting was effective as of May 29, 2010, we cannot assure you that we or our independent registered public accountant will not identify a material weakness in our internal controls in the future. A material weakness in our internal control over financial reporting may require management and our independent registered public accountant to evaluate our internal controls as ineffective. If our internal control over financial reporting is not considered adequate, we may experience a loss of public confidence, which could have an adverse effect on our business and our stock price. Additionally, if our internal control over financial reporting otherwise fails to comply with the requirements of Sarbanes, our business and stock price could be adversely affected.

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. Additionally, changes in these requirements, or in other laws applicable to us, in the future could increase our costs of compliance.

In addition, we may face challenges from certain state regulatory bodies governing the provision of certain professional services, like legal services or audit services. The imposition of such regulations could require additional financial and operational burdens on our business.

It may be difficult for a third party to acquire the Company, and this could depress its 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 the 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, by 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 and bylaws can be amended only by supermajority vote (a $66^2/_3$% majority) of the outstanding shares. In addition, our board of directors can amend our bylaws by majority vote of the members of 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 is described further in Note 11 — *Stockholders' Equity* — of the Consolidated Financial Statements included in this Annual 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 the Company or our management by deterring acquisitions of our stock not approved by our board of directors.

We are required to recognize compensation expense related to employee stock options and our employee stock purchase plan. There is no assurance that the expense that we are required to recognize measures accurately the value of our share-based payment awards and the recognition of this expense could cause the trading price of our common stock to decline.

We measure and recognize compensation expense for all stock-based compensation based on estimated values. Thus, our operating results contain a non-cash charge for stock-based compensation expense related to employee stock options and our employee stock purchase plan. In general, accounting guidance requires the use of an option-pricing model to determine the value of share-based payment awards. This determination of value is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. Option-pricing models were developed for use in estimating the value of traded options that have no vesting restrictions and are fully transferable. Because our employee stock options have certain characteristics that are significantly different from traded options, and because changes in the subjective assumptions can materially affect the estimated value, in management's opinion the existing valuation models may not provide an accurate measure of the value of our employee stock options. Although the value of employee stock options is determined using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

As a result of the adoption of the required accounting for stock-based compensation, our earnings are lower than they would have been. There also is variability in our net income due to the timing of the exercise of options that trigger disqualifying dispositions which impact our tax provision. This will continue to be the case for future periods. We cannot predict the effect that this adverse impact on our reported operating results will have on the trading price of our common stock.

We may be unable to or elect not to pay our quarterly dividend payment.

Subsequent to the end of fiscal 2010, our board of directors announced the establishment of a regular quarterly dividend, subject to quarterly board of director approval, of $0.04 per share. The payment of, or continuation of, the regular quarterly dividend will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, general business conditions, potential future contractual restrictions contained in credit agreements and other agreements and other factors deemed relevant by our board of directors. The failure to pay the quarterly dividend or the discontinuance of the quarterly dividend could adversely affect the trading price of our common stock.

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 United States and foreign registrations on this service mark. We have previously obtained United States 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 from time to time of other companies using the name "Resources Connection" or some variation thereof and this contributed to our decision to adopt the operating company name of Resources Global Professionals. We obtained United States registration on our Resources Global Professionals service mark, Registration No. 3,298,841 registered September 25, 2007. However, our rights to this service mark are not currently protected in some of our foreign registrations, and there is no guarantee that any of our pending applications for such registration (or any appeals thereof or future applications) will be successful. 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 these 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 were required to change our name.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS.***

Not applicable.

ITEM 2. *PROPERTIES.*

As of May 29, 2010, we maintained 53 domestic offices, all under operating lease agreements (except for the Irvine, California location), in the following metropolitan areas:

Birmingham, Alabama	Honolulu, Hawaii	Charlotte, North Carolina
Phoenix, Arizona	Boise, Idaho	Raleigh, North Carolina
Century City, California	Chicago, Illinois	Cincinnati, Ohio
Costa Mesa, California	Downers Grove, Illinois	Cleveland, Ohio
Irvine, California	Indianapolis, Indiana	Columbus, Ohio
Los Angeles, California	Louisville, Kentucky	Tulsa, Oklahoma
Sacramento, California	Baltimore, Maryland	Portland, Oregon
Santa Clara, California	Boston, Massachusetts	Philadelphia, Pennsylvania
San Diego, California	Detroit, Michigan	Pittsburgh, Pennsylvania
San Francisco, California	Minneapolis, Minnesota	Nashville, Tennessee
Walnut Creek, California	Kansas City, Missouri	Austin, Texas
Woodland Hills, California	St. Louis, Missouri	Dallas, Texas
Denver, Colorado	Las Vegas, Nevada	Houston, Texas
Hartford, Connecticut	Parsippany, New Jersey	San Antonio, Texas
Stamford, Connecticut	Princeton, New Jersey	Seattle, Washington
Plantation, Florida	Long Island, New York	Milwaukee, Wisconsin
Tampa, Florida	New York, New York (2)	Washington, D.C. (McLean, Virginia)
Atlanta, Georgia		

As of May 29, 2010, we maintained 29 international offices under operating lease agreements, located in the following cities and countries:

Melbourne, Australia	Mumbai, India	Oslo, Norway
Sydney, Australia	Dublin, Ireland	Beijing, People's Republic of China
Brussels, Belgium	Milan, Italy	Hong Kong, People's Republic of China
Calgary, Canada	Nagoya, Japan	Shanghai, People's Republic of China
Montreal, Canada	Tokyo, Japan	Singapore
Toronto, Canada	Luxembourg	Stockholm, Sweden
Copenhagen, Denmark	Mexico City, Mexico	Taipei, Taiwan
Paris, France	Maastricht, Netherlands	Birmingham, United Kingdom
Frankfurt, Germany	Amsterdam (Utrecht), Netherlands	Edinburgh, United Kingdom
Bangalore, India		London, United Kingdom

Our corporate offices are located in Irvine, California. We own an approximately 56,800 square foot office building in Irvine, California, of which we occupy approximately 24,000 square feet. Approximately 20,800 square feet is leased to independent third parties, with the remainder offered for lease.

ITEM 3. *LEGAL PROCEEDINGS.*

We are not currently subject to any material legal proceedings; however, we are a party to various legal proceedings arising in the ordinary course of our business.

ITEM 4. *[RESERVED].*

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.*

Price Range of Common Stock

Our common stock has traded on the NASDAQ Global Select Market under the symbol "RECN" since December 15, 2000. Prior to that time, there was no public market for our common stock. The approximate number of holders of record of our common stock as of July 9, 2010 was 43 (a holder of record is the name of an individual or entity that an issuer carries in its records as the registered holder (not necessarily the beneficial owner) of the issuer's securities).

The following table sets forth the range of high and low closing sales prices reported on the NASDAQ Global Select Market for our common stock for the periods indicated.

	Price Range of Common Stock	
	High	Low
Fiscal 2010:		
First Quarter	$ 19.61	$ 14.77
Second Quarter	$ 20.18	$ 14.59
Third Quarter	$ 21.73	$ 17.04
Fourth Quarter	$ 19.42	$ 15.45
Fiscal 2009:		
First Quarter	$ 24.31	$ 18.09
Second Quarter	$ 25.06	$ 13.32
Third Quarter	$ 16.70	$ 13.59
Fourth Quarter	$ 20.01	$ 12.87

Dividend Policy

Our policy through fiscal 2010 has been to not declare or pay a regular cash dividend on our capital stock, although we did make a one-time payment in fiscal 2008. On July 20, 2010, the Company's board of directors announced that it had authorized the establishment of a regular quarterly dividend, subject to quarterly board of director approval, of $0.04 per share. The initial dividend payment will be paid on September 15, 2010 to shareholders of record at the close of business on August 18, 2010. Continuation of the regular quarterly dividend will be at the discretion of our board of directors and will depend upon our financial condition, results of operations, capital requirements, general business condition, contractual restrictions contained in our credit agreement and other agreements, and other factors deemed relevant by our board of directors.

Issuances of Unregistered Securities

None.

Issuer Purchases of Equity Securities

In July 2007, our board of directors approved a new stock repurchase program, authorizing the purchase, at the discretion of the Company's senior executives, of our common stock for an aggregate dollar limit not to exceed $150 million. The table below provides information regarding our stock repurchases made during the fourth quarter of fiscal 2010 under our stock repurchase program.

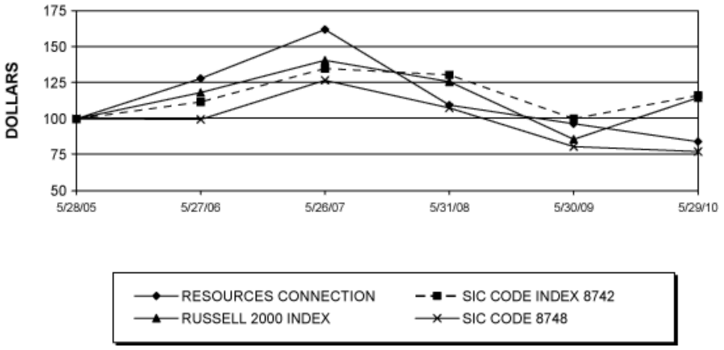
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program
February 28, 2010 — March 27, 2010	—	$ —	—	$ 29,737,488
March 28, 2010 — April 24, 2010	—	$ —	—	$ 29,737,488
April 25, 2010 — May 29, 2010	186,835	$ 17.06	186,835	$ 26,550,765
Total February 28, 2010 — May 29, 2010	186,835	$ 17.06	186,835	$ 26,550,765

Performance Graph

Set forth below is a line graph comparing the annual percentage change in the cumulative total return to the holders of our common stock with the cumulative total return of the Russell 2000 Index, and companies classified under Standard Industry Codes as 8742-Management Consulting Services and 8748-Business Consulting Services for the period commencing May 28, 2005 and ending on May 29, 2010. The graph assumes $100 was invested on May 28, 2005 in our common stock and in each index (based on prices from the close of trading on May 28, 2005), and that all dividends are reinvested. Stockholder returns over the indicated period may not be indicative of future stockholder returns.

The information contained in the performance graph shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference into such filing.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
AMONG RESOURCES CONNECTION, INC., THE RUSSELL 2000 INDEX,
SIC CODE 8742 — MANAGEMENT CONSULTING SERVICES AND SIC CODE 8748 — BUSINESS CONSULTING SERVICES



ASSUMES $100 INVESTED ON MAY 28, 2005
ASSUMES DIVIDENDS REINVESTED

	Fiscal Year Ended					
Company/Index/Market	5/28/2005	5/27/2006	5/26/2007	5/31/2008	5/30/2009	5/29/2010
Resources Connection, Inc.	**100.00**	**128.01**	**161.95**	**109.54**	**96.61**	**84.15**
Management Consulting Services (SIC 8742)	**100.00**	**111.73**	**134.93**	**130.52**	**100.13**	**116.25**
Russell 2000 Index	**100.00**	**118.24**	**140.61**	**125.80**	**85.80**	**114.67**
Business Consulting Services (SIC 8748)	**100.00**	**99.62**	**126.75**	**107.57**	**80.73**	**77.31**

ITEM 6. *SELECTED FINANCIAL DATA.*

You should read the following selected historical consolidated financial data in conjunction with our Consolidated Financial Statements and related notes beginning on page 47 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 32. The Consolidated Statements of Operations data for the years ended May 26, 2007 and May 27, 2006 and the Consolidated Balance Sheet data at May 31, 2008, May 26, 2007 and May 27, 2006 were derived from our Consolidated Financial Statements that have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and are not included in this Annual Report on Form 10-K. The Consolidated Statements of Operations data for the years ended May 29, 2010, May 30, 2009 and May 31, 2008 and the Consolidated Balance Sheet data at May 29, 2010 and May 30, 2009 were derived from our Consolidated Financial Statements that have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and are included elsewhere in this Annual Report on Form 10-K. Historical results are not necessarily indicative of results that may be expected for any future periods.

	Years Ended				
	May 29, 2010	May 30, 2009	May 31, 2008(4)	May 26, 2007	May 27, 2006
	(In thousands, except net (loss) income per common share and other data)				
Consolidated Statements of Operations Data:					
Revenue	$ 498,998	$ 685,576	$ 840,285	$ 735,891	$ 633,843
Direct cost of services	303,768	422,171	518,413	447,363	384,429
Gross profit	195,230	263,405	321,872	288,528	249,414
Selling, general and administrative expenses(1)	182,985	212,680	227,853	191,590	149,736
Employee portion of contingent consideration(2)	500	—	—	—	—
Contingent consideration expense(2)	1,492	—	—	—	—
Amortization of intangible assets	3,496	1,383	1,114	1,472	1,740
Depreciation expense	8,544	8,898	8,452	6,122	2,958
(Loss) income from operations	(1,787)	40,444	84,453	89,344	94,980
Interest income	(656)	(1,593)	(5,603)	(8,939)	(5,015)
(Loss) income before provision for income taxes	(1,131)	42,037	90,056	98,283	99,995
Provision for income taxes(3)	10,618	24,273	40,871	43,518	39,398
Net (loss) income	$ (11,749)	$ 17,764	$ 49,185	$ 54,765	$ 60,597
Net (loss) income per common share:					
Basic	$ (0.26)	$ 0.39	$ 1.06	$ 1.13	$ 1.26
Diluted	$ (0.26)	$ 0.39	$ 1.03	$ 1.08	$ 1.17
Weighted average common shares outstanding:					
Basic	45,894	45,018	46,545	48,353	48,054
Diluted	45,894	45,726	47,934	50,644	51,676
Other Data:					
Number of offices open at end of period	82	82	89	84	78
Total number of consultants on assignment at end of period	2,067	2,065	3,490	3,276	2,857
Cash dividends paid (in thousands)(5)	$ —	$ —	$ 60,652	$ —	$ —

(1) Includes $4.8 million in severance costs and $2.2 million of accelerated compensation expense from the vesting of certain stock option grants related to the resignation of two senior executives during the year ended May 29,

2010. Includes $3.6 million of expenses incurred for a reduction in headcount of management and administrative personnel as well as consolidation of seven offices during the year ended May 30, 2009.

(2) Includes an estimated $500,000 of contingent consideration potentially payable to employees related to the Sitrick Brincko Group acquisition and $1.5 million related to the recognition of the change in the fair value of the contingent consideration liability associated with the acquisition of Sitrick Brincko Group for the year ended May 29, 2010. See Note 3 — *Acquisitions* — to the Consolidated Financial Statements.

(3) Includes valuation allowances of $4.7 million on deferred tax assets, including certain foreign operating loss carryforwards during the year ended May 29, 2010. Includes a valuation allowance of $2.4 million provided on deferred tax assets, including certain foreign operating loss carryforwards and $1.1 million related to the forgiveness of certain French subsidiary intercompany debt, reducing our French entity's operating loss carryforwards during the year ended May 30, 2009.

(4) The fiscal year ended May 31, 2008 was comprised of 53 weeks. All other years presented were comprised of 52 weeks.

(5) On July 11, 2007, our board of directors approved the payment of a special cash dividend of $1.25 per share of common stock, payable on August 21, 2007 to stockholders of record at the close of business on August 8, 2007. On July 20, 2010, our board of directors announced the authorization of a regular quarterly dividend of $0.04 per share, commencing in fiscal 2011, subject to quarterly board of director approval.

	May 29, 2010	May 30, 2009	May 31, 2008	May 26, 2007	May 27, 2006
			(Amounts in thousands)		
Consolidated Balance Sheet Data:					
Cash, cash equivalents, short-term investments and U.S. government agency securities	$ 140,905	$ 163,741	$ 106,814	$ 223,095	$ 185,439
Working capital	173,472	188,353	157,766	207,647	161,114
Total assets	473,200	412,019	410,502	464,461	398,611
Stockholders' equity	353,241	337,917	305,888	363,299	317,436

ITEM 7. *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 that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed in Part I Item 1A. "Risk Factors." and elsewhere in this Annual Report on Form 10-K.

Overview

Resources Global is a multinational professional services firm that provides experienced finance, accounting, risk management and internal audit, corporate advisory, strategic communications and restructuring, information management, human capital, supply chain management, actuarial and legal and regulatory professionals in support of client-led projects and initiatives. We assist our clients with discrete projects requiring specialized expertise in:

- finance and accounting services, such as financial analyses (e.g., product costing and margin analyses), budgeting and forecasting, audit preparation, public-entity reporting, tax-related projects, mergers and acquisitions due diligence, initial public offering assistance and assistance in the preparation or restatement of financial statements;
- information management services, such as financial system/enterprise resource planning implementation and post implementation optimization;
- corporate advisory, strategic communications and restructuring services;

- risk management and internal audit services (provided via our subsidiary Resources Audit Solutions), including compliance reviews, internal audit co-sourcing and assisting clients with their compliance efforts under the Sarbanes-Oxley Act of 2002 ("Sarbanes");
- supply chain management services, such as strategic sourcing efforts, contract negotiations and purchasing strategy;
- actuarial services for pension and life insurance companies;
- human capital services, such as change management and compensation program design and implementation; and
- legal and regulatory services, such as providing attorneys, paralegals and contract managers to assist clients (including law firms) with project-based or peak period needs.

We were founded in June 1996 by a team at Deloitte & Touche, led by our chief executive officer, Donald B. Murray, who was then a senior partner with Deloitte & Touche. Our founders created Resources Connection to capitalize on the increasing demand for high quality outsourced professional services. We operated as a part of Deloitte & Touche from our inception in June 1996 until April 1999. In April 1999, we completed a management-led buyout. In December 2000, we completed our initial public offering of common stock and began trading on the NASDAQ. We currently trade on the NASDAQ Global Select Market. In January 2005, we announced the change of our operating entity name to Resources Global Professionals to better reflect the Company's international capabilities.

We operated solely in the United States until fiscal year 2000, when we began to expand geographically to meet the demand for project professional services across the world and opened our first three international offices. Our most significant international transaction to date was the acquisition of our Netherland practice in fiscal year 2004. As of May 29, 2010, we served clients through 53 offices in the United States and 29 offices abroad.

In November 2009, we acquired certain assets of Sitrick and Company, a strategic communications firm and Brincko Associates, Inc., a corporate advisory and restructuring firm with operations primarily in the United States, through the purchase of all of the outstanding membership interests in Sitrick Brincko Group. We paid cash of approximately $28.8 million and issued an aggregated of 822,060 shares of restricted common stock, valued at approximately $16.1 million, to Sitrick and Company, Brincko Associates and Michael Sitrick (collectively, "the Sellers") for the acquisition. We believe this acquisition provides a significant opportunity for us to expand our service offerings to include corporate advisory, strategic communications and restructuring services, using the expertise of personnel of Sitrick Brincko Group leveraged with the skills of our consultant base, our geographic footprint and our client base. The acquisition agreement provides an opportunity to the Sellers to receive contingent consideration following the fourth anniversary of the acquisition, provided that Sitrick Brincko Group's average annual earnings before interest, taxes, depreciation and amortization ("EBITDA") over a period of four years following the acquisition date exceeds $11.3 million.

We expect to continue opportunistic international expansion while also investing in complementary professional services lines that we believe will augment our service offerings.

We primarily charge our clients on an hourly basis for the professional services of our consultants. We recognize revenue once services have been rendered and invoice the majority of our clients on a weekly basis. Our clients are contractually obligated to pay us for all hours billed. To a much lesser extent, we also earn revenue if a client hires one of our consultants. This type of contractually non-refundable revenue is recognized at the time our client completes the hiring process and represented 0.5%, 0.6% and 0.5% of our revenue for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively. We periodically review our outstanding accounts receivable balance and determine an estimate of the amount of those receivables we believe may prove uncollectible. Our provision for bad debts is included in our selling, general and administrative expenses.

The costs to pay our professional consultants and all related benefit and incentive costs, including provisions for paid time off and other employee benefits, are included in direct cost of services. We pay most of our consultants on an hourly basis for all hours worked on client engagements and, therefore, direct cost of services tends to vary directly with the volume of revenue we earn. We expense the benefits we pay to our consultants as they are earned.

These benefits include paid time off and holidays; a discretionary bonus plan; subsidized group health, dental, vision and life insurance programs; a matching 401(k) retirement plan; the ability to participate in the Company's ESPP; and professional development and career training. In addition, we pay the related costs of employment, including state and federal payroll taxes, workers' compensation insurance, unemployment insurance and other costs. Typically, a consultant must work a threshold number of hours to be eligible for all of the benefits. We recognize direct cost of services when incurred.

Selling, general and administrative expenses include the payroll and related costs of our internal management as well as general and administrative, marketing and recruiting costs. Our sales and marketing efforts are led by our management team who are salaried employees and earn bonuses based on operating results for the Company as a whole and within each individual's geographic market.

The Company's fiscal year consists of 52 or 53 weeks, ending on the Saturday in May closest to May 31. Fiscal 2010 and 2009 consisted of 52 weeks each. For fiscal years of 53 weeks, such as fiscal 2008, the first three quarters consist of 13 weeks each and the fourth quarter consists of 14 weeks.

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 GAAP 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 periodically or 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. These assets are 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 of our stock, our operating performance and other factors, these assessments could potentially result in impairment reductions of these intangible assets in the future and this adjustment may materially affect the Company's future financial results.

Contingent consideration — The Company estimates and records the acquisition date fair value of contingent consideration as part of purchase price consideration for acquisitions occurring subsequent to May 30, 2009. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration and any change in fair value is recognized in the statement of operations. The estimate of the fair value of contingent consideration requires very subjective assumptions to be made of future operating results, discount rates and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore materially affect the Company's future financial results.

Under the terms of our acquisition agreement for Sitrick Brincko Group, the Sellers have the opportunity to receive contingent consideration subsequent to the fourth anniversary of the acquisition, provided that Sitrick Brincko Group's average annual EBITDA over a period of four years following the acquisition date exceeds $11.3 million. The range of the undiscounted amounts the Company could be obligated to pay as contingent consideration under the earn-out arrangement is between $0 and an unlimited amount. The estimated fair value of the contractual obligation to pay the contingent consideration recognized as of May 29, 2010 was $59.8 million. The Company determined the fair value of the obligation to pay contingent consideration based on probability-weighted projections of the average EBITDA during the four year earn-out measurement period. The resultant probability-weighted average EBITDA amounts were then multiplied by 3.15 (representing the agreed upon multiple to be paid by the Company as specified in the acquisition agreements) and then discounted using an original discount rate of 1.9%. Each reporting period, the

Company will estimate changes in the fair value of contingent consideration and any change in fair value will be recognized in the Company's Consolidated Statements of Operations.

In addition, under the terms of our acquisition agreements for Sitrick Brincko Group, up to 20% of the contingent consideration is payable to employees of the acquired business at the end of the measurement period to the extent certain growth targets are achieved. The Company will record the estimated amount of the contractual obligation to pay the employee portion of the contingent consideration as compensation expense over the service period as it is deemed probable that the growth targets will be achieved. The estimate of the amount of the employee portion of contingent consideration requires very subjective assumptions to be made of future operating results. Future revisions to these assumptions could materially change our estimate of the amount of the employee portion of contingent consideration and therefore materially affect the Company's future financial results.

Allowance for doubtful accounts — We maintain an allowance for doubtful accounts for estimated losses resulting from our clients failing to make required payments for services rendered. We estimate this allowance based upon our knowledge of the financial condition of our clients (which may not include knowledge of all significant events), review of historical receivable and reserve trends and other pertinent information. While such losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that we have in the past. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and additional allowances may be required. These additional allowances could materially affect the Company's future financial results.

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 and any such adjustment may materially affect the Company's future financial result. If the ultimate tax liability differs from the amount of tax expense we have reflected in the Consolidated Statements of Operations, an adjustment of tax expense may need to be recorded and this adjustment may materially affect the Company's future financial results.

Revenue recognition — We primarily charge our clients on an hourly basis for the professional services of our consultants. We recognize revenue once services have been rendered and invoice the majority of our clients in the United States on a weekly basis. Some of our clients served by our international operations are billed on a monthly basis. Our clients are contractually obligated to pay us for all hours billed. To a much lesser extent, we also earn revenue if a client hires one of our consultants. This type of contractually non-refundable revenue is recognized at the time our client completes the hiring process.

Stock-based compensation — Under our 2004 Performance Incentive Plan, officers, employees, and outside directors have received or may receive grants of restricted stock, stock units, options to purchase common stock or other stock or stock-based awards. Under our ESPP, eligible officers and employees may purchase our common stock in accordance with the terms of the plan. Effective May 28, 2006, the Company adopted the fair value recognition provisions required for stock-based awards using the modified prospective transition method; accordingly, prior periods have not been restated. Under the previously accepted accounting standards, there was no stock-based compensation expense related to employee stock options and employee stock purchases recognized during periods prior to May 28, 2006.

In accordance with the required accounting guidance, the Company estimates a value for employee stock options on the date of grant using an option-pricing model. We have elected to use the Black-Scholes option-pricing model which takes into account assumptions regarding a number of highly complex and subjective variables. These variables include the expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors. Additional variables to be considered are the expected term and risk-free interest rate over the expected term of our employee stock options. In addition, because stock-based compensation expense recognized in the Consolidated Statements of Operations is based on awards ultimately expected to vest, it is reduced for estimated forfeitures. Forfeitures must be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on historical experience. If facts and circumstances change and we employ different assumptions in future periods, the compensation expense recorded may differ materially from the amount recorded in the current period.

The weighted average estimated value per share of employee stock options granted during the years ended May 29, 2010 and May 30, 2009 were $7.87 and $6.64, respectively, using the Black-Scholes model with the following assumptions:

	Year Ended May 29, 2010	Year Ended May 30, 2009
Expected volatility	42.5% - 45.0%	40.6% - 43.6%
Risk-free interest rate	2.2% - 3.2%	1.7% - 3.6%
Expected dividends	0.0%	0.0%
Expected life	5.1 - 6.9 years	5.1 - 6.7 years

The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock options. The dividend yield assumption is based on our historical policy of not paying dividends (except for a one-time payment in fiscal 2008). Expected dividends will need to be incorporated in the assessment of the Company’s future stock option grants given the Company’s announcement that it will commence a regular quarterly dividend in fiscal 2011. The Company’s historical expected life of stock option grants is 5.1 years for non-officers and 6.9 years for officers. As permitted under Staff Accounting Bulletin No. 107, the Company uses its historical volatility over the expected life of the stock option award to estimate the expected volatility of the price of its common stock.

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.

Results of Operations

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

	For the Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008(1)
		(Amounts in thousands)	
Revenue	$ 498,998	$ 685,576	$ 840,285
Direct cost of services	303,768	422,171	518,413
Gross profit	195,230	263,405	321,872
Selling, general and administrative expenses	182,985	212,680	227,853
Employee portion of contingent consideration expense	500	—	—
Contingent consideration expense	1,492	—	—
Amortization of intangible assets	3,496	1,383	1,114
Depreciation expense	8,544	8,898	8,452
(Loss) income from operations	(1,787)	40,444	84,453
Interest income	(656)	(1,593)	(5,603)
(Loss) income before provision for income taxes	(1,131)	42,037	90,056
Provision for income taxes	10,618	24,273	40,871
Net (loss) income	$ (11,749)	$ 17,764	$ 49,185

(1) The fiscal year ended May 31, 2008 was comprised of 53 weeks. All other years presented were comprised of 52 weeks.

Our operating results for the periods indicated are expressed as a percentage of revenue below.

	2010	2009	2008
Revenue	100.0%	100.0%	100.0%
Direct cost of services	60.9	61.6	61.7
Gross profit	39.1	38.4	38.3
Selling, general and administrative expenses	36.7	31.0	27.1
Employee portion of contingent consideration expense	0.1	—	—
Contingent consideration expense	0.3	—	—
Amortization of intangible assets	0.7	0.2	0.1
Depreciation expense	1.7	1.3	1.0
(Loss) income from operations	(0.4)	5.9	10.1
Interest income	(0.1)	(0.2)	(0.7)
(Loss) income before provision for income taxes	(0.3)	6.1	10.8
Provision for income taxes	2.1	3.5	4.9
Net (loss) income	(2.4)%	2.6%	5.9%

We also assess the results of our operations using EBITDA as well as adjusted EBITDA, which is our earnings (loss) before interest, taxes, depreciation, amortization, stock-based compensation expense and contingent consideration expense ("Adjusted EBITDA"). These measures assist management in assessing our core operating performance. The following table presents EBITDA and Adjusted EBITDA results for fiscal 2010, 2009 and 2008 and includes a reconciliation of such measures to net (loss) income, the most directly comparable GAAP financial measure:

	For the Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008(1)
	(Amounts in thousands)		
Net (loss) income	$ (11,749)	$ 17,764	$ 49,185
Adjustments:			
Amortization of intangible assets	3,496	1,383	1,114
Depreciation expense	8,544	8,898	8,452
Interest income	(656)	(1,593)	(5,603)
Provision for income taxes	10,618	24,273	40,871
EBITDA	10,253	50,725	94,019
Stock-based compensation expense	15,493	17,790	22,386
Contingent consideration expense	1,492	—	—
Adjusted EBITDA	$ 27,238	$ 68,515	$ 116,405
Revenue	$ 498,998	$ 685,576	$ 840,285
Adjusted EBITDA margin	5.5%	10.0%	13.9%

(1) The fiscal year ended May 31, 2008 was comprised of 53 weeks. All other years presented were comprised of 52 weeks.

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

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

Further, Adjusted EBITDA has the following limitations:

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

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

Year Ended May 29, 2010 Compared to Year Ended May 30, 2009

Computations of percentage change period over period are based upon our results, as rounded and presented herein.

Revenue. Revenue decreased $186.6 million, or 27.2%, to $499.0 million for the year ended May 29, 2010 from $685.6 million for the year ended May 30, 2009. Included in revenue for the year ended May 29, 2010 was approximately $13.6 million from the operations of Sitrick Brincko Group, acquired November 20, 2009. Our revenue was adversely affected by a decline in the number of hours worked by our consultants and a minor decrease in the average bill rate per hour in comparison to the prior year. We believe the primary cause of the decrease in hours worked by our consultants is client uncertainty about the global economic environment, which is causing our clients to approach their need for professional business services more cautiously and to either defer, downsize or eliminate projects.

The number of hours worked in fiscal 2010 declined about 26.4% from the prior year, while average bill rates decreased by 0.8% compared to the prior year. The number of consultants on assignment at the end of fiscal 2010 was 2,067 compared to the 2,065 consultants engaged at the end of fiscal 2009. Although we believe we have improved the awareness of our service offerings with clients and prospective clients through our completed and on-going engagements, and that the significant changes taking place in the capital markets may present new opportunities going forward, there can be no assurance about the timing of such opportunities or whether we can successfully capitalize on them, especially given the current uncertain economic climate in the United States and international markets.

On a sequential quarter basis, fiscal 2010 fourth quarter revenues improved from $125.3 million to $133.9 million and hours improved 7.4%. The improvement in hours is partially attributable to the lack of significant holidays in the United States in the fourth quarter versus the third quarter, which included the Christmas and New Year's holidays. The improvement in revenues from the third quarter to the fourth quarter of fiscal 2010 had a positive impact on leverage, evidenced by improvement in the ratio of direct cost of services to revenue from 61.4% to 58.6%, and the ratio of selling, general and administrative expenses to revenue, improving from 35.2% to 32.1%, for the quarters ended February 27, 2010 and May 29, 2010, respectively. However, a downturn or softening in global economic conditions and the seasonal impact of the summer holiday period could put resulting pressure on revenue in the first quarter of fiscal 2011, limiting our ability to leverage direct cost of services and selling, general and administrative expenses.

We operated 82 offices at both May 29, 2010 and May 30, 2009. Our clients do not sign long-term contracts with us. As such, there can be no assurance as to future demand levels for the services that we provide or that future results can be reliably predicted by considering past trends.

Revenue for the Company's major practice areas across the globe consisted of the following (dollars in thousands):

	Revenue for the Year Ended			% of Total	
	May 29, 2010	May 30, 2009	% Change	May 29, 2010	May 30, 2009
North America	$ 384,535	$ 501,139	(23.3)%	77.1%	73.1%
Europe	89,225	148,196	(39.8)%	17.9%	21.6%
Asia Pacific	25,238	36,241	(30.4)%	5.0%	5.3%
Total	$ 498,998	$ 685,576	(27.2)%	100.0%	100.0%

Our financial results are subject to fluctuations in the exchange rates of foreign currencies in relation to the United States dollar. Revenues denominated in foreign currencies are translated into United States dollars at the monthly average exchange rates in effect during the quarter. Thus, as the value of the United States dollar fluctuates relative to the currencies in our non-U.S. based operations, our revenue can be impacted. Using the comparable fiscal 2009 and fiscal 2008 conversion rates, international revenues would have been lower than reported under GAAP by $2.3 million for the year ended May 29, 2010 but higher than reported under GAAP by $12.4 million for the year ended May 30, 2009.

We believe our revenues in the near-term will continue to be impacted by the global economic environment which has reduced our clients' demand for many of the services we provide.

Direct Cost of Services. Direct cost of services decreased $118.4 million, or 28.0%, to $303.8 million for the year ended May 29, 2010 from $422.2 million for the year ended May 30, 2009. Direct cost of services declined primarily because of a 26.4% decrease in hours worked compared to the prior year. To a lesser extent, direct cost of services declined because the average pay rate per hour to our consultants was down 4.4%. The direct cost of services as a percentage of revenue (the "direct cost of services percentage") was 60.9% and 61.6% for the years ended May 29, 2010 and May 30, 2009, respectively. The improvement in the direct cost of services percentage resulted primarily from the blended impact of work performed for Sitrick Brincko Group clients and a decrease in zero margin client reimbursements.

Our target direct cost of services percentage is 60% for all of our offices.

Selling, General and Administrative Expenses. Selling, general and administrative expenses ("S, G & A") decreased $29.7 million, or 14.0%, to $183.0 million for the year ended May 29, 2010 from $212.7 million for the year ended May 30, 2009. S, G & A increased as a percentage of revenue from 31.0% for the year ended May 30, 2009 to 36.7% for the year ended May 29, 2010. Management and administrative head count was 787 at the end of fiscal 2009 but fell to 716 at the end of fiscal 2010. S, G & A decreases in fiscal 2010 as compared to fiscal 2009 included a reduction in marketing expenses; a reduction in recruiting related expenses, salary, benefit and related costs (reflective of the decreased headcount), bonus expense (bonus expense is substantially tied directly to the Company's revenue) and stock-based compensation expense. In addition, in the prior fiscal year, the Company's S, G & A included approximately $3.6 million related to severance costs, leasehold improvement write-offs and estimated lease termination accruals, all associated with a restructuring program, and the Company added $1.8 million to its allowance for doubtful accounts; in fiscal 2010, the Company made no restructuring provision nor did it add to its allowance for doubtful accounts after an evaluation of the Company's client base and outstanding receivable balances. In fiscal 2010, the Company incurred $4.8 million in severance costs and $2.2 million of accelerated compensation expense from the vesting of certain stock option grants related to the resignation of two senior executives.

Employee Portion of Contingent Consideration Expense and Contingent Consideration Expense. The employee portion of contingent consideration expense and contingent consideration expense were $500,000 and $1.5 million, respectively, for the year ended May 29, 2010. As further described in “Critical Accounting Policies — Contingent Consideration” above, these estimates were recorded in fiscal 2010 as a result of management’s evaluation of the amount of contingent consideration owed to employees related to the Sitrick Brincko Group acquisition (in the case of the employee portion of contingent consideration) and the change in the estimated value of contingent consideration attributable to the time value of money (accretion) and a slight change in the discount rate applied in the calculation (in the case of contingent consideration expense). Both of these estimates require very subjective assumptions to be made of various potential operating result scenarios and future revision to these assumptions could materially change the estimate of the amount of either liability and therefore materially affect the Company’s future financial results and financial condition.

Amortization and Depreciation Expense. Amortization of intangible assets increased to $3.5 million in fiscal 2010 from $1.4 million in fiscal 2009. The increase is the result of commencing amortization related to identifiable intangible assets acquired in the November 2009 purchase of Sitrick Brincko Group. Those assets include: $5.6 million for customer relationships, $1.2 million for trade names, $3.0 million for non-competition agreements and $250,000 for customer backlog. The backlog will be amortized over 13 months, the customer relationships over two years, and the trade names and non-competition agreements over five years. Based upon identified intangible assets recorded at May 29, 2010, the Company anticipates amortization expense related to identified intangible assets to approximate $4.9 million during the fiscal year ending May 28, 2011.

Depreciation expense decreased from $8.9 million for the year ended May 30, 2009 to $8.5 million for the year ended May 29, 2010. Depreciation decreased as a number of assets were fully depreciated during fiscal 2010 and the Company has slowed the amount invested in property and equipment in fiscal 2010 as compared to previous fiscal years.

Interest Income. Interest income declined to $656,000 in fiscal 2010 compared to $1.6 million in fiscal 2009. The decrease in interest income is the result of a lower average cash balance available for investment during fiscal 2010, and declining interest rates as compared to fiscal 2009. The Company has invested available cash in certificates of deposit, money market investments and government-agency bonds that have been classified as cash equivalents due to the short maturities of these investments. As of May 29, 2010, the Company has $10.3 million of investments in commercial paper and certificates of deposit with remaining maturity dates between three months and one year from the balance sheet date classified as short-term investments and considered “held-to-maturity” securities.

Income Taxes. The provision for income taxes decreased from $24.3 million for the year ended May 30, 2009 to $10.6 million for the year ended May 29, 2010. The provision declined primarily because of a reduction in the Company’s income before provision for income taxes in fiscal 2010 as compared to fiscal 2009. Despite the Company’s consolidated pre-tax loss, the provision for taxes partially results from taxes on income in the United States and certain other foreign jurisdictions, a lower benefit for losses in certain foreign jurisdictions with tax rates lower than the U.S. statutory rates, and no benefit for losses in jurisdictions in which a valuation allowance on operating loss carryforwards had previously been established. As a result, the effective tax rate was 938.8% for fiscal 2010 and 57.7% for fiscal 2009. The effective tax rate increased because the Company’s loss in fiscal 2010 disproportionally magnifies the effect of the components of the tax rate that differ from the standard federal rate, including non-deductible permanent differences and incentive stock options (“ISOs”). In addition, in fiscal 2010, the Company recorded a $4.7 million tax charge for the establishment of a valuation allowance on certain foreign operating loss carryforwards. In fiscal 2009, the Company recorded a $3.5 million tax charge comprised of the establishment of a valuation allowance on certain foreign operating loss carryforwards of $2.4 million and for the Company’s forgiveness of certain intercompany debt in France, thereby reducing France’s operating loss carryforwards by $1.1 million. Based upon current economic circumstances, management will continue to monitor the need to record additional valuation allowances in the future, primarily related to certain foreign jurisdictions.

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

Under accounting rules governing stock awards, the Company cannot recognize a tax benefit for certain ISO grants unless and until the holder exercises his or her option and then sells the shares within a certain period of time. In addition, the Company can only recognize a potential tax benefit for employees' acquisition and subsequent sale of shares purchased through the ESPP if the sale occurs within a certain defined period. As a result, the Company's provision for income taxes is likely to fluctuate for the foreseeable future. Further, those tax benefits associated with ISO grants fully vested at the date of adoption of the current accounting rules governing stock awards will be recognized as additions to paid-in capital when and if those options are exercised and not as a reduction to the Company's tax provision. The Company recognized a benefit of approximately $4.2 million and $4.3 million related to stock-based compensation for nonqualified stock options expensed and for eligible disqualifying ISO exercises during fiscal 2010 and 2009, respectively. The proportion of expense related to non-qualified stock option grants (for which the Company may recognize a tax benefit in the same quarter as the related compensation expense in most instances) increased during fiscal 2010 as compared to expense related to ISOs (including ESPPs). However, the timing and amount of eligible disqualifying ISO exercises cannot be predicted. The Company predominantly grants nonqualified stock options to employees in the United States.

Year Ended May 30, 2009 Compared to Year Ended May 31, 2008

Computations of percentage change period over period are based upon our results, as rounded and presented herein.

Revenue. Revenue decreased $154.7 million, or 18.4%, to $685.6 million for the year ended May 30, 2009 from $840.3 million for the year ended May 31, 2008. Our revenue was adversely affected by a decline in the number of hours worked by our consultants offset by a minor increase in the average bill rate per hour in comparison to the prior year. We believe the primary cause of the decrease in hours worked by our consultants is client uncertainty about the global economic environment, which is causing clients to approach their business more cautiously and to either defer, downsize or eliminate projects. In addition, fiscal 2008 consisted of 53 weeks while fiscal 2009 consisted of 52 weeks. Revenues during the fifty-third week of fiscal 2008, which included the Memorial Day holiday in the United States, were $15.1 million.

The number of hours worked in fiscal 2009 declined about 19.6% from the prior year, while average bill rates increased by 0.4% compared to the prior year. The number of consultants on assignment at the end of fiscal 2009 was 2,065 compared to the 3,490 consultants engaged at the end of fiscal 2008. We operated 82 and 89 offices as of May 30, 2009 and May 31, 2008, respectively.

Revenue for the Company's major practice areas across the globe consisted of the following (dollars in thousands):

	Revenue for the Year Ended			% of Total	
	May 30, 2009	May 31, 2008	% Change	May 30, 2009	May 31, 2008
North America	$ 501,139	$ 627,914	(20.2)%	73.1%	74.7%
Europe	148,196	171,728	(13.7)%	21.6%	20.4%
Asia Pacific	36,241	40,643	(10.8)%	5.3%	4.9%
Total	$ 685,576	$ 840,285	(18.4)%	100.0%	100.0%

On a constant currency basis, international revenues would have been higher by $12.4 million and lower by $17.8 million in fiscal 2009 and 2008, respectively, using the comparable fiscal 2008 and fiscal 2007 conversion rates.

Direct Cost of Services. Direct cost of services decreased $96.2 million, or 18.6%, to $422.2 million for the year ended May 30, 2009 from $518.4 million for the year ended May 31, 2008. Direct cost of services declined because of a 19.6% decrease in hours worked compared to the prior year. The average pay rate of our consultants was flat. The direct cost of services percentage was 61.6% and 61.7% for the years ended May 30, 2009 and May 31, 2008, respectively. Although the direct cost of services percentage improved slightly over the prior year, a continuing lower level of revenues will put increased pressure on this calculation as consultants earn certain benefits, such as health care services, which are relatively fixed in terms of cost.

Selling, General and Administrative Expenses. S, G & A decreased $15.2 million, or 6.7%, to $212.7 million for the year ended May 30, 2009 from $227.9 million for the year ended May 31, 2008. S, G & A increased as a percentage of revenue from 27.1% for the year ended May 31, 2008 to 31.0% for the year ended May 30, 2009. Management and administrative head count was 876 at the end of fiscal 2008 but fell to 787 at the end of fiscal 2009. S, G & A decreases in fiscal 2009 as compared to fiscal 2008 included a reduction in marketing expenses; a reduction in recruiting and related expenses, salary, benefit and related costs, bonus expense and stock-based compensation expense. These decreases were partially offset by an increase of $1.1 million in the Company's provision for doubtful accounts after an evaluation of the Company's client base, receivable balances and the current economic environment and the actions taken in the fourth quarter discussed in the following paragraph.

As a result of reduced revenue levels experienced beginning in the second quarter of fiscal 2009, the Company announced in its fourth quarter of fiscal 2009 a reduction in headcount and the consolidation of seven offices whose clients could be served from other offices within a close proximity. In connection with these actions, the Company recorded a charge in S, G &A of approximately $3.6 million in the fourth quarter of fiscal 2009 related to severance costs, leasehold improvements write-offs and estimated lease termination accruals.

Amortization and Depreciation Expense. Amortization of intangible assets increased to $1.4 million in fiscal 2009 from $1.1 million in fiscal 2008. The increase in fiscal 2009 is attributable to a full year of amortization related to identified intangible assets acquired its fiscal 2008 purchases of Compliance Solutions and Domenica and amounts related to the fiscal 2009 acquisitions of Limbus and Kompetensslussen. The Company considered a number of factors in performing these studies, including the valuation of the identifiable intangible assets. The total intangible assets acquired included: for Limbus, approximately $1.4 million of goodwill, $249,000 for customer relationships (amortized over two years), $130,000 for a non-compete agreement (amortized over one year) and $67,000 for a database of potential consultants (amortized over two years); for Kompetensslussen, approximately $800,000 of goodwill, $150,000 for customer relationships (amortized over two years) and $80,000 for a non-compete agreement (amortized over one year); for Compliance Solutions, approximately $7.4 million of goodwill, $16,000 for a non-compete agreement (amortized over one year) and $763,000 for customer relationships (amortized over five years); and for Domenica, approximately $15.6 million for goodwill, $6.2 million for customer relationships (amortized over seven years) and $556,000 for a database of potential consultants (amortized over five years).

Depreciation expense increased from $8.5 million for the year ended May 31, 2008 to $8.9 million for the year ended May 30, 2009. The increase in depreciation was related to a higher asset base due to the investments made in offices relocated or expanded since May 2008, and investments in the Company's operating system and other IT.

Interest Income. Interest income was $5.6 million in fiscal 2008 compared to $1.6 million in fiscal 2009. The decrease in interest income is the result of a lower average cash balance available for investment during fiscal 2009 and declining interest rates as compared to fiscal 2008. The Company has invested available cash in certificates of deposit, money market investments and government-agency bonds that have been classified as cash equivalents due to the short maturities of these investments.

Income Taxes. The provision for income taxes decreased from $40.9 million for the year ended May 31, 2008 to $24.3 million for the year ended May 30, 2009. The provision declined primarily because of a reduction in the Company's pretax income in fiscal 2009 as compared to fiscal 2008, offset in part by an increase in the Company's effective tax rate between the two years. The effective tax rate was 57.7% for fiscal 2009 and 45.4% for fiscal 2008. The effective tax rate increased because the Company's lower pre-tax income disproportionally magnifies the effect of non-deductible permanent differences and ISOs. In fiscal 2009, the Company recorded a $3.5 million tax charge comprised of the establishment of a valuation allowance on certain foreign operating loss carryforwards of $2.4 million and for the Company's forgiveness of certain intercompany debt in France, thereby reducing France's operating loss carryforwards by $1.1 million.

The Company recognized a benefit of approximately $4.3 million and $4.7 million related to stock-based compensation for nonqualified stock options expensed and for eligible disqualifying ISO exercises during fiscal 2009 and 2008, respectively. The proportion of expense related to non-qualified stock option grants (for which the Company may recognize a tax benefit in the same quarter as the related compensation expense in most instances) increased during fiscal 2009 as compared to expense related to ISOs (including ESPPs). However, the timing and amount of eligible disqualifying ISO exercises cannot be predicted.

Quarterly Results

The following table sets forth our unaudited quarterly Consolidated Statements of Operations data for each of the eight quarters in the two-year period ended May 29, 2010. In the opinion of management, this data has been prepared on a basis substantially consistent with our audited Consolidated Financial Statements appearing elsewhere in this document, and includes all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the data. The quarterly data should be read together with our Consolidated Financial Statements and related notes appearing elsewhere in this document. The operating results are not necessarily indicative of the results to be expected in any future period.

	Quarters Ended							
	May 29, 2010	Feb. 27, 2010	Nov. 28, 2009	Aug. 29, 2009	May 30, 2009	Feb. 28, 2009	Nov. 29, 2008	Aug. 30, 2008
	(In thousands, except net (loss) income per common share)							
CONSOLIDATED STATEMENTS OF OPERATIONS DATA (unaudited):								
Revenue	$ 133,905	$ 125,304	$ 121,526	$ 118,263	$ 132,049	$ 155,989	$ 190,233	$ 207,305
Direct cost of services	78,523	76,949	75,172	73,124	81,595	97,988	116,122	126,466
Gross profit	55,382	48,355	46,354	45,139	50,454	58,001	74,111	80,839
Selling, general and administrative expenses(1),(2)	43,004	44,101	44,243	51,637	50,984	50,803	54,380	56,513
Employee portion of contingent consideration(3)	500	—	—	—	—	—	—	—
Contingent consideration expense(3)	704	788	—	—	—	—	—	—
Amortization of intangible assets	1,305	1,360	438	393	455	271	275	382
Depreciation expense	2,021	2,152	2,171	2,200	2,110	2,185	2,263	2,340
Income (loss) from operations	7,848	(46)	(498)	(9,091)	(3,095)	4,742	17,193	21,604
Interest income	(132)	(178)	(167)	(179)	(239)	(458)	(380)	(516)
Income (loss) before provision for income taxes	7,980	132	(331)	(8,912)	(2,856)	5,200	17,573	22,120
Provision (benefit) for income taxes(4)	5,666	5,097	1,581	(1,726)	3,428	3,120	8,097	9,628
Net income (loss)	$ 2,314	$ (4,965)	$ (1,912)	$ (7,186)	$ (6,284)	$ 2,080	$ 9,476	$ 12,492
Net income (loss) per common share(5):								
Basic	$ 0.05	$ (0.11)	$ (0.04)	$ (0.16)	$ (0.14)	$ 0.05	$ 0.21	$ 0.28
Diluted	$ 0.05	$ (0.11)	$ (0.04)	$ (0.16)	$ (0.14)	$ 0.05	$ 0.21	$ 0.27

(1) The quarter ended August 29, 2009 includes $4.8 million in severance costs and $2.2 million of accelerated compensation expense from the vesting of certain stock option grants related to the resignation of two senior executives.

(2) The quarter ended May 30, 2009 includes $3.6 million of expenses incurred for a reduction in headcount of management and administrative personnel as well as consolidation of seven offices.

(3) The quarter ended May 29, 2010 includes $500,000 an estimate of contingent consideration potentially payable to employees related to the Sitrick Brincko Group acquisition. The quarters ended May 29, 2010 and February 27, 2010 include $704,000 and $788,000, respectively, related to the recognition of the change in the fair value of the contingent consideration liability associated with the acquisition of Sitrick Brincko Group. See Note 3 — *Acquisitions* — to the Consolidated Financial Statements.

(4) The quarters ended May 29, 2010, February 27, 2010 and May 30, 2009 include valuation allowances of $788,000, $3.9 million and $2.4 million, respectively, provided on deferred tax assets, including certain foreign operating loss carryforwards and, for the quarter ended May 30, 2009, $1.1 million related to the forgiveness of certain French subsidiary intercompany debt, reducing our French entity's operating loss carryforwards.

(5) Net income (loss) per common share calculations for each of the quarters were based upon the weighted average number of shares outstanding for each period, and the sum of the quarters may not necessarily be equal to the full year net income (loss) per common share amount.

Our quarterly results have fluctuated in the past and we believe they will continue to do so in the future. Certain factors that could affect our quarterly operating results are described in Part I Item 1A. "Risk Factors." 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, historically, to a lesser extent, stock option exercises. We have generated positive cash flows annually from operations since inception, and we continued to do so during the year ended May 29, 2010, despite our revenue decrease of 27.2% and net loss of $11.7 million. Our ability to continue to increase positive cash flow from operations in the future will be, at least in part, dependent on improvement in global economic conditions.

At May 29, 2010, the Company had operating leases, primarily for office premises, expiring at various dates. At May 29, 2010, the Company had no capital leases. The following table summarizes our future minimum rental commitments under operating leases and our other known contractual obligations as of May 29, 2010:

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
			(Amounts in thousands)		
Operating lease obligations	$ 42,921	$ 11,170	$ 14,165	$ 8,586	$ 9,000
Purchase obligations	$ 1,661	$ 979	$ 655	$ 27	$ —

The Company has a $3.0 million unsecured revolving credit facility with Bank of America (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 and a London Inter-Bank Offered Rate ("LIBOR") plus 2.25%. Interest, if any, is payable monthly. The Credit Agreement expires November 29, 2010. As of May 29, 2010, the Company had approximately $1.4 million available under the terms of the Credit Agreement as Bank of America has issued approximately $1.6 million of outstanding letters of credit in favor of third parties related to operating leases. As of May 29, 2010, the Company was in compliance with all covenants included in the Credit Agreement.

Operating activities provided $7.7 million in cash in fiscal 2010 compared to $66.3 million in fiscal 2009. Cash provided by operations in fiscal 2010 resulted from a net loss of $11.7 million and net unfavorable cash changes in operating assets and liabilities of $7.8 million, offset by favorable non-cash items of $27.2 million. In fiscal 2009, cash provided by operations resulted from net income of $17.8 million plus favorable non-cash items of $29.0 million and changes in operating assets and liabilities of $19.5 million. The primary cause of the unfavorable change in operating cash flows between the two years was the Company's net loss in fiscal 2010, as well as the slight increase in the Company's receivable balances between fiscal 2010 and 2009 as compared to the steep drop in receivables between fiscal 2009 and 2008 as revenues slowed. The principal reason for the increase in the accounts receivable balance from the prior year is receivables of Sitrick Brincko Group. As a result of reductions in headcount and bonus accruals, the liability for accrued salaries and related obligations also declined between fiscal 2009 and 2010. Non-cash items include expense for stock-based compensation and contingent consideration expense; these charges do not reflect an actual cash outflow from the Company but are an estimate of the fair value of the services provided by employees and directors in exchange for stock option grants and purchase of stock through the Company's ESPP and the change in the fair value of contingent consideration resulting from the time value of money and changes in discount rates. The Company had $140.9 million in cash and cash equivalents and short-term investments at May 29, 2010.

Net cash used in investing activities was $21.4 million for fiscal 2010 compared to $5.7 million for fiscal 2009. The primary reason for the increased usage in fiscal 2010 was cash used to acquire Sitrick Brincko Group of approximately $28.3 million net of cash acquired; in contrast, $5.3 million was used in fiscal 2009 for three small acquisitions. Cash received from the redemption of short-term investments (primarily commercial paper and government agency investments), net of cash used to purchase short-term investments, resulted in a source of cash of $10.2 million in fiscal 2010 compared to $5.5 million in fiscal 2009. The Company spent approximately $2.5 million less on property and equipment in fiscal 2010, compared to fiscal 2009.

As described in Note 3 — *Acquisitions* — to the Consolidated Financial Statements, we will be required to pay to the sellers of Sitrick Brincko Group contingent consideration following the fourth anniversary of the acquisition (after November 2013) if the average EBITDA calculated from each of the four one-year periods following the acquisition date exceeds $11.3 million. If, at the end of the four-year earn-out period, the Company determines that the average annual EBITDA exceeded $11.3 million, then the contingent consideration payable will be determined by multiplying the average annual EBITDA by 3.15. The Company may, in its sole discretion, pay up to 50% of any earn-out payment in restricted stock of the Company. For the six months ended May 29, 2010, Sitrick Brincko Group's EBITDA was approximately $5.1 million.

Net cash provided by financing activities totaled $1.4 million for the year ended May 29, 2010, compared to $3.8 million for the year ended May 30, 2009. The Company received approximately $9.8 million from the exercise of employee stock options and issuance of shares via the Company's ESPP compared to $15.6 million in the prior fiscal year. However, the Company used less cash in fiscal 2010 ($9.0 million) to purchase approximately 496,000 shares of our common stock as compared to $12.3 million to purchase 785,000 shares of common stock in fiscal 2009.

Subsequent to the end of fiscal 2010, the Company's board of directors announced it had authorized the establishment of a regular quarterly dividend of $0.04 per share, payable on September 15, 2010 to shareholders of record at the close of business on August 18, 2010, subject to quarterly approval by the board. Based on shares outstanding as of July 19, 2010, the quarterly dividend obligation at $0.04 per share would be approximately $1.9 million.

Our ongoing operations and anticipated growth in the geographic markets we currently serve will require us to continue to make investments in capital equipment, primarily technology hardware and software. In addition, we may consider making strategic acquisitions. We anticipate that our current cash 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 to secure debt financing. The sale of additional equity securities or certain forms of debt financing could result in additional dilution to our stockholders. We may not be able to obtain financing arrangements in amounts or on terms acceptable to us in the future. In the event we are unable to obtain additional financing when needed, we may be compelled to delay or curtail our plans to develop our business or to pay dividends on our capital stock, which could have a material adverse effect on our operations, market position and competitiveness.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 — *Summary of Significant Accounting Policies* — to the Consolidated Financial Statements for the year ended May 29, 2010.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.*

Interest Rate Risk. At the end of fiscal 2010, we had approximately $140.9 million of cash and cash equivalents and short-term investments. Securities that the Company has the ability and positive intent to hold to maturity are carried at amortized cost. These securities consist of commercial paper and government-agency bonds. Cost approximates market for these securities. The earnings on these investments are subject to changes in interest rates; however, assuming a constant balance available for investment, a 10% decline in interest rates would reduce our interest income but would not have a material impact on our consolidated financial position or results of operations.

Foreign Currency Exchange Rate Risk. For the year ended May 29, 2010, approximately 25% of the Company's revenues were generated outside of the United States. As a result, our operating results are subject to fluctuations in the exchange rates of foreign currencies in relation to the United States dollar. Revenues and expenses denominated in foreign currencies are translated into United States dollars at the monthly average exchange rates prevailing during the period. Thus, as the value of the United States dollar fluctuates relative to the currencies in our non-United States based operations, our reported results may vary.

Assets and liabilities of our non-United States based operations are translated into United States dollars at the exchange rate effective at the end of each monthly reporting period. Approximately 81% of our fiscal year-end balances of cash, cash equivalents and short-term investments were denominated in United States dollars. The remaining amount of approximately 19% was comprised primarily of cash balances translated from Japanese Yen, Euros, Hong Kong Dollars or British Pounds. The difference resulting from the translation each period of assets and liabilities of our non-United States based operations is recorded in stockholders' equity as a component of accumulated other comprehensive (loss) gain.

Although we intend to monitor our exposure to foreign currency fluctuations, we do not currently use financial hedging techniques to mitigate risks associated with foreign currency fluctuations and we cannot assure you that exchange rate fluctuations will not adversely affect our financial results in the future.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.***

RESOURCES CONNECTION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Resources Connection, Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Resources Connection, Inc. and its subsidiaries at May 29, 2010 and May 30, 2009, and the results of their operations and their cash flows for each of the three years in the period ended May 29, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 29, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control Over Financial Reporting," appearing under Item 9A, *Controls and Procedures*. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A, management has excluded Sitrick Brincko Group from its assessment of internal control over financial reporting as of May 29, 2010 because it was acquired by the Company in a purchase business combination during the fiscal year ended May 29, 2010. We have also excluded Sitrick Brincko Group from our audit of internal control over financial reporting. The total assets and total revenues of Sitrick Brincko Group, a wholly-owned subsidiary, represent 1% and 3% of the related consolidated financial statement amounts as of and for the year ended May 29, 2010.

PricewaterhouseCoopers LLP
Orange County, California
July 26, 2010

RESOURCES CONNECTION, INC.

CONSOLIDATED BALANCE SHEETS

	May 29, 2010	May 30, 2009
	(Amounts in thousands, except par value per share)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 130,659	$ 143,247
Short-term investments	10,246	20,494
Trade accounts receivable, net of allowance for doubtful accounts of $5,193 and $5,597 as of May 29, 2010 and May 30, 2009, respectively	73,936	68,157
Prepaid expenses and other current assets	4,698	4,057
Income taxes receivable	4,575	10,687
Deferred income taxes	7,107	10,162
Total current assets	231,221	256,804
Goodwill	172,632	111,084
Intangible assets, net	12,425	6,259
Property and equipment, net	29,354	34,934
Deferred income taxes	25,846	1,364
Other assets	1,722	1,574
Total assets	$ 473,200	$ 412,019
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 14,606	$ 15,267
Accrued salaries and related obligations	37,949	48,753
Other liabilities	5,194	4,431
Total current liabilities	57,749	68,451
Other long-term liabilities, including estimated contingent consideration of $59,792 and $0 as of May 29, 2010 and May 30, 2009, respectively	62,210	2,411
Deferred income taxes	—	3,240
Total liabilities	119,959	74,102
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 5,000 shares authorized; zero shares issued and outstanding		
Common stock, $0.01 par value, 70,000 shares authorized; 54,267 and 53,474 shares issued, and 46,265 and 45,140 shares outstanding as of May 29, 2010 and May 30, 2009, respectively	543	535
Additional paid-in capital	306,413	282,769
Accumulated other comprehensive loss	(4,584)	(307)
Retained earnings	232,034	248,269
Treasury stock at cost, 8,002 and 8,334 shares at May 29, 2010 and May 30, 2009, respectively	(181,165)	(193,349)
Total stockholders' equity	353,241	337,917
Total liabilities and stockholders' equity	$ 473,200	$ 412,019

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008
	(Amounts in thousands, except net (loss) income per common share)		
Revenue	$ 498,998	$ 685,576	$ 840,285
Direct cost of services	303,768	422,171	518,413
Gross profit	195,230	263,405	321,872
Selling, general and administrative expenses	182,985	212,680	227,853
Employee portion of contingent consideration	500	—	—
Contingent consideration expense	1,492	—	—
Amortization of intangible assets	3,496	1,383	1,114
Depreciation expense	8,544	8,898	8,452
(Loss) income from operations	(1,787)	40,444	84,453
Interest income	(656)	(1,593)	(5,603)
(Loss) income before provision for income taxes	(1,131)	42,037	90,056
Provision for income taxes	10,618	24,273	40,871
Net (loss) income	$ (11,749)	$ 17,764	$ 49,185
Net (loss) income per common share			
Basic	$ (0.26)	$ 0.39	$ 1.06
Diluted	$ (0.26)	$ 0.39	$ 1.03
Weighted average common shares outstanding			
Basic	45,894	45,018	46,545
Diluted	45,894	45,726	47,934

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive (Loss) Gain	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
					(Amounts in thousands)			
Balances as of May 26, 2007	50,731	$ 507	$ 199,741	2,954	$ (82,206)	$ 2,629	$ 242,628	$ 363,299
Exercise of stock options	1,168	12	14,497					14,509
Stock-based compensation expense related to share-based awards and employee stock purchases			22,386					22,386
Tax benefit from employee stock option plans			3,911					3,911
Issuance of common stock under Employee Stock Purchase Plan	405	4	7,910					7,914
Issuance of treasury stock for Compliance Solutions (UK) Ltd. transaction			777	(67)	1,375			2,152
Purchase of shares				4,763	(102,065)			(102,065)
Cancellation of treasury stock	(10)		(189)	(10)	189			—
Cash dividends $1.25 per share							(60,652)	(60,652)
Cumulative impact from adoption of FASB Interpretation No. 48							(656)	(656)
Comprehensive Income:								
Currency translation adjustment						5,905		5,905
Net income for the year ended May 31, 2008							49,185	49,185
Total comprehensive income	—	—	—	—	—	—	—	55,090
Balances as of May 31, 2008	52,294	523	249,033	7,640	(182,707)	8,534	230,505	305,888
Exercise of stock options	624	6	7,594					7,600
Stock-based compensation expense related to share-based awards and employee stock purchases			17,790					17,790
Tax benefit from employee stock option plans			420					420
Issuance of common stock under Employee Stock Purchase Plan	545	5	8,024					8,029
Release of restricted stock	11	1	249					250
Issuance of treasury stock for acquisitions			(361)	(87)	1,621			1,260
Issuance of treasury per employment agreements			20	(4)	78			98
Purchase of shares				785	(12,341)			(12,341)
Comprehensive Income:								
Currency translation adjustment						(8,841)		(8,841)
Net income for the year ended May 30, 2009							17,764	17,764
Total comprehensive income	—	—	—	—	—	—	—	8,923
Balances as of May 30, 2009	53,474	535	282,769	8,334	(193,349)	(307)	248,269	337,917
Exercise of stock options	419	4	4,517					4,521
Stock-based compensation expense related to share-based awards and employee stock purchases			15,437					15,437
Issuance of restricted stock	4		56					56
Tax shortfall from employee stock option plans			(1,127)					(1,127)
Issuance of common stock under Employee Stock Purchase Plan	370	4	5,276					5,280
Issuance of treasury stock for Sitrick Brincko Group acquisition			(496)	(822)	21,119		(4,486)	16,137
Issuance of treasury stock under employment agreements			(19)	(6)	107			88
Purchase of shares				496	(9,042)			(9,042)
Comprehensive Loss:								
Currency translation adjustment						(4,277)		(4,277)
Net loss for the year ended May 29, 2010							(11,749)	(11,749)
Total comprehensive loss	—	—	—	—	—	—	—	(16,026)
Balances as of May 29, 2010	54,267	$ 543	$ 306,413	8,002	$ (181,165)	$ (4,584)	$ 232,034	$ 353,241

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended May 29, 2010	May 30, 2009	May 31, 2008
	(Amounts in thousands)		
Cash flows from operating activities:			
Net (loss) income	$ (11,749)	$ 17,764	$ 49,185
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,040	10,281	9,566
Stock-based compensation expense related to employee stock options and employee stock purchases	15,493	17,790	22,386
Contingent consideration expense	1,492	—	—
Excess tax benefits from stock-based compensation	(657)	(524)	(2,331)
Bad debt expense	—	1,824	738
Loss on disposal of assets	168	536	—
Deferred income tax benefit	(1,263)	(858)	(7,242)
Changes in operating assets and liabilities, net of effect of acquisitions:			
Trade accounts receivable	(593)	52,450	(13,234)
Prepaid expenses and other current assets	(848)	1,597	701
Income taxes	4,879	(9,291)	(3,910)
Other assets	59	92	(853)
Accounts payable and accrued expenses	(772)	(3,660)	(1,847)
Accrued salaries and related obligations	(11,400)	(13,814)	1,105
Other liabilities	843	(7,875)	3,150
Net cash provided by operating activities	7,692	66,312	57,414
Cash flows from investing activities:			
Redemption of long-term investments	—	—	55,000
Purchase of long-term investments	—	—	(14,000)
Redemption of short-term investments	53,996	76,000	79,000
Purchase of short-term investments	(43,748)	(70,494)	(44,000)
Business acquisitions, net of cash acquired	(28,262)	(5,292)	(27,569)
Purchases of property and equipment	(3,380)	(5,898)	(11,333)
Net cash (used in) provided by investing activities	(21,394)	(5,684)	37,098
Cash flows from financing activities:			
Proceeds from exercise of stock options	4,521	7,600	14,509
Proceeds from issuance of common stock under Employee Stock Purchase Plan	5,280	8,028	7,914
Purchase of common stock	(9,042)	(12,341)	(102,065)
Excess tax benefits from stock-based compensation	657	524	2,331
Cash dividends paid	—	—	(60,652)
Net cash provided by (used in) financing activities	1,416	3,811	(137,963)
Effect of exchange rate changes on cash	(302)	(2,006)	3,170
Net (decrease) increase in cash	(12,588)	62,433	(40,281)
Cash and cash equivalents at beginning of period	143,247	80,814	121,095
Cash and cash equivalents at end of period	$ 130,659	$ 143,247	$ 80,814

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

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the Company and its Business

Resources Connection, Inc. (“Resources Connection”) was incorporated on November 16, 1998. Resources Connection is a multinational professional services firm; its operating entities primarily provide services under the name Resources Global Professionals (“Resources Global” or the “Company”). The Company provides clients with experienced professionals specializing in accounting, finance, risk management and internal audit, corporate advisory, strategic communications and restructuring, information management, human capital, supply chain management, actuarial and legal and regulatory services in support of client-led projects and initiatives. The Company has offices in the United States (“U.S.”), Asia, Australia, Canada, Europe and Mexico. Resources Connection is a Delaware corporation.

The Company’s fiscal year consists of 52 or 53 weeks, ending on the Saturday in May closest to May 31. The fiscal years ended May 29, 2010 and May 30, 2009 consisted of 52 weeks. The fiscal year ended May 31, 2008 consisted of 53 weeks.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Consolidated Financial Statements of the Company (“financial statements”) have been prepared in conformity with accounting principles generally accepted in the U.S. (“GAAP”) and the rules of the Securities and Exchange Commission (“SEC”). The financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition

Revenues are recognized and billed when the Company’s professionals deliver services. Conversion fees are recognized when one of the Company’s professionals accepts an offer of permanent employment from a client. Conversion fees were 0.5%, 0.6% and 0.5% of revenue for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively. All costs of compensating the Company’s professionals are the responsibility of the Company and are included in direct cost of services.

Contingent Consideration

The Company estimates and records the acquisition date fair value of contingent consideration as part of purchase price consideration for acquisitions occurring subsequent to May 30, 2009. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration and any change in fair value is recognized in the Consolidated Statement of Operations. The estimate of the fair value of contingent consideration requires very subjective assumptions to be made of future operating results, discount rates and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore materially affect the Company’s future financial results. During the year ended May 29, 2010, the Company recorded approximately $1.5 million as contingent consideration expense, representing the change in the fair value of the contingent consideration liability since the acquisition date associated with the acquisition of the Sitrick Brincko Group LLC (“Sitrick Brincko Group”; see Note 3 — *Acquisitions*).

Under the terms of our acquisition agreements for Sitrick Brincko Group, up to 20% of the contingent consideration is payable to employees of the acquired business at the end of the measurement period to the extent certain growth targets are achieved. The Company records the estimated amount of the contractual obligation to pay the employee portion of the contingent consideration as compensation expense over the service period as it is deemed probable that the growth targets will be achieved. The estimate of the amount of the employee portion of contingent consideration requires very subjective assumptions to be made of future operating results. Future revisions to these assumptions could materially change our estimate of the amount of the employee portion of contingent consideration and therefore materially affect the Company's future financial results. During the year ended May 29, 2010, the Company recorded $500,000 as an estimate of the employee portion of the contingent consideration earned during the period.

Client Reimbursements of "Out-of-Pocket" Expenses

The Company recognizes all reimbursements received from clients for "out-of-pocket" expenses as revenue and all such expenses as direct cost of services. Reimbursements received from clients were $9.1 million, $15.3 million and $18.3 million for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively.

Foreign Currency Translation

The financial statements of subsidiaries outside the U.S. are measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at current exchange rates, income and expense items are translated at average exchange rates prevailing during the period and the related translation adjustments are recorded as a component of comprehensive income or loss within stockholders' equity. Gains and losses from foreign currency transactions are included in the Consolidated Statements of Operations.

Per Share Information

The Company presents both basic and diluted earnings per share ("EPS"). Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS is based upon the weighted average number of common and common equivalent shares outstanding during the period, calculated using the treasury stock method for stock options. Under the treasury stock method, exercise proceeds include the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect. Stock options for which the exercise price exceeds the average market price over the period are anti-dilutive and are excluded from the calculation.

The following table summarizes the calculation of net (loss) income per share for the years ended May 29, 2010, May 30, 2009 and May 31, 2008 (in thousands, except per share amounts):

	2010	2009	2008
Net (loss) income	$ (11,749)	$ 17,764	$ 49,185
Basic:			
Weighted average shares	45,894	45,018	46,545
Diluted:			
Weighted average shares	45,894	45,018	46,545
Potentially dilutive shares	—	708	1,389
Total dilutive shares	45,894	45,726	47,934
Net (loss) income per share:			
Basic	$ (0.26)	$ 0.39	$ 1.06
Diluted	$ (0.26)	$ 0.39	$ 1.03

The potentially dilutive shares presented above do not include the anti-dilutive effect of approximately 6,299,000, 6,356,000 and 4,833,000 potential common shares for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively.

Cash and Cash Equivalents

The Company considers cash on hand, deposits in banks, and short-term investments purchased with an original maturity date of three months or less to be cash and cash equivalents. The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents approximate the fair values due to the short maturities of these instruments.

Short-Term Investments

The Company carries debt securities that it has the ability and positive intent to hold to maturity at amortized cost. Cost closely approximates fair value which is based on quoted prices in active markets.

As of May 29, 2010 and May 30, 2009, $10.2 million and $20.5 million, respectively, of the Company's investment in debt securities had original contractual maturities of between three months and one year. The Company had no investments with a maturity in excess of one year in either fiscal year 2010 or 2009. The Company's portfolio does not include any auction rate securities in either fiscal year 2010 or 2009. The components of the Company's short-term investments are as follows (in thousands):

	As of May 29, 2010			As of May 30, 2009		
	Cost	Gross Unrealized Holding Loss	Fair Value	Cost	Gross Unrealized Holding Loss	Fair Value
Commercial paper	$10,000	$ (4)	$9,996	$15,000	$ (6)	$14,994
U.S. Government agency bonds	$ —	$—	$ —	$ 5,000	$ (1)	$ 4,999
Certificates of deposit	$ 250	$—	$ 250	$ 494	$—	$ 494

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from its clients' failure to make required payments for services rendered. Management estimates this allowance based upon knowledge of the financial condition of the Company's clients, review of historical receivable and reserve trends and other pertinent information. If the financial condition of the Company's clients deteriorates or there is an unfavorable trend in aggregate receivable collections, additional allowances may be required.

The following table summarizes the activity in our allowance for doubtful accounts (in thousands):

	Beginning Balance	Charged to Operations	Write-offs	Ending Balance
Years Ended:				
May 31, 2008	$4,588	$ 738	$(1,350)	$3,976
May 30, 2009	$3,976	$1,824	$ (203)	$5,597
May 29, 2010	$5,597	$ —	$ (404)	$5,193

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building	30 years
Furniture	5 to 10 years
Leasehold improvements	Lesser of useful life of asset or term of lease
Computer, equipment and software	3 to 5 years

Costs for normal repairs and maintenance are expensed to operations as incurred, while renewals and major refurbishments are capitalized.

Assessments of whether there has been a permanent impairment in the value of property and equipment are periodically performed by considering factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Management believes no permanent impairment has occurred.

Intangible Assets and Goodwill

Goodwill and other intangible assets with indefinite lives are not subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired. The Company performed its annual goodwill impairment analysis as of May 29, 2010 and will continue to test for impairment at least annually. The Company performs its impairment analysis by comparing its market capitalization to its book value throughout the fiscal year. For application of this methodology the Company determined that it operates as a single reporting unit resulting from the combination of its practice offices. No impairment was indicated as of May 29, 2010. Other intangible assets with finite lives are subject to amortization and impairment reviews. No impairment was indicated as of May 29, 2010.

See Note 5 — *Intangible Assets and Goodwill* for a further description of the Company's intangible assets.

Stock-Based Compensation

The Company recognizes compensation expense for all share-based payment awards made to employees and directors, including employee stock options and employee stock purchases made via the Company's Employee Stock Purchase Plan (the "ESPP"), based on estimated fair value at the date of grant (options) or date of purchase (ESPP).

The Company estimates the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods. Stock options vest over four years and restricted stock award vesting is determined on an individual grant basis under the Company's 2004 Performance Incentive Plan. The Company determines the estimated value of stock options using the Black-Scholes valuation model. The Company recognizes stock-based compensation expense on a straight-line basis over the service period for options that are expected to vest and records adjustments to compensation expense at the end of the service period if actual forfeitures differ from original estimates.

See Note 15 — *Stock Based Compensation Plans* for further information on stock-based compensation expense and the resulting impact on the provision for income taxes.

Income Taxes

The Company recognizes deferred income taxes for the estimated tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established to reduce deferred tax assets to the amount expected to be realized when, in management's opinion, it is more likely than not that some portion of the deferred tax assets will not be realized. The provision for income taxes represents current taxes payable net of the change during the period in deferred tax assets and liabilities.

Recently Adopted Accounting Standards

Fair Value Measurement of Liabilities

In August 2009, the Financial Accounting Standards Board ("FASB") issued guidance clarifying the required techniques for the fair value measurement of liabilities. The guidance applies to all entities that measure liabilities at fair value and is effective for the first reporting period (including interim periods) after issuance of the guidance. The Company adopted this guidance effective for the second quarter of fiscal 2010 and there was no impact on the Company's results of operations, financial condition or liquidity.

Accounting Standards Codification

In June 2009, the FASB issued guidance that establishes that the FASB Accounting Standards Codification ("Codification") will become the authoritative source of U.S. GAAP and that rules and interpretive releases of the SEC will also be sources of authoritative GAAP for SEC registrants. Following this statement, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates. The Company adopted this statement effective for our first quarter of fiscal 2010 and there was no impact on the Company's results of operations, financial condition or liquidity.

Assets Acquired and Liabilities Assumed in a Business Combination

In April 2009, the FASB issued guidance that requires that the acquiring entity recognize assets or liabilities that arise from contingencies if the acquisition date fair value of that asset or liability can be determined during the measurement period. If it cannot be determined during the measurement period, then the asset or liability should be recognized at the acquisition date if the following criteria are met: (1) information available before the end of the measurement period indicates that it is probable that an asset existed or that a liability had been incurred at the acquisition date, and (2) the amount of the asset or liability can be reasonably estimated. The Company adopted the provisions of this business combination guidance at the beginning of fiscal year 2010. The adoption did not have any impact on the Company's results of operations, financial condition or liquidity.

Recognition and Presentation of Other-Than-Temporary Impairments

In April 2009, the FASB issued guidance that modifies the other-than-temporary impairment guidance for debt securities through increased consistency in the timing of impairment recognition and enhanced disclosures related to the credit and noncredit components of impaired debt securities that are not expected to be sold. In addition, increased disclosures are required for both debt and equity securities regarding expected cash flows, credit losses and securities with unrealized losses. The Company adopted the provisions of the other-than-temporary impairment guidance at the beginning of fiscal year 2010. The adoption did not have any impact on the Company's results of operations, financial condition or liquidity.

Useful Lives of Recognized Intangible Assets

In April 2008, the FASB issued guidance which amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset. The guidance requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. The Company adopted the provisions of this useful life guidance at the beginning of fiscal year 2010. The adoption did not have a material impact on the Company's results of operations, financial condition or liquidity.

Noncontrolling Interests

In December 2007, the FASB issued guidance that requires (a) that noncontrolling (minority) interests be reported as a component of shareholders' equity; (b) that net income attributable to the parent and to the noncontrolling interest be separately identified in the consolidated statement of operations; (c) that changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions; (d) that any retained noncontrolling equity investment upon the deconsolidation of the subsidiary be initially measured at fair value; and (e) that sufficient disclosures are provided that clearly identify and distinguish between the interest of the parent and the interests of the noncontrolling owners. The Company adopted the provisions of this noncontrolling interest guidance at the beginning of fiscal year 2010. The Company currently has no noncontrolling interests that would require application of the pronouncement.

Business Combinations

In December 2007, the FASB issued guidance that significantly changes the accounting for business combinations. The guidance requires an acquiring entity to recognize, with limited exceptions, all the assets acquired and liabilities assumed in a transaction at their fair value on the acquisition date. The guidance changes the accounting treatment for certain specific acquisition-related items including, among other items: (1) expensing acquisition-related costs as incurred, (2) valuing noncontrolling interests at fair value at the acquisition date, (3) expensing restructuring costs associated with an acquired business and (4) goodwill. The guidance also includes a substantial number of new disclosure requirements to enhance the evaluation of the nature and financial effects of the business combination. The Company adopted the provisions of this business combination guidance at the beginning of fiscal year 2010 and it is effective for all future business combinations consummated by the Company.

Recent Accounting Pronouncements

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

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.

3. Acquisitions

Acquisition of Sitrick Brincko Group

On November 20, 2009, the Company acquired certain assets of Sitrick And Company ("Sitrick Co"), a strategic communications firm, and Brincko Associates, Inc. ("Brincko"), a corporate advisory and restructuring firm, through the purchase of all of the outstanding membership interests in Sitrick Brincko Group, a Delaware limited liability company, formed for the purpose of the acquisition, pursuant to a Membership Interest Purchase Agreement by and among the Company, Sitrick Co, Michael S. Sitrick, an individual, Brincko and John P. Brincko, an individual. Prior to the acquisition date, Mr. Sitrick and Nancy Sitrick were the sole shareholders of Sitrick Co and Mr. Brincko was the sole shareholder of Brincko. In addition, on the same date, the Company acquired the personal goodwill of Mr. Sitrick pursuant to a Goodwill Purchase Agreement by and between the Company and Mr. Sitrick. Sitrick Brincko Group is now a wholly-owned subsidiary of the Company. By combining the specialized skill sets of the Sitrick Brincko Group with the Company's existing consultant capabilities, geographic footprint and client base, the Company believes it will increase its ability to assist clients during challenging periods, particularly in the areas of corporate advisory, strategic communications and restructuring services. This expected synergy gives rise to goodwill being recorded as part of the purchase price of Sitrick Brincko Group.

The Company paid cash aggregating approximately $28.8 million and issued an aggregate of 822,060 shares of restricted common stock valued at approximately $16.1 million to Sitrick Co, Brincko and Mr. Sitrick (collectively, the "Sellers") for the acquisition. In addition, contingent consideration will be payable to the Sellers in a lump sum following the fourth anniversary of the acquisition only if the average (calculated from each of the four one-year periods following the acquisition date) earnings before interest, taxes, depreciation and amortization ("EBITDA") exceed $11.3 million. At the end of the four-year earn-out period, the Company will determine if the average annual EBITDA exceeded $11.3 million; if so, the contingent consideration payable is determined by multiplying the average annual EBITDA by 3.15 (representing the agreed upon multiple to be paid by the Company as specified in the acquisition agreements).

Under accounting rules for business combinations effective for the Company at the beginning of fiscal 2010, obligations that are contingently payable to the Sellers based upon the occurrence of one or more future events are to be recorded as a discounted liability on the Company's balance sheet. The Company estimated the fair value of the obligation to pay contingent consideration based on a number of different projections of the average EBITDA during the four-year earn-out measurement period and then assigned a probability weight to each scenario. The resultant probability-weighted average EBITDA amounts were then multiplied by 3.15 (the agreed upon multiple to be paid by the Company as specified in the acquisition agreements). The Company recorded this potential future obligation using an original discount rate of 1.9%, representing the time value of money over the four-year period. The Company may, in its sole discretion, pay up to 50% of any earn-out payment in restricted stock of the Company. Because the contingent consideration is not subject to a ceiling and future EBITDA of Sitrick Brincko Group is theoretically unlimited, the range of the undiscounted amounts the Company could be obligated to pay as contingent consideration under the earn-out arrangement is between $0 and an unlimited amount. The estimated fair value of the contractual obligation to pay the contingent consideration recognized as of May 29, 2010 was $59.8 million. Each reporting period, the Company will estimate changes in the fair value of contingent consideration and any change in fair value will be recognized in the Company's Consolidated Statements of Operations. For the year ended May 29, 2010, the Company recognized approximately $1.5 million of expense related to the change in the estimated value of contingent consideration. The estimated change is attributable to accretion and a slight change in the discount rate. The estimate of the fair value of contingent consideration requires very subjective assumptions to be made of various potential operating result scenarios and discount rates. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore materially affect the Company's future financial results.

In addition, under the terms of the acquisition agreements, up to 20% of the contingent consideration is payable to the employees of Sitrick Brincko Group at the end of the measurement period to the extent certain EBITDA growth targets are met. The Company records the estimated amount of the contractual obligation to pay the employee portion of contingent consideration as compensation expense over the service period as it is deemed probable that the growth targets will be achieved. For the year ended May 31, 2010, the Company recorded $500,000 as an estimate of the employee portion of the contingent consideration earned during the period. The estimate of the amount of the employee portion of contingent consideration payable requires very subjective assumptions to be made of future operating results. Future revisions to these assumptions could materially change the estimate of the amount of the employee portion of contingent consideration and therefore materially affect the Company's future financial results.

Sitrick Brincko Group contributed approximately $13.6 million to revenue and approximately $3.1 million to pre-tax earnings for the year ended May 29, 2010.

The following table presents unaudited pro forma revenue and net income for the years ended May 29, 2010 and May 30, 2009 as if the acquisition of Sitrick Brincko Group and the personal goodwill of Michael Sitrick had occurred on June 1, 2008 for each period presented. The pro forma financial information presented in the following table is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the earliest period presented, nor does it intend to be a projection of future results (in thousands).

	Pro Forma Year Ended May 29, 2010	Pro Forma Year Ended May 30, 2009
Revenue	$512,237	$711,629
Net (loss) income	$ (10,085)	$ 21,819

Due to differences in the reporting periods of the Company and Sitrick Brincko Group, the preceding unaudited pro forma financial information for the year ended May 29, 2010 combines the Company's financial results for the year ended May 29, 2010 with the financial results of Sitrick Brincko Group (which incorporated Sitrick Co and Brincko) for the six months ended September 30, 2009, plus the financial results of Sitrick Brincko Group for the third and fourth quarters of fiscal 2010. The preceding unaudited pro forma financial information for the year ended May 30, 2009, combines the Company's financial results for the year ended May 30, 2009 with the financial results of Sitrick Brincko Group for the twelve months ended March 31, 2009. Certain of the assets and liabilities of Sitrick Co and Brincko were retained by Sitrick Co and Brincko and not contributed to Sitrick Brincko Group. These assets and liabilities include 1) certain property and equipment of Sitrick Co and Brincko; 2) debt related to certain property and equipment or due to the CEO of Sitrick Co; and 3) pension liabilities of Brincko. The pro forma financial information presented above has been reported after applying the Company's accounting policies and adjusting the results of Sitrick Brincko Group (which incorporated the results of Sitrick Co and Brincko) to reflect the elimination of these assets and liabilities and related expenses.

In accordance with GAAP, the Company allocated the purchase price based on the fair value of the assets acquired and liabilities assumed, with the residual recorded as goodwill. As a result of the contingent consideration, the Company recorded a deferred tax asset on the temporary difference between the book and tax treatment of the contingent consideration. The total intangible assets acquired include approximately $64.5 million of goodwill, $23.7 million of long-term deferred tax asset, $5.6 million for customer relationships, $1.2 million for trade names, $3.0 million for non-competition agreements and $250,000 for customer backlog. The backlog will be amortized over 13 months, the customer relationships over two years, and the trade names and non-competition agreements over five years. The goodwill related to this transaction is expected to be deductible for tax purposes over 15 years, except any contingent consideration payable at the end of the four-year earn-out will be deductible for tax purposes from the date of payment over 15 years. The Company completed its allocation of the estimated fair value of assets acquired and liabilities assumed during the quarter ended May 29, 2010.

The Company incurred approximately $600,000 of transaction related costs during the quarter ended November 28, 2009; these expenses are included in selling, general and administrative expenses in the Company's Consolidated Statement of Operations for the year ended May 29, 2010.

The following table summarizes the consideration transferred to acquire Sitrick Brincko Group and the amounts of the identified assets acquired and liabilities assumed, after adjustment, at the acquisition date:

Fair Value of Consideration Transferred (in thousands, except share amounts):

Cash	$ 28,750
Common stock — 822,060 shares @ $19.63 (closing price on acquisition date)	16,137
Estimated contingent consideration, net of amount allocable to Sitrick Brincko Group employees	57,820
Total	$ 102,707

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

Cash and cash equivalents	$ 302
Accounts receivable	6,232
Prepaid expenses and other current assets	281
Intangible assets	10,050
Property and equipment, net	120
Other assets	124
Total identifiable assets	17,109
Accounts payable and accrued expenses	199
Accrued salaries and related obligations	1,638
Other current liabilities	755
Total liabilities assumed	2,592
Net identifiable assets acquired	14,517
Goodwill ($64,490) and deferred tax assets ($23,700)	88,190
Net assets acquired	$ 102,707

Acquisitions in fiscal 2009

The Company has acquired certain intangible assets or stock of companies that it believes complement or augment the Company's service offerings in the territories it serves. Those acquisitions completed in fiscal 2009 ("the 2009 acquisitions") include:

1) On May 12, 2009, the Company acquired certain intangible assets comprising the Ohio-based professional services business of Kenwood Cooper LLC operated under the name Xperianz ("Xperianz"). The Company paid cash of approximately $900,000 for these assets.

2) On January 16, 2009, the Company acquired Limbus Holding B.V. ("Limbus"), a Netherlands-based provider of risk and compliance and process improvement consultancy services to financial institutions and the public sector. The Company paid approximately $2.0 million for the acquisition, consisting of $1.0 million in cash and $1.0 million (68,459 shares) of the Company's treasury stock.

3) On December 1, 2008, the Company acquired Kompetensslussen X-tern Personalfunktion AB ("Kompetensslussen"), a Sweden-based provider of human capital services. The Company paid approximately $1.0 million for the acquisition, consisting of $745,000 in cash and $274,000 (18,302 shares) of the Company's treasury stock.

Assuming the above fiscal 2009 acquisitions had been consummated on May 27, 2007, the pro forma impact on the Company's revenue and net income would be insignificant for the year ended May 30, 2009.

Each of the purchase agreements for the aforementioned transactions may require additional contingent consideration payments which are not recorded as of May 29, 2010. For Xperianz, the Company is required to pay up to $1.1 million in additional cash in fiscal years 2011 and 2012, provided certain revenue and gross margin interim milestones are met. Those interim milestones were not met in fiscal year 2010. Limbus did not meet its required milestones and no future payments will be made. For Kompetensslussen, the Company is required to make earn-out payments based on Kompetensslussen's achievement of certain financial results for calendar year 2010. The earn-out is two-tiered, and is subject to gross margin goals. The first tier earn-out may be up to 8.0 million Swedish Krona (SEK) and is payable equally in cash and stock of the Company; the second tier earn-out may be up to 3.0 million SEK, payable in cash. If earned, payments are to be made no later than March 31, 2011.

The Company allocated the purchase price of the 2009 acquisitions based on the fair value of the assets acquired and liabilities assumed, with the residual recorded as goodwill. The Company considered a number of factors in performing these valuations, including the valuation of identifiable intangible assets. The total intangible assets acquired included: for Xperianz, approximately $772,000 of goodwill, $115,000 for customer relationships (amortized over two years) and $14,000 for a non-compete agreement (amortized over one year); for Limbus, approximately $1.4 million of goodwill, $249,000 for customer relationships (amortized over two years), $130,000 for a non-compete agreement (amortized over one year) and $67,000 for a database of potential consultants (amortized over two years); for Kompetensslussen, approximately $800,000 of goodwill, $150,000 for customer relationships (amortized over two years) and $80,000 for a non-compete agreement (amortized over one year). The goodwill and other intangibles recognized in the Xperianz transaction are deductible for tax purposes while the goodwill and other intangibles recognized in the Limbus and Kompetensslussen transactions are not deductible for tax purposes.

4. Property and Equipment

Property and equipment consist of the following (in thousands):

	As of May 29, 2010	As of May 30, 2009
Building and land	$ 12,935	$ 12,935
Computers, equipment and software	18,827	18,023
Leasehold improvements	21,461	22,454
Furniture	9,864	9,852
	63,087	63,264
Less accumulated depreciation and amortization	(33,733)	(28,330)
	$ 29,354	$ 34,934

5. Intangible Assets and Goodwill

The following table presents details of our intangible assets and related accumulated amortization (in thousands):

	As of May 29, 2010			As of May 30, 2009		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer relationships (2-7 years)	$ 17,684	$ (9,372)	$ 8,312	$ 12,492	$ (6,874)	$ 5,618
Consultant and customer database (1-5 years)	2,305	(2,051)	254	2,378	(1,938)	440
Non-compete agreements (1-5 years)	3,207	(504)	2,703	211	(92)	119
Trade name and trademark (5 years)	1,281	(125)	1,156	82	—	82
Total	$ 24,477	$ (12,052)	$ 12,425	$ 15,163	$ (8,904)	$ 6,259

The Company recorded amortization expense for the years ended May 29, 2010, May 30, 2009 and May 31, 2008 of $3,496,000, $1,383,000 and $1,114,000, respectively. Estimated intangible asset amortization expense (based on existing intangible assets) for the years ending May 28, 2011, May 26, 2012, May 25, 2013, May 31, 2014 and May 30, 2015 is $4,947,000, $3,278,000, $1,659,000, $1,604,000 and $855,000, respectively.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	For the Years Ended	
	May 29, 2010	May 30, 2009
Goodwill, beginning of year	$ 111,084	$ 107,761
Acquisitions	64,284	5,662
Impact of foreign currency exchange rate changes	(2,736)	(2,339)
Goodwill, end of year	$ 172,632	$ 111,084

6. Income Taxes

The following table represents the current and deferred income tax provision for federal and state income taxes attributable to operations (in thousands):

	For the Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008
Current			
Federal	$ 10,661	$ 18,060	$ 33,277
State	2,249	4,493	8,245
Foreign	(1,161)	2,232	6,384
	11,749	24,785	47,906
Deferred			
Federal	(2,223)	(1,605)	(3,560)
State	(393)	(381)	(697)
Foreign	1,485	1,474	(2,778)
	(1,131)	(512)	(7,035)
	$ 10,618	$ 24,273	$ 40,871

Income before provision for income taxes is as follows (in thousands):

	For the Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008
Domestic	$ 18,627	$ 42,874	$ 79,958
Foreign	(19,758)	(837)	10,098
	$ (1,131)	$ 42,037	$ 90,056

The provision for income taxes differs from the amount that would result from applying the federal statutory rate as follows:

	For the Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008
Statutory tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	(106.8)%	6.3%	5.3%
Non-U.S. rate adjustments	(158.7)%	1.0%	(0.1)%
Stock options	(148.4)%	5.6%	3.9%
Valuation allowance	(510.8)%	5.9%	—
Foreign intercompany debt forgiveness	—	2.6%	—
Permanent items, primarily meals and entertainment	(50.2)%	4.0%	1.1%
Other, net	1.1%	(2.7)%	0.2%
Effective tax rate	(938.8)%	57.7%	45.4%

The impact of state taxes, net of federal benefit, and foreign income taxed at other than U.S. rates fluctuates year over year due to the changes in the mix of operating income and losses amongst the various states and foreign jurisdictions in which the Company operates.

The components of the net deferred tax asset consist of the following (in thousands):

	May 29, 2010	May 30, 2009
Deferred tax assets:		
Allowance for doubtful accounts	$ 1,897	$ 2,038
Accrued compensation	2,754	3,504
Accrued expenses	4,175	4,833
Stock options and restricted stock	11,559	8,855
Contingent purchase consideration	25,011	—
Net operating losses	9,253	5,745
Property and equipment	2,544	1,632
Gross deferred tax asset	57,193	26,607
Valuation allowance	(7,523)	(2,432)
Gross deferred tax asset, net of valuation allowance	49,670	24,175
Deferred tax liabilities:		
Goodwill and intangibles	(15,076)	(15,805)
State taxes	(1,641)	(84)
Total deferred tax liabilities	(16,717)	(15,889)
Net deferred tax asset	$ 32,953	$ 8,286

The Company had an income tax receivable of $4,575,000 and $10,687,000 as of May 29, 2010 and May 30, 2009.

The tax benefit associated with the exercise of nonqualified stock options and the disqualifying dispositions by employees of incentive stock options and shares issued under the Company’s Employee Stock Purchase Plan reduced income taxes payable by $1.2 million and $1.9 million for the years ended May 29, 2010 and May 30, 2009, respectively.

Realization of the deferred tax assets is dependent upon generating sufficient future taxable income. During the year ended May 29, 2010, the Company recorded a valuation allowance of $5.7 million related to certain foreign operating loss carryforwards, including valuation allowances of $4.7 million provided on foreign operating loss carryforwards of countries which were identified in the current year. Management believes that it is more likely than not that all other remaining deferred tax assets will be realized through future taxable earnings or alternative tax strategies.

The following table summarizes the activity in our valuation allowance accounts (in thousands):

	Beginning Balance	Charged to Operations	Translation Charges	Ending Balance
Years Ended:				
May 31, 2008	$ —	$ —	$ —	$ —
May 30, 2009	$ —	$ 2,351	$ 81	$ 2,432
May 29, 2010	$ 2,432	$ 5,661	$ (570)	$ 7,523

Deferred income taxes have not been provided on the undistributed earnings of approximately $30.6 million from the Company's foreign subsidiaries as of May 29, 2010 since these amounts are intended to be indefinitely reinvested in foreign operations. It is not practicable to calculate the deferred taxes associated with these earnings; however, foreign tax credits would likely be available to reduce federal income taxes in the event of distribution.

The Company has foreign net operating loss carryforwards of $33.0 million, of which $4.0 million will begin to expire in 2015 through 2021 and the remaining amount can be carried forward indefinitely.

The following table summarizes the activity related to the gross unrecognized tax benefits (in thousands):

	For the Years Ended	
	May 29, 2010	May 30, 2009
Unrecognized tax benefits, beginning of year	$ 1,046	$ 776
Gross increases-tax positions in prior period	76	440
Gross decreases-tax positions in prior periods	—	—
Gross increases-current period tax positions	39	47
Settlements	—	—
Lapse of statute of limitations	(102)	(217)
Unrecognized tax benefits, end of year	$ 1,059	$ 1,046

As of May 29, 2010 and May 30, 2009, the Company's total liability for unrecognized gross tax benefits was $1,059,000 and $1,046,000, respectively, which, if ultimately recognized would impact the effective tax rate in future periods. As of May 29, 2010 and May 30, 2009, the unrecognized tax benefit includes $962,000 and $949,000, respectively, classified as long-term liability and $97,000 and $97,000, respectively, classified as short-term liability. The $97,000 classified as short term liability at May 29, 2010 results from U.S. federal and state positions that are in their last year of the statute of limitations. An estimate of the range of reasonably possible change cannot be made at this time.

The Company's major income tax jurisdiction is the U.S., with federal income taxes, subject to examination for fiscal 2007 and thereafter. For states within the U.S. in which the Company does significant business, the Company remains subject to examination for fiscal 2006 and thereafter. Major foreign jurisdictions in Europe remain open for fiscal years ended 2004 and thereafter.

The Company continues to recognize interest expense and penalties related to income tax as a part of its provision for income taxes. While the amount accrued during the fiscal year is immaterial, as of May 29, 2010, the Company has provided $205,000 of accrued interest and penalties as a component of the liability for unrecognized tax benefits.

7. Selling, General and Administrative Expenses and Restructuring

During the first quarter of fiscal 2010, the Company announced the resignation of two senior executives from the Company. In connection with those resignations, the Company incurred $4.8 million in severance costs and $2.2 million of compensation expense related to the acceleration of vesting of certain stock option grants. These charges are included in selling, general and administrative expenses in the Consolidated Statements of Operations for the year ended May 29, 2010.

During the fourth quarter of fiscal 2009, the Company announced a restructuring plan involving a reduction in 77 management and administrative positions as well as the consolidation of seven offices into existing locations within a reasonable proximity. The Company recorded approximately $2.8 million for severance and approximately $814,000 for leasehold related write-offs and lease termination costs, which were recorded in selling, general and administrative expenses in the Company's Consolidated Statements of Operations for the year ended May 30, 2009. Remaining accrual amounts are included in "Accounts Payable and Accrued Expenses". Payments related to lease abandonment are expected to be paid through fiscal 2013, while the remaining personnel reduction payment is expected to be paid in fiscal 2011.

The following table summarizes the various restructuring actions taken (amounts in thousands):

	Reduction in Personnel	Leasehold Write-offs	Lease Abandonment	Total
Accrual balance as of June 1, 2008	$ —	$ —	$ —	$ —
Restructuring charges	2,821	306	508	3,635
Cash payments	(2,169)	—	(30)	(2,199)
Write-off of assets	—	(306)	—	(306)
Accrual balance as of May 30, 2009	652	—	478	1,130
Change in estimate	(112)	—	(10)	(122)
Cash payments	(544)	—	(243)	(787)
Exchange rate fluctuations	8	—	—	8
Accrual balance as of May 29, 2010	$ 4	$ —	$ 225	$ 229

8. Accrued Salaries and Related Obligations

Accrued salaries and related obligations consist of the following (in thousands):

	May 29, 2010	May 30, 2009
Accrued salaries and related obligations	$ 11,448	$ 17,331
Accrued bonuses	13,275	17,248
Accrued vacation	13,226	14,174
	$ 37,949	$ 48,753

9. Revolving Credit Agreement

The Company has a $3.0 million unsecured revolving credit facility with Bank of America (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 and a London Inter-Bank Offered Rate (“LIBOR”) plus 2.25%. Interest, if any, is payable monthly. The Credit Agreement expires November 29, 2010. As of May 29, 2010, the Company had approximately $1.4 million available under the terms of the Credit Agreement as Bank of America has issued approximately $1.6 million of outstanding letters of credit in favor of third parties related to operating leases. As of May 29, 2010, the Company was in compliance with all covenants included in the Credit Agreement.

10. Concentrations of Credit Risk

The Company maintains cash and cash equivalent balances, short-term investments and U.S. government agency securities with high credit quality financial institutions. At times, such balances are in excess of federally insured limits.

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of trade receivables. However, concentrations of credit risk are limited due to the large number of customers comprising the Company’s customer base and their dispersion across different business and geographic areas. The Company monitors its exposure to credit losses and maintains an allowance for anticipated losses. A significant change in the liquidity or financial position of one or more of the Company’s customers could result in an increase in the allowance for anticipated losses. To reduce credit risk, the Company performs credit checks on certain customers. No single customer accounted for more than 4%, 3% and 3% of revenue for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively.

11. Stockholders’ Equity

In October 2002, the Company’s board of directors approved a stock repurchase program, authorizing the repurchase of up to three million shares of the Company’s common stock on the open market. Upon the completion of the original program, the Company’s board of directors approved a new stock repurchase program in July 2007, authorizing the repurchase of common stock on the open market for up to an aggregate amount of $150 million. During the years ended May 29, 2010 and May 30, 2009, the Company purchased approximately 496,000 and 785,000 shares of common stock, respectively, on the open market for a total of approximately $9.0 million and $12.3 million, respectively. Such purchased shares are held in treasury and are presented as if retired, using the cost method. As of May 29, 2010, approximately $26.6 million remains available for share purchases under our stock repurchase program.

The Company has 70,000,000 authorized shares of common stock with a $0.01 par value. At May 29, 2010 and May 30, 2009, there were 46,265,000 and 45,140,000 shares of common stock outstanding, respectively, all of which are voting.

The Company has authorized for issuance 5,000,000 shares of preferred stock with a $0.01 par value. The board of directors has the authority to issue preferred stock in one or more series and to determine the related rights and preferences. No shares of preferred stock were outstanding as of May 29, 2010 and May 30, 2009.

On May 10, 2002, the Company’s board of directors adopted a stockholder rights plan, pursuant to which a dividend of one preferred stock purchase right (the “rights”) was declared for each share of common stock outstanding at the close of business on May 28, 2002. Common stock issued after the record date has the same rights associated. The rights are not exercisable until the Distribution Date, which, unless extended by the board of directors, is 10 days after a person or group acquires 15% of the voting power of the common stock of the Company or announces a tender offer that could result in a person or group owning 15% or more of the voting power of the common stock of the Company (such person or group, an “Acquiring Person”). Each right, should it become exercisable, will entitle the owner to buy 1/100th of a share of a new series of the Company's Junior Participating Preferred Stock at a purchase price of $120, subject to certain adjustments.

In the event a person or group becomes an Acquiring Person without the approval of the board of directors, each right will entitle the owner, other than the Acquiring Person, to buy at the right's then current exercise price, a number of shares of common stock with a market value equal to twice the exercise price of the rights. In addition, if after a person or group becomes an Acquiring Person, the Company was to be acquired by merger, stockholders with unexercised rights could purchase common stock of the acquiring company with a value of twice the exercise price of the rights. The board of directors may redeem the rights for $0.001 per right at any time prior to and including the tenth business day after the first public announcement that a person has become an Acquiring Person. Unless earlier redeemed, exchanged or extended by the board, the rights will expire on May 28, 2012.

12. Benefit Plan

The Company has a defined contribution 401(k) plan ("the plan") which covers all employees in the U.S. who have completed 90 days of service and are age 21 or older. Participants may contribute up to 50% of their annual salary up to the maximum amount allowed by statute. As defined in the plan agreement, the Company may make matching contributions in such amount, if any, up to a maximum of 6% of individual employees' annual compensation. The Company, in its sole discretion, determines the matching contribution made from year to year. To receive matching contributions, the employee must be employed on the last day of the fiscal year. For the years ended May 29, 2010, May 30, 2009 and May 31, 2008, the Company contributed approximately $4.1 million, $5.3 million and $3.3 million, respectively, to the plan as Company matching contributions.

13. Supplemental Disclosure of Cash Flow Information

Additional information regarding cash flows is as follows (in thousands):

	Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008
Income taxes paid	$ 9,724	$35,105	$50,267
Non-cash investing and financing activities:			
Acquisition of Sitrick Brincko Group (2010), Kompetensslussen (2009), Limbus (2009) and Compliance Solutions (2008):			
Issuance of common stock	$16,137	$ 1,260	$ 2,152
Liability for contingent consideration	$59,292	$ —	$ —

14. Commitments and Contingencies

Lease Commitments and Purchase Obligations

At May 29, 2010, the Company had operating leases, primarily for office premises, expiring at various dates through March, 2019. At May 29, 2010, the Company had no capital leases. Future minimum rental commitments under operating leases and other known purchase obligations are as follows (in thousands):

Years Ending:	Operating Leases	Purchase Obligations
May 28, 2011	$ 11,170	$ 979
May 26, 2012	7,709	511
May 25, 2013	6,456	144
May 31, 2014	4,689	25
May 30, 2015	3,897	2
Thereafter	9,000	—
Total	$ 42,921	$ 1,661

Rent expense for the years ended May 29, 2010, May 30, 2009 and May 31, 2008 totaled $16.5 million, $15.6 million and $15.0 million, respectively. Rent expense is recognized on a straight-line basis over the term of the lease, including during any rent holiday periods.

The Company also leases to independent third parties approximately 20,800 square feet of the approximately 56,800 square foot corporate headquarters building located in Irvine, California. The Company has operating lease agreements with independent third parties expiring through October 2014. Under the terms of these operating lease agreements, rental income from such third party leases is expected to be $623,000, $524,000, $401,000, $257,000 and $85,000 in fiscal 2011, 2012, 2013, 2014 and 2015, respectively.

Employment Agreements

The Company entered into an amended and restated employment agreement in June 2008 with its chief executive officer, Donald Murray. This agreement expired on March 31, 2010 but automatically renews for additional one-year periods unless the Company or Mr. Murray provides the other party written notice within 60 days of the then-current expiration date that the agreement will not be extended. The employment agreement provides Mr. Murray with a specified severance amount depending on whether his separation from the Company is with or without good cause as defined in the agreement. The Company also has employment agreements with certain key members of management, the respective terms of which extend through 2011. These agreements provide those employees with a specified severance amount depending on whether the employee is terminated with or without good cause as defined in the applicable agreement.

Legal Proceedings

Certain claims and lawsuits arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, all such matters if disposed of unfavorably would not have a material adverse effect on the Company's financial position, cash flows or results of operations.

15. Stock Based Compensation Plans

2004 Performance Incentive Plan

On October 15, 2004, the Company's stockholders approved the Resources Connection, Inc. 2004 Performance Incentive Plan (the "Plan"). This Plan replaced the Company's 1999 Long Term Incentive Plan (the "Prior

Plan”). Under the terms of the Plan, the Company’s board of directors or one or more committees appointed by the board of directors will administer the Plan. The board of directors has delegated general administrative authority for the Plan to the Compensation Committee of the board of directors.

The administrator of the Plan has broad authority under the Plan to, among other things, select participants and determine the type(s) of award(s) that they are to receive, and determine the number of shares that are to be subject to awards and the terms and conditions of awards, including the price (if any) to be paid for the shares or the award.

Persons eligible to receive awards under the Plan include officers or employees of the Company or any of its subsidiaries, directors of the Company, and certain consultants and advisors to the Company or any of its subsidiaries.

The maximum number of shares of the Company’s common stock that may be issued or transferred pursuant to awards under the Plan equals the sum of: (1) 7,500,000 shares (after giving effect to the Company’s two-for-one stock split in March 2005 and the amendments to the Plan approved by stockholders at the Company’s 2008 and 2006 annual meetings of stockholders), plus (2) the number of shares available for award grant purposes under the Prior Plan as of October 15, 2004, plus (3) the number of any shares subject to stock options granted under the Prior Plan and outstanding as of October 15, 2004 which expire, or for any reason are cancelled or terminated, after that date without being exercised. As of May 29, 2010, 1,951,000 shares were available for award grant purposes under the Plan, subject to future increases as described in (3) above and subject to increase as then-outstanding awards expire or terminate without having become vested or exercised, as applicable.

The types of awards that may be granted under the Plan include stock options, restricted stock, stock bonuses, performance stock, stock units, phantom stock and other forms of awards granted or denominated in the Company’s common stock or units of the Company’s common stock, as well as certain cash bonus awards. Under the terms of the Plan, the option price for the incentive stock options (“ISO”) and nonqualified stock options (“NQSO”) may not be less than the fair market value of the shares of the Company’s stock on the date of the grant. For ISOs, the exercise price per share may not be less than 110% of the fair market value of a share of common stock on the grant date for any individual possessing more than 10% of the total outstanding stock of the Company. Stock options granted under the Plan and the Prior Plan generally become exercisable over periods of one to four years and expire not more than ten years from the date of grant. The Company predominantly grants NQSOs to employees in the U.S. The Company granted 5,479 and 5,137 shares of restricted stock during the fiscal years ended May 29, 2010 and May 30, 2009, respectively.

A summary of the share-based award activity under the Plan and the Prior Plan follows (amounts in thousands except weighted average exercise price):

		Stock Options Outstanding	
	Share-Based Awards Available for Grant	Number of Shares Under Option	Weighted Average Exercise Price
Options outstanding at May 26, 2007	1,494	9,186	$ 20.88
Granted, at fair market value	(1,264)	1,264	$ 20.14
Exercised	—	(1,168)	$ 12.42
Forfeited	810	(810)	$ 26.33
Options outstanding at May 31, 2008	1,040	8,472	$ 21.41
Granted, at fair market value	(1,577)	1,577	$ 15.82
Restricted Stock(1)	(13)	—	—
Additional options available for grant	2,000	—	—
Exercised	—	(629)	$ 12.17
Forfeited	907	(907)	$ 25.39
Options outstanding at May 30, 2009	2,357	8,513	$ 20.63
Granted, at fair market value	(1,091)	1,091	$ 18.10
Restricted Stock(1)	(14)	—	—
Exercised	—	(419)	$ 10.80
Forfeited	699	(699)	$ 24.01
Options outstanding at May 29, 2010	1,951	8,486	$ 20.51

(1) Amounts represent restricted shares granted. Share-based awards available for grant are reduced by 2.5 shares for each share awarded as stock grants from the 2004 Plan.

The following table summarizes options outstanding as of May 29, 2010 and related weighted average exercise price and life information (number of options outstanding and intrinsic value in thousands):

	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding	8,486	$20.51	6.26	$7,487
Exercisable	5,904	$21.19	5.18	$6,345

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company’s closing stock price of $16.14 as of May 28, 2010 (the last actual trading day of fiscal 2010), which would have been received by the option holders had all option holders exercised their options as of that date.

The total pre-tax intrinsic value related to stock options exercised during the years ended May 29, 2010 and May 30, 2009 was $3.2 million and $4.8 million, respectively. The total estimated fair value of stock options that vested during the years ended May 29, 2010 and May 30, 2009 was $15.7 million and $16.4 million, respectively.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan ("ESPP") allows qualified employees (as defined in the ESPP) to purchase designated shares of the Company's common stock at a price equal to 85% of the lesser of the fair market value of common stock at the beginning or end of each semi-annual stock purchase period. A total of 4,400,000 shares of common stock may be issued under the ESPP. The Company issued 370,000, 545,000 and 405,000 shares of common stock pursuant to the ESPP for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively. There are 1,992,000 shares of common stock available for issuance under the ESPP as of May 29, 2010.

Valuation and Expense Information for Stock Based Compensation Plans

The following table summarizes the impact of the Company's stock-based compensation plans (in thousands, except per share amounts):

	Years Ended		
	May 29, 2010	May 30, 2009	May 31, 2008
Income before income taxes	$ (15,493)	$ (17,790)	$ (22,386)
Net income	$ (11,261)	$ (13,479)	$ (17,726)
Net income per share:			
Basic	$ (0.25)	$ (0.30)	$ (0.38)
Diluted	$ (0.25)	$ (0.29)	$ (0.37)

The weighted average estimated fair value per share of employee stock options granted during the years ended May 29, 2010, May 30, 2009 and May 31, 2008 was $7.87, $6.64 and $8.20, respectively, using the Black-Scholes model with the following assumptions:

	Year Ended May 29, 2010	Year Ended May 30, 2009	Year Ended May 31, 2008
Expected volatility	42.5% - 45.0%	40.6% - 43.6%	39.9%
Risk-free interest rate	2.2% - 3.2%	1.7% - 3.6%	2.6% - 4.9%
Expected dividends	0.0%	0.0%	0.0%
Expected life	5.1 - 6.9 years	5.1 - 6.7 years	5.2 years

As of May 29, 2010, there was $18.4 million of total unrecognized compensation cost related to non-vested employee stock options granted. That cost is expected to be recognized over a weighted-average period of 31 months. Stock-based compensation expense included in selling, general and administrative expenses for the years ended May 29, 2010, May 30, 2009 and May 31, 2008 was $15.5 million, $17.8 million and $22.4 million, respectively; this consisted of stock-based compensation expense related to employee stock options, employee stock purchases made via the Company's Employee Stock Purchase Plan and issuances of restricted stock. The Company granted 5,479, 5,137 and 0 shares of restricted stock for the years ended May 29, 2010, May 30, 2009 and May 31, 2008. Stock-based compensation expense for restricted shares for the year ended May 29, 2010 was $194,000. There were 10,354 unvested restricted shares, with approximately $89,000 of total unrecognized compensation cost.

Excess tax benefits related to stock-based compensation expense are recognized as an increase to additional paid-in capital and tax shortfalls are recognized as income tax expense unless there are excess tax benefits from previous equity awards to which it can be offset. On the adoption date of the required accounting for stock-based compensation expense, the Company calculated the amount of eligible excess tax benefits available to offset future tax shortfalls in accordance with the long-form method.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company recognizes compensation expense for only the portion of stock options and restricted stock units that are expected to vest, rather than recording forfeitures when they occur. If the actual number of forfeitures differs from that estimated by management, additional adjustments to compensation expense may be required in future periods.

The Company reflects, in its Statements of Cash Flows, the tax savings resulting from tax deductions in excess of expense recognized in its Statements of Operations as a financing cash flow, which will impact the Company's future reported cash flows from operating activities.

16. Segment Information and Enterprise Reporting

No single customer accounted for more than 4%, 3% and 3% of revenue for the years ended May 29, 2010, May 30, 2009 and May 31, 2008, respectively.

The Company discloses information regarding operations outside of the U.S. The Company operates as one segment. The accounting policies for the domestic and international operations are the same as those described in Note 2-*Summary of Significant Accounting Policies*. Summarized information regarding the Company's domestic and international operations is shown in the following table. Amounts are stated in thousands:

	Revenue for the Years Ended			Long-Lived Assets as of(1)	
	May 29, 2010	May 30, 2009	May 31, 2008	May 29, 2010	May 30, 2009
United States	$ 373,617	$ 488,392	$ 612,427	$ 184,524	$ 115,458
The Netherlands	40,674	76,889	84,601	25,615	31,129
Other	84,707	120,295	143,257	4,272	5,690
Total	$ 498,998	$ 685,576	$ 840,285	$ 214,411	$ 152,277

(1) Long-lived assets are comprised of goodwill, intangible assets, building and land, computers, equipment and software and furniture and leasehold improvements.

17. Subsequent Event

On July 20, 2010, the Company's board of directors announced that it had authorized the establishment of a regular quarterly dividend of $0.04 per share, payable on September 15, 2010 to shareholders of record at the close of business on August 18, 2010. The estimated cash required for the dividend payment, based upon shares outstanding on July 19, 2010 is approximately $1.9 million.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.***

None.

ITEM 9A. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures

As required by SEC Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of May 29, 2010. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of May 29, 2010.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). We maintain internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included an assessment of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of May 29, 2010.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation report on the Company's internal control over financial reporting, which appears on page 48.

On November 20, 2009, we completed the acquisition of Sitrick Brincko Group and, as permitted by SEC guidance, we excluded this entity from our assessment of internal control over financial reporting as of May 29, 2010. Sitrick Brincko Group's total assets and total revenues of approximately $5.4 million and $13.6 million, respectively, are included in our consolidated financial statements as of and for the year ended May 29, 2010.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting, during the fiscal quarter ended May 29, 2010, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. ***OTHER INFORMATION.***

None.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.*

Executive Officers and Directors

Our board of directors has adopted a code of business conduct and ethics that applies to our chief executive officer and other senior executives, including our chief financial officer and principal accounting officer and persons performing similar functions, as required by the SEC. The full text of our code of business conduct and ethics can be found on the investor relations page of our website at www.resourcesglobal.com. We intend to satisfy the Securities and Exchange Commission disclosure requirements regarding an amendment to, or a waiver from, a provision of our code of ethics that applies to our chief executive officer and other senior executives, including our chief financial officer and principal accounting officer, or persons performing similar functions, by posting such information on the investor relations page of our website at www.resourcesglobal.com.

Reference is made to the information regarding directors appearing in Section II under the caption “ELECTION OF DIRECTORS,” and to the information in Section III under the captions “EXECUTIVE OFFICERS,” “SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE,” “DIRECTOR MEETINGS AND COMMITTEES” and “DIRECTOR MEETINGS AND COMMITTEES — AUDIT COMMITTEE,” in each case in the Company’s proxy statement related to its 2010 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 11. *EXECUTIVE COMPENSATION.*

The information appearing in Section III under the captions “EXECUTIVE COMPENSATION,” “COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION,” “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION,” and “DIRECTOR COMPENSATION — FISCAL 2010,” in each case, in the Company’s proxy statement related to its 2010 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.*

The information appearing in Section III under the caption “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT” in the proxy statement related to the Company’s 2010 Annual Meeting of Stockholders is incorporated herein by reference.

There are no arrangements, known to the Company, which might at a subsequent date result in a change in control of the Company.

The following table sets forth, for the Company’s compensation plans under which equity securities of the Company are authorized for issuance, the number of shares of the Company’s common stock subject to outstanding options, warrants, and rights, the weighted-average exercise price of outstanding options, warrants, and rights, and the number of shares remaining available for future award grants as of May 29, 2010.

	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	8,486,414	$20.51	3,943,251(1)
Equity compensation plans not approved by security holders	—	—	—
Total	8,486,414	$20.51	3,943,251

(1) Consists of 1,992,000 shares available for issuance under the Company's Employee Stock Purchase Plan and 1,951,251 shares available for issuance under the Company's 2004 Performance Incentive Plan. Shares available under the 2004 Performance Incentive Plan generally may be used for any type of award authorized under that plan including stock options, restricted stock, stock bonuses, performance stock, stock units, phantom stock and other forms of awards granted or denominated in the Company's common stock.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.***

The information appearing in Section III under the captions "DIRECTOR MEETINGS AND COMMITTEES — DIRECTOR INDEPENDENCE" and "TRANSACTIONS WITH RELATED PERSONS" in the proxy statement related to the Company's 2010 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 14. ***PRINCIPAL ACCOUNTING FEES AND SERVICES.***

The information appearing in Section III under the caption "DIRECTOR MEETINGS AND COMMITTEES — FEES" in the proxy statement related to the Company's 2010 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

ITEM 15. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.***

(a) 1. *Financial Statements*

The following consolidated financial statements of the Company and its subsidiaries are included in Item 8 of this report:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of May 29, 2010 and May 30, 2009
Consolidated Statements of Operations for each of the three years in the period ended May 29, 2010
Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) for each of the three years in the period ended May 29, 2010
Consolidated Statements of Cash Flows for each of the three years in the period ended May 29, 2010
Notes to Consolidated Financial Statements

2. *Financial Statement Schedules*

Schedule II-Valuation and Qualifying Accounts are included in Note 2 and 6 to the Registrant's Notes to Consolidated Financial Statements.

Schedules I, III, IV and V have been omitted as they are not applicable.

3. *Exhibits.*

EXHIBITS TO FORM 10-K

Exhibit Number	Description of Document
2.1	Membership Interest Purchase Agreement, dated as of October 29, 2009, by and among Resources Connection, Inc., Sitrick And Company, Michael S. Sitrick, Brincko Associates, Inc., and John P. Brincko (incorporated by reference to Exhibit 2.1 of Resources Connection Inc.'s Current Report on Form 8-K, filed on October 29, 2009).
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3.1	Amended and Restated Certificate of Incorporation of Resources Connection, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 30, 2004).
3.2	Amended and Restated Bylaws, as amended (incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 29, 2008).
4.1	Stockholders Agreement, dated December 11, 2000, between Resources Connection, Inc. and certain stockholders of Resources Connection, Inc. (incorporated by reference to Exhibit 4.2 to the Registrant's Amendment No. 7 to the Registrant's Registration Statement on Form S-1 filed on December 12, 2000 (File No. 333-45000)).
4.2	Specimen Stock Certificate (incorporated by reference to Exhibit 4.3 to the Registrant's Amendment No. 7 to the Registrant's Registration Statement on Form S-1 filed on December 12, 2000 (File No. 333-45000)).
4.3	Rights Agreement, dated as of May 10, 2002, between Resources Connection, Inc. and American Stock Transfer & Trust Company, as Rights Agent (incorporated by reference to Exhibit 2 to the Registrant's Registration Statement on Form 8-A filed on May 29, 2002)
4.4	Certificate of Designations of Junior Participating Preferred Stock of Resources Connection, Inc., dated as of May 24, 2002 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filing of May 29, 2002).
10.1+	Resources Connection, Inc. 1998 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 filed on September 1, 2000 (File No. 333-45000)).
10.2+	Resources Connection, Inc. 1999 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 filed on September 1, 2000 (File No. 333-45000)).
10.3+	Resources Connection, Inc. Employee Stock Purchase Plan (incorporated by reference to Annex B to the Company's Proxy Statement filed with the SEC pursuant to Section 14(a) of the Exchange Act on September 11, 2008
10.4	Lease, dated January 1, 2001, between One Town Center Associates and Resources Connection LLC (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 filed on July 17, 2001 (File No. 333-65272)).
10.5+	Amended and Restated Employment Agreement, dated June 1, 2008, between Resources Connection, Inc. and Donald B. Murray (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filing of June 3, 2008).
10.6+	Resources Connection, Inc. 2004 Performance Incentive Plan (incorporated by reference to Annex A to the Company's Proxy Statement filed with the SEC pursuant to Section 14(a) of the Exchange Act on September 11, 2008.
10.7+	Resources Connection, Inc. 2004 Performance Incentive Plan Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005).
10.8+	Resources Connection, Inc. 2004 Performance Incentive Plan Nonqualified Stock Option Agreement (Netherlands) (incorporated by reference to Exhibit 10.23 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005).
10.9+	Resources Connection, Inc. 2004 Performance Incentive Plan Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005).

Exhibit Number	Description of Document
10.10	First Amendment to Lease, dated May 11, 2005, to Lease, dated January 1, 2001, between One Town Center Associates and RC Management Group, LLC. (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended May 31, 2005).
10.11	Sublease Agreement, dated January 21, 2010, between O'Melveny & Myers LLP and Resources Connection Inc. DBA Resources Global Professionals.*
10.12	Loan Agreement, dated November 30, 2009, by and among Resources Connection, Inc., Resources Connection LLC and Bank of America, N.A.*
10.13+	Sample Restricted Stock Award Agreement (incorporated by reference to Exhibit 99.3 to the Registrant's Form 8-K filing of July 15, 2005).
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10.18	Severance and General Release Agreement, dated as of July 22, 2009, by and between Thomas D. Christopoul and Resources Connection, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 23, 2009).
21.1	List of Subsidiaries.*
23.1	Consent of Independent Registered Public Accounting Firm.*
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.*
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* Filed herewith

\+ Indicates a management contract or compensatory plan or arrangement.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

RESOURCES CONNECTION, INC.

By: /s/ NATHAN W. FRANKE
Nathan W. Franke
Chief Financial Officer

Date: July 26, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DONALD B. MURRAY **Donald B. Murray**	Executive Chairman, Chief Executive Officer, and Director (Principal Executive Officer)	July 26, 2010
/s/ NATHAN W. FRANKE **Nathan W. Franke**	Chief Financial Officer and Executive Vice President (Principal Financial Officer and Principal Accounting Officer)	July 26, 2010
/s/ ANTHONY CHERBAK **Anthony Cherbak**	Chief Operating Officer, Executive Vice President and Director	July 26, 2010
/s/ SUSAN J. CRAWFORD **Susan J. Crawford**	Director	July 26, 2010
/s/ NEIL DIMICK **Neil Dimick**	Director	July 26, 2010
/s/ ROBERT KISTINGER **Robert Kistinger**	Director	July 26, 2010
/s/ A. ROBERT PISANO **A. Robert Pisano**	Director	July 26, 2010
/s/ ANNE SHIH **Anne Shih**	Director	July 26, 2010
/s/ JOLENE SYKES SARKIS **Jolene Sykes Sarkis**	Director	July 26, 2010
/s/ MICHAEL H. WARGOTZ **Michael H. Wargotz**	Director	July 26, 2010

EXHIBIT INDEX

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* Filed herewith

Exhibit 10.11

TIMES SQUARE TOWER FORM

SUBLEASE AGREEMENT

BETWEEN

O’MELVENY & MYERS LLP

AND

RESOURCES CONNECTION INC.

dba RESOURCES GLOBAL PROFESSIONALS

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this **"Sublease")** is dated as of January 21, 2010 for reference purposes only, by and between **O'MELVENY & MYERS LLP,** a California limited liability partnership **("Sublandlord")** and **RESOURCES CONNECTION INC.,** a Delaware corporation, dba RESOURCES GLOBAL PROFESSIONALS **("Subtenant")** for premises at 7 Times Square Tower, New York, New York 10036 (the **"Building").**

RECITALS

A. No. 1 Times Square Development LLC ("Landlord") and Sublandlord, as tenant entered into a certain Lease dated January 28, 2003, regarding the leasing of space in the Building. The Lease, as amended by six subsequent amendments (described in Exhibit A), is referred to herein as the Master Lease, a copy of which is attached hereto as Exhibit A.

B. Sublandlord desires to sublease to Subtenant and Subtenant desires to sublease from Sublandlord the entire premises located on the 26th floor of the Building on the terms and conditions hereinafter provided.

C. Sublandlord and Subtenant are submitting this Sublease to Landlord for its consent pursuant to that certain Consent to Sublease Agreement (the **"Consent")** substantially in the form attached as Exhibit C. Upon the execution of the Consent by all parties, the terms of the Consent shall be incorporated in this Sublease by this reference.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant agree as follows:

1. SUBLEASED PREMISES

Sublandlord hereby leases to Subtenant, and Subtenant hereby leases from Sublandlord, approximately 27,488 rentable square feet of space, being the entirety of the 26th floor of the Building (the **"Subleased Premises")** as more particularly described on Exhibit B attached hereto. The square footage set forth in the immediately preceding sentence shall be conclusive for purposes of this Sublease and shall not be subject to adjustment and/or remeasurement.

2. MASTER LEASE

2.1 Incorporation of Master Lease

This Sublease is subject to and subordinate to the Master Lease, except as otherwise set forth in Section 15 below. All of the covenants, agreements, terms, conditions and provisions of the Master Lease relating to or applicable to the tenant under the Master Lease, but only insofar as such terms, conditions and provisions relate to the Subleased Premises and any related uses or occupancy of the Building, are incorporated herein and made a part hereof with the same force and effect as if set forth at length herein, it being understood and agreed that said provisions shall fix the rights and obligations of Subtenant with the same effect as if Subtenant were the tenant named in the Master Lease, except that (i) any reference to the "Landlord" in the Master Lease shall mean Landlord and Sublandlord, (ii) any reference in the Master Lease to "Tenant" shall mean Subtenant, and (iii) provisions of the Master Lease not applicable to the 26th Floor and the Subleased Premises, or the use thereof or related uses of the Building, or specifically overridden by this Sublease, shall not be incorporated into or applicable to this Sublease. As an example, Subtenant's liability for the payment of Base Rent and Additional Rent shall be limited to amounts set forth in this Sublease. Similarly, the Annual HVAC Special Charge referred to in Section 1.1(b) of the Master Lease shall not apply to Subtenant. Subtenant agrees that Sublandlord shall have all of the rights and remedies of Landlord under the Master Lease relating to the Subleased Premises with respect to Subtenant as if such rights and remedies were fully set forth herein. As between Sublandlord and Subtenant, (x) the last sentence of Section 36.1(a) and the limitations on liability in the last sentence of Section 36.1(c) of the Master Lease shall be disregarded, it being the intent of the parties that recourse against Sublandlord not be limited by such two sentences, and (y) in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease will control. The rights of Subtenant to use and occupy the Subleased Premises shall be as set forth in this Sublease and shall in no event include or be deemed to include any right on the part of Sublandlord to renew, extend, expand, exercise a right of first refusal or first offer, exercise full or partial termination rights, or hold over, unless such right is specifically conferred on Subtenant hereunder. In all provisions of the Master Lease requiring the approval or consent of Landlord, Subtenant shall be required to obtain the approval or consent of Sublandlord hereunder except as otherwise provided herein (which shall be given or withheld in accordance with the terms and provisions of this Sublease), and of Landlord. Sublandlord represents that the Master Lease is the only agreement existing among Landlord and Sublandlord with respect to the Subleased Premises and that Subtenant shall have no obligations except as provided in this Sublease and in the Master Lease.

2.2 **Sublandlord's Limited Obligations**

Subject to the limitations set forth in this Section 2.2, (i) Sublandlord shall observe and perform for the benefit of Subtenant, the terms of the Master Lease which are necessary and required to give Subtenant the benefits and rights provided by this Sublease; provided that any actions, omissions or defaults by Subtenant which impair or prevent Sublandlord's performance of this commitment, shall reduce Sublandlord's obligations accordingly hereunder, (ii) so long as Subtenant is not in default hereunder beyond applicable notice, cure and/or grace periods, Sublandlord shall not take any action that would trigger any recapture or underletting right of Landlord with respect to the Subleased Premises; and (iii) to the extent not inconsistent with the agreements or understandings expressed in this Sublease or applicable only to the original parties to the Master Lease, the terms, provisions, covenants and conditions of the Master Lease are hereby incorporated herein by reference and the term "Landlord" as used in the Master Lease shall refer to Sublandlord hereunder, it successors and assigns. Notwithstanding any other provision of this Sublease to the contrary, including, but not limited to Section 2.1 above, Sublandlord shall have no liability by reason of: (i) any default of Landlord under the Master Lease, or (ii) any failure of Landlord to comply with its obligations under the Master Lease except as expressly provided herein. If Sublandlord shall fail to fulfill any obligation of Sublandlord hereunder and if such failure is caused by the failure of Landlord to comply with its obligations under the Master Lease or arising by operation of law, Sublandlord shall have no obligation or liability by reason of such failure, this Sublease will remain in full force and effect and Subtenant will continue to pay Rent without any abatement, deduction or offset, except that if rent is abated under the Master Lease in respect of the Subleased Premises, then Rent under this Sublease shall be proportionately abated. Subtenant shall be subrogated to the rights of Sublandlord to enforce the obligations of Landlord under the Master Lease insofar as such obligations relate to the Subleased Premises and such subrogation is not otherwise prohibited; and if such subrogation is prohibited, then at Subtenant's written request Sublandlord will use commercially reasonable efforts to enforce the obligations of Landlord under the Master Lease as applicable to the Subleased Premises with reasonable attention to limiting the duration and effect thereof. Without limiting the generality of the foregoing sentences, (or Sublandlord's obligation to take commercially reasonable measures as directed by Subtenant). Subtenant understands that the supplying of heat, light, water, air conditioning, electricity and other utilities, janitorial, cleaning, window washing and elevator services, the provision of any other services, the construction or replacement of any improvements, and building maintenance and repair are the obligations of Landlord (except as provided herein), and that Sublandlord has no control with respect to the same, shall have no responsibility in connection therewith (except as otherwise expressly provided in this Sublease), and shall not be liable in any way with respect to the failure of or interference with any of such services or facilities. Notwithstanding the foregoing, Sublandlord shall use reasonable efforts to pursue rent abatement rights under the Master Lease that may pertain to the Subleased Premises, at Subtenant's written direction. If, in accordance with Subtenant's written request, Sublandlord shall commence any proceeding or take any other action to enforce the obligations of Landlord insofar as such obligations relate to the Subleased Premises, or if Subtenant takes any such action pursuant to this Section 2.2, Subtenant agrees to indemnify, defend (with legal counsel acceptable to Sublandlord), and hold harmless Sublandlord from and against any liabilities, costs or expenses (including attorneys' fees) which Sublandlord may incur in connection therewith or by reason thereof (excluding any such amounts directly arising from Sublandlord's gross negligence or willful misconduct); provided that in no event shall Sublandlord be obligated to institute any cause of action or other proceedings with respect to the Master Lease. In the event of any conflict between the terms of this Section 2.2 and the terms of Section 2.1 above, the terms of this Section 2.2 shall prevail. Sublandlord shall pay all rent as and when due under the Master Lease and shall pay any late charges or interest due under the Master Lease arising out of any late payments of rent under the Master Lease, provided such late charges or interest are actually paid by Sublandlord to Landlord. Sublandlord further represents that (i) the Master Lease is in full force and effect and that Sublandlord is not in default thereunder and (ii) a true, correct and (except for the strikeouts as set forth in the redacted version of the Master Lease attached as Exhibit A) complete copy of the Master Lease is attached as Exhibit A.

2.3 **Adherence To Master Lease**

Except as otherwise expressly set forth herein, Subtenant hereby covenants and agrees (a) to perform and observe all of the agreements, covenants, terms, conditions and provisions of the Master Lease with respect to the Subleased Premises (and the Building and common areas, to the extent applicable) to the extent that the same are not modified or amended by this Sublease, (b) to recognize and to accept all of Sublandlord's rights and remedies with respect to the Subleased Premises and the Building as set forth in the Master Lease and the limitations of Sublandlord's obligations with respect thereto as set forth in Section 2.2 above, (c) that it shall not do or suffer or permit anything to be done which would constitute a default under the Master Lease with respect to the Subleased Premises (and the Building and common areas, to the extent applicable) (including, without limitation, any act or omission which with the passage of time or the giving of notice, or both, would constitute a default under the Master Lease), and (d) that notwithstanding any other provision of this Sublease to the contrary, any act or omission which would constitute a default under the Master Lease with respect to the Subleased Premises (including, without limitation, any act or omission which with the passage of time or the giving of notice, or both, would constitute a default under the Master Lease with respect to the Subleased Premises) shall constitute a default hereunder.

2.4 **HVAC**

If Subtenant desires to utilize HVAC outside of the standard HVAC hours described in the Master Lease, Subtenant shall notify Landlord directly of such request in accordance with the terms and provisions of the Master Lease. Subtenant shall pay for such after-hours HVAC service at the rate that Landlord charges for such service in accordance with the Master Lease. Sublandlord will endeavor to establish a direct billing relationship between Landlord and Subtenant with respect to after-hours HVAC services. If Master Landlord bills Subtenant directly for such after-hours HVAC, Subtenant shall pay such bill to Master Landlord in accordance with the terms and provisions of the Master Lease. As a matter of information, Building HVAC hours are currently 8:00 am through 8:00 pm, Monday — Friday; however, the foregoing hours are not being guaranteed by Sublandlord.

2.5 **ELECTRICAL**

Electricity shall be provided to the Subleased Premises by way of direct meter, the cost of which shall be borne by Subtenant. Section 10.2 of the Master Lease covers the provision of electricity and Subtenant shall pay all of such charges directly to the Electricity Provider (as defined in the Master Lease).

3. **TERM**

3.1 **Initial Term**

The term of this Sublease (the "**Term**") shall commence on April 15, 2010 (the **"Commencement Date")** upon delivery to Subtenant of the Subleased Premises no later than such date, vacant, broom-clean, and free of tenancies or occupancies, in accordance with the requirements of Section 7 and subject to the requirements of Section 5. Sublandlord and Subtenant shall confirm the Commencement Date and Base Rent dates under Section 4.3(a) in writing upon Sublandlord's delivery of the Subleased Premises in accordance with this Section 3 ("Commencement Date Notice"). Except as specifically provided in this Sublease, there are no conditions to Subtenant's obligation to accept the Premises in their "AS IS" condition on the Commencement Date. The Term shall expire as to the entirety of the Subleased Premises at 5:00 p.m. on March 31, 2019, unless sooner terminated under Article 13.

3.2 **Renewal Option**

Upon written notice to Sublandlord delivered on or before March 31, 2018 (but no earlier than January 1, 2018) ("Sublease Extension Notice"), Subtenant shall have the right to extend the Term through the remainder of the Master Lease term. The foregoing option, however, shall be subordinate to Sublandlord's right to recapture the Subleased premises ("Sublandlord's Recapture") for its own use or interest, which use or interest shall include, without limitation, occupancy by Sublandlord or early termination of the Master Lease with respect to the Subleased Premises. Within 60 days following receipt of the Sublease Extension Notice, Sublandlord shall advise Subtenant in writing of its exercise or waiver of Sublandlord's Recapture, which Recapture would be effective on April 1, 2019. Sublandlord's failure to give such notice shall be deemed Sublandlord's exercise of Sublandlord's Recapture. If Sublandlord's Recapture is waived, then the rent for the renewal term shall be determined in accordance with Sections 33.2 (a-c), 33.3 and 33.4 of the Master Lease. In order to exercise the foregoing option, Subtenant must satisfy the conditions in Section 33.1(b)(i) and (ii) of the Master Lease.

4. RENT

4.1 **Definitions**

For purposes of this Sublease, the following terms shall have the meanings set forth below:

(a) "Additional Rent" shall mean the sums payable pursuant to Section 4.4 below.

(b) "Base Rent" shall mean the sums payable pursuant to Section 4.3 below.

(c) "Rent" shall mean, collectively, Base Rent, Additional Rent and Other charges.

4.2 **Rent Payments**

Subject to the rent abatement provided in Section 4.6 below, commencing on the Commencement Date, Base Rent shall be payable to Sublandlord in advance in equal monthly installments on the first day of each calendar month during the Term without any offset or deduction whatsoever, unless otherwise expressly provided in this Sublease. All Rent shall be payable in lawful money of the United States, by regular bank check of Subtenant or by automatic deposit, to Sublandlord at the address stated herein or to such other persons or at such other places as Sublandlord may designate in writing. Base Rent for the first and last calendar months for which Rent is payable hereunder, if less than a full month, shall be prorated on the basis of the actual number of days in the month.

4.3 **Base Rent**

(a) Base Rent for the Subleased Premises shall be as set forth below (collectively, "**Base Rent**"):

Months	Base Rent/RSF/YR	Base Rent/Month
Commencement Date - 1/31/2015	$58	$132,858.67
2/1/2015 - 3/31/2019	$63	$144,312.00

The specific dates shall be specified in the Commencement Date Notice delivered under Section 3 hereof.

(b) For purposes of the calculation of Additional Rent described in Section 4.4 below and with reference to Article 7 of the Master Lease and the Third Amendment to the Master Lease, "[Sub]Tenant's Share of Taxes and [Sub]Tenant's Share of Operating Expenses" on the Subleased Premises shall be 2.19% and 2.28% respectively. The foregoing percentages have been calculated by Landlord comparing the Subleased Premises to the Building as a whole.

4.4 **Additional Rent**

Subtenant shall pay to Sublandlord as Additional Rent its share (as set forth in Section Section 4.3(b) above) of the amount by which (i) amounts payable by Sublandlord to Landlord pursuant to Article 7 of the Master Lease in respect of Taxes and Operating Expenses, exceed (ii) applicable amounts for each such category payable by Sublandlord to Landlord under Article 7 of the Master Lease for the calendar year ending December 31, 2010, with such payments to commence January 1, 2011. Subtenant understands that the term "Taxes" includes "Payment in Lieu of Taxes" known as "PILOT." Subtenant shall also pay (x) the share of BID Taxes applicable to the Subleased Premises and (y) any Theater Surcharge or Percentage Rent as applicable to the 26th floor under the Master Lease. Sublandlord shall invoice Subtenant periodically for such Additional Rent, which invoices will be based upon Landlord's calculation or estimate of such charges in the applicable year (EXCEPT AS SET FORTH BELOW), and Subtenant shall pay such Additional Rent to Sublandlord within 30 days after Subtenant's receipt of an invoice therefor. Such Additional Rent, together with any and all other amounts payable by Subtenant to Sublandlord pursuant to the terms of this Sublease, shall be hereinafter referred to as the "Additional Rent." Additional Rent charges shall also be subject to annual reconciliation as determined by Landlord under the Master Lease, and Subtenant understands that such Reconciliation for the final year of the Sublease may not be available until after the expiration of the Term. Subtenant shall promptly pay to Sublandlord any underpayment identified by the post-Term Reconciliation and Sublandlord shall promptly refund to Subtenant any overpayment identified by the post-Term Reconciliation, even if the applicable Reconciliation occurs after the expiration of the Term. The foregoing obligation shall survive the termination of this Sublease. It is the intent of the parties with respect to Additional Rent, that Sublandlord shall not profit from the pass through, but shall rather reconcile all pass throughs on an annual basis based on the Reconciliation which Sublandlord is provided by Landlord under the Master Lease. Upon written request from Subtenant from time to time, Sublandlord shall provide any applicable documentation delivered by Landlord to Sublandlord, which evidences such Additional Rent.

4.5 **Other Charges**

If, pursuant to any provisions of the Master Lease or this Sublease, any payments for any other rent under the Master Lease or for services or other charges allocable in whole or in part to the Subleased Premises shall be payable because of services ordered by Subtenant, activities undertaken by or on behalf of Subtenant, Subtenant's use or occupancy of the Subleased Premises or Subtenant's default under the Master Lease or hereunder, then Subtenant shall promptly pay to Sublandlord or Landlord, as appropriate, all such payments or other charges within 30 days of Subtenant's receipt of an invoice therefore. All such charges described in this Section 4.5 shall be considered "Rent" hereunder until paid to Landlord or Sublandlord, as the case may be.

4.6 **Rent Abatement**

So long as Subtenant is not in default hereunder following applicable notice, cure and/or grace periods, Sublandlord shall abate the Base Rent for the month of June in each of the years 2010, 2011, 2012, 2013 and 2014, equal to an aggregate five month period.

4.7 **Limited Audit Right**

Subtenant shall have no audit rights with respect to any Additional Rent or Other Charges assessed in this Sublease, except as necessary to confirm that Landlord's annual reconciliation matches what Subtenant actually paid under this Section 4. Notwithstanding the foregoing, Sublandlord shall cooperate with Subtenant in pursuing reasonable limited inquiries of Landlord and negotiating in good faith to resolve any disputed items.

5. **CONDITIONS PRECEDENT**

The effectiveness of this Sublease and each party's obligations hereunder are subject to the consent of Landlord pursuant to the Master Lease, and Landlord's delivery of the Non-Disturbance Agreement provided for in Section 14.12 of the Master Lease. The provisions of this section are intended to be an express provision to the contrary within the meaning of Section 223-a of the New York Real Property Law or any successor legal requirement. Landlord's consent to this Sublease is an express condition to Sublandlord' s obligation to deliver the Subleased Premises to Subtenant, and Sublandlord agrees to use its good faith diligent efforts to obtain such consent from Landlord.

6. **USE**

The Subleased Premises may be used for the general offices purposes permitted under the Master Lease.

7. **CONDITION OF AND IMPROVEMENTS TO SUBLEASED PREMISES**

7.1 **Condition**

Except as provided in this Section 7, Sublandlord shall deliver the Subleased Premises to Subtenant in an "AS IS/WHERE IS" condition. Subtenant agrees to accept possession of the Subleased Premises in its existing condition, without any obligation on the part of Sublandlord to make any alterations, decorations, installations or improvements not specifically described in this Section 7. Sublandlord represents that it has not used or disposed of any “hazardous materials” (as such term is defined under federal laws) in the Subleased Premises except in accordance with applicable law.

7.2 **Subtenant Improvements**

The design and construction of all alterations and improvements in the Subleased Premises made by Subtenant on or after the Commencement Date shall be undertaken in compliance with Article 4 of the Master Lease, at Subtenant’s sole cost and expense. Subtenant shall not make any alterations or improvements to the Subleased Premises on or after the Commencement Date without the prior written consent of Landlord and Sublandlord, which consent (subject to the additional limitations below) shall be given or denied in accordance with the Master Lease; provided that Subtenant shall have an “Alteration Threshold” of $50,000 (as such term is defined in Section 4.1 of the Master Lease) where consent is not required as long as the alterations or improvements are not “Material Alterations”; and provided further that any alteration or improvement and the installation thereof by Subtenant shall comply with all applicable laws and all other applicable terms, conditions and provisions of the Master Lease. No demising of the Subleased Premises shall be permitted which requires a separate entrance or which prevents floor wide circulation, nor shall Subtenant alter or further improve the Subleased Premises in any way that changes the perimeter office configuration or which relocates or removes any interior walls unless approved by Sublandlord in Subtenant’s initial improvement plan (“Initial Improvement Plan”). The Initial Improvement Plan is attached hereto as Exhibit H and is approved by Sublandlord. Sublandlord understands that Subtenant’s recent corporate acquisition program has necessitated some adjustments to the interior and perimeter office configuration, and Sublandlord agrees to review changes or subsequent additional detail to the Initial Improvement Plan with due regard for such requirements and not to unreasonably withhold, condition or delay its consent to such proposed changes or to the final Initial Improvement Plan as a whole. Subtenant shall indemnify, defend (with legal counsel reasonably acceptable to Sublandlord), and hold Sublandlord harmless from all liability, costs and expenses arising from the design and construction of any such Subtenant alterations and improvements installed on or after the Commencement Date, including reasonable attorneys’ fees and court costs. If required under Section 12 below, Subtenant shall remove such alterations and improvements and restore the Subleased Premises upon the expiration or termination of this Sublease.

7.3 **Code Work Requirement**

Except for Sublandlord’s Improvements in Section 7.5, if Subtenant’s construction of alterations or improvements in the Subleased Premises triggers a requirement for code related upgrades to or improvements of the Subleased Premises, Sublandlord and Subtenant agree that Subtenant shall be responsible for the additional cost of such code required upgrade or improvements to the Subleased Premises.

7.4 **Furniture**

On the Commencement Date, Sublandlord shall provide Subtenant with the use of any existing furniture in the Subleased Premises at no additional cost. Subtenant shall use such furniture in the ordinary course of business. At the conclusion of the Term, Subtenant shall leave behind all of such furniture in the Subleased Premises, reasonable wear and tear excepted given the age of the furniture at that time. Subtenant shall repair and maintain such furniture during the Term in accordance with reasonable commercial practices. At no time shall any of the furniture be removed from the Subleased Premises, Sublandlord and Subtenant shall create an itemized list of such furniture which shall be appended to this Sublease as Exhibit D.

7.5 **Sublandlord Improvements**

Sublandlord at its cost (not to exceed $100,000) shall contstruct a reception area in accordance with the plan and specifications attached as Exhibit E hereto. Subtenant shall be responsible for furnishing, wiring and otherwise improving the reception area at its cost.

7.6 **Subtenant Allowance**

Sublandlord shall provide Subtenant with an improvement allowance of $274,880 for reimbursement of Subtenant's actual construction costs in the Subleased Premises (the "SIA") in connection with the Initial Improvement Plan. The SIA shall also be usable for furniture, equipment or any soft costs to the extent Subtenant's aggregate hard construction cost expenditures are less than the SIA. The SIA shall be paid by Sublandlord within thirty (30) days of receipt of a request for reimbursement accompanied by reasonable documentary evidence of the improvements, Subtenant's previous payment in full of the costs, lien free completion, lien releases (if applicable) and any other materials reasonably required by Sublandlord. In no event shall the SIA be payable (i) if there is a then existing default (until such default is cured to the reasonable satisfaction of Sublandlord within the applicable notice, cure, and/or grace periods) or (ii) prior to the later of Subtenant's occupancy of the Subleased Premises or the completion of Subtenant's improvements, if any. If Sublandlord fails to pay the SIA to Subtenant in accordance with this Section 7.6, Subtenant may offset the deficiency against its Base Rent payment.

8. **INSURANCE**

8.1 **Subtenant's Insurance**

During the Term, Subtenant shall maintain comprehensive general liability insurance, physical damage insurance, comprehensive automobile insurance, builders all risk insurance, and all other insurance Landlord and Sublandlord may reasonably require, all in accordance with the terms, conditions and provisions of the Master Lease. Said initial requirements are set forth in Exhibit F. Subtenant shall name Sublandlord (and such other entities as are required by Landlord) as an additional insured on each such insurance policy and shall provide Sublandlord with certificates of insurance certifying said coverage prior to taking possession of the Subleased Premises.

8.2 **Waiver of Claims; Waiver of Subrogation**

Whether the loss or damage is due to the negligence of either Sublandlord or Subtenant, their agents or employees, or any other cause, Sublandlord and Subtenant do each hereby release and relieve the other, their agents, and their employees from responsibility for, and waive their entire claim of recovery for, any loss or damage to the real or personal property of either located anywhere in the Building, to the extent that such loss or damage arises out of or is incident to the occurrence of any of the perils which are part of the required insurance coverage under the Master Lease in effect at such time under a then existing insurance policy. Each party shall use best efforts to cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against the other party. Notwithstanding the foregoing, no such release shall be effective unless the aforesaid insurance policy or policies shall expressly permit such a release or contain a waiver of the carrier's right to be subrogated. In the event that any insurance carrier denies its consent to the foregoing waiver of rights of subrogation, the affected party shall promptly advise the other party hereto.

9. **DAMAGE OR DESTRUCTION**

In the case of damage to or destruction of the Subleased Premises or other portions of the Building, the provisions of the Master Lease shall control, so that if the Master Lease is terminated as to the Subleased Premises, this Sublease shall also concurrently terminate, and if rent is abated under the Master Lease as to the Subleased Premises, it shall be similarly abated as to the same area for the same period of time under this Sublease, and Subtenant shall discharge all liabilities or obligations of Sublandlord under the Master Lease as to the Subleased Premises.

10. **SECURITY DEPOSIT**

10.1 **Initial Security Deposit**

Concurrently with Subtenant's execution of this Sublease, Subtenant shall deposit with Sublandlord a letter of credit in the amount of $1,062,869.33 (the **"Security Deposit").** The letter of credit shall be in form and substance acceptable to Sublandlord in its reasonable discretion. If such letter of credit is issued for less than the entire Term, it shall be for a term of no less than one year and shall be renewed at least 60 days prior to its expiration. In the final year of the Term, such letter of credit shall be renewed for a period through two months beyond the Lease Termination Date. The Security Deposit shall secure the full and complete performance of each provision of this Sublease to be performed by Subtenant, including, but not limited to, the payment of Rent and all other sums required to be paid by Subtenant under this Sublease. Except as required in this Section, Sublandlord shall not be required to pay interest on the Security Deposit or to keep the Security Deposit separate from Sublandlord's own funds. If Subtenant fails to perform any or all of Subtenant's covenants and obligations and has not cured such non-performance within all applicable notice, cure and or grace periods under this Sublease, Sublandlord may, but without obligation to do so, draw on any letter of credit to the extent required for the payment of such non-performance only, and otherwise retain or apply all or any portion of the Security Deposit toward the fulfillment of Subtenant's unperformed covenants and/or obligations. If Sublandlord does so retain or apply any portion of the Security Deposit, Subtenant shall immediately pay Sublandlord cash sufficient to restore the Security Deposit to the amount prior to such application. Upon the expiration or sooner termination of this Sublease, after Subtenant vacates and surrenders the Subleased Premises in accordance with the terms hereof, except to the extent that Subtenant is in default (and then only to the extent of such default), Sublandlord shall return to Subtenant any balance of the Security Deposit not applied or retained by Sublandlord and any letter of credit, and if Subtenant remains in default, then Sublandlord may draw on any letter of credit and otherwise subtract the amount necessary to cure the default, if any, and return the balance (and the letter of credit, if applicable) to Subtenant. If the Security Deposit at any time is cash, it shall be maintained in an interest bearing account and Subtenant shall be entitled to all interest earned thereon less the deduction for administrative expenses permitted pursuant to Section 7-103 of the General Obligations Law. In the event of an assignment by Sublandlord of its interest in the Master Lease, Sublandlord shall have the right to transfer the Security Deposit to the assignee, and Sublandlord shall thereupon be released for the return of the Security Deposit.

10.2 **Reduction**

As long as Subtenant is not in default hereunder, the Security Deposit shall be reduced in accordance with the following schedule:

Commencement Date	-	September 30, 2012	=	$ 1,062,869.33
October 1, 2012	-	September 30, 2014	=	$ 797,152.00
October 1, 2014	-	March 31, 2019	=	$ 531,434.69

Sublandlord, however, must specifically confirm in writing that the scheduled reduction is valid prior to the actual reduction (i.e., that there is no default or conditions existing which could lead to a default).

11. **ASSIGNMENT AND SUBLETTING**

11.1 **Restrictions**

Except in strict accordance with the Assignment and Subletting terms of the Master Lease or the Consent, Subtenant shall not assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Sublease or any interest hereunder, permit any assignment or other such foregoing transfer of this Sublease or any interest hereunder by operation of law, sublet the Subleased Premises or any part thereof, or permit the use of the Subleased Premises by any persons other than Subtenant, its employees and invitees. Any such assignment or sublease shall be subject to the consent of Landlord and Sublandlord under the standards established in the Master Lease. No partial floor subleases shall be permitted and Subtenant understands and agrees that only one full floor sublease to an assignee or subtenant shall be permitted.

Subtenant is specifically referred to a restriction in Section 14.1 of the Master Lease as follows: "In no event shall any permitted subtenant assign or encumber its sublease or further sublet all or any portion of its sublet space, or otherwise suffer or permit the sublet space or any part thereof to be used or occupied by others; provided, however, any immediate direct permitted subtenant of Tenant subleasing at least one (1) full floor of the Premises (excluding the Lower Floor Space) (an "Authorized Subtenant") may sublease all of its sublet space to an undertenant in accordance with, and subject to, the provisions of this Article 14, including, without limitation, Landlord's rights of recapture and underlet in Section 14.3(b)(2) and (3) with respect to the further subletting, except, for the purposes of calculating Landlord's share of net profits under Section 14.7, Landlord's share shall be equal to fifty percent (50%) of rents, additional charges or other consideration payable to or for the benefit of the Authorized Subtenant under or by reason of the further sublease which is in excess of the rents payable by such Authorized Subtenant to Tenant during the term of the further sublease and shall otherwise be calculated in accordance with the provisions of Section 14.7. Any assignment, sublease, mortgage, pledge, encumbrance, underlet, license or transfer in contravention of the provisions of this Article 14 shall be void and shall constitute a default hereunder."

11.2 **Permitted Transfers**

Following reasonable advance written notice and documentation delivered to Sublandlord, or if by the terms of the transaction or requirement of applicable law, the applicable instrument of assignment or sub-sublease is not permitted to be disclosed in advance, within ten (10) days after the effective date, the transfers permitted by Sections 7(b), (c), and (d) of the Consent to Sublease, shall not require Sublandlord's consent, and such transfers shall not be subject to Sublandlord's recapture or profit sharing rights, provided that (i) Subtenant obtains any required consents from Landlord, (ii) there is no impairment to the Security Deposit, and (iii) such assignee or subtenant is financially capable of meeting the remaining Sublease obligations. Sections 14.9(a) ("New Entity Transactions") and 14.9(b) ("Space Occupants") are expressly not applicable to this Sublease.

11.3 **Profits**

After payment to the Landlord of its share of net profits referred to in Section 11.1 above, any remaining net profits shall be shared equally between Sublandlord and Subtenant, with the method of calculation as set forth in Article 14 of the Master Lease. Sublandlord's calculation shall be derived from Landlord's calculation, the details of which shall be provided to Subtenant.

12. **NO HOLDOVERS; SURRENDER OF SUBLEASED PREMISES**

12.1 **Holdover**

Upon expiration of the term of this Sublease, whether by lapse of time or otherwise, Subtenant shall promptly and peacefully surrender the Subleased Premises to Sublandlord in the condition required under the Master Lease. Subtenant agrees that time shall be of the essence with respect to Subtenant's obligation to surrender possession of the Subleased Premises to Sublandlord upon the termination of the Term, and further agrees that in the event Subtenant does not promptly surrender possession of the Subleased Premises to Sublandlord upon such termination, Sublandlord, in addition to any other rights and remedies Sublandlord may have against Subtenant for such holding over, the Base Rent shall increased to 150% of the Base Rent specified for the final month in Section 4.3. Sublandlord shall be entitled to bring summary proceedings against Subtenant, and Subtenant agrees to reimburse Sublandlord for all Sublandlord's damages sustained by reason of such holding over.

12.2 **Restoration**

The Subleased Premises shall be surrendered by Subtenant upon the expiration or earlier termination of the Term in the condition required by the Master Lease and Section 7.2 hereof; provided that Subtenant shall not be responsible for any such removal or restoration with respect to physical improvements in existence prior to the Commencement Date. In addition, Sublandlord shall not require the removal or restoration of anything in the Initial Improvement Plan (or any subsequent changes or modifications thereto) unless such removal or restoration is required by Landlord pursuant to the specific terms of the Master Lease (unless Landlord has waived any such removal or restoration rights in connection with its prior approval of such Initial Improvement Plan, or any subsequent changes of modifications thereto), or is specifically noted in connection with Sublandlord's approval of the Initial Improvement Plan (or any subsequent changes or modifications thereto).

13. **DEFAULT**

13.1 **Events of Default**

The occurrence of any of the following shall constitute a default under this Sublease by Subtenant:

(i) Any failure by Subtenant to pay any Rent or any other charge required to be paid pursuant to this Sublease, or any part thereof, within five (5) business days of receipt of written notice that the same is overdue; or

(ii) Any holdover under Article 12; or

(iii) Any failure by Subtenant to observe or perform any other provision, covenant or condition of this Sublease or the Master Lease to be observed or performed by Subtenant with such notice and cure periods as are provided for in the

Master Lease; or if the failure relates to a terra unique to this Sublease, then where such failure continues for thirty (30) calendar days after written notice thereof from either Sublandlord or Landlord to Subtenant;

(iv) Any act or omission of Subtenant which constitutes a default under the Master Lease subject to the notice and cure periods provided thereunder.

13.2 **Remedies Upon Default**

Upon the occurrence of any default by Subtenant, Sublandlord shall have the remedies available to Sublandlord under this Sublease, in the Master Lease, or at law or in equity.

13.3 **[intentionally deleted]**

13.4 **Waiver of Default**

No waiver by Sublandlord or Subtenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Sublandlord in enforcement of one or more of the remedies herein provided upon a default shall not be deemed or construed to constitute a waiver of such default. The acceptance of any Rent hereunder by Sublandlord following the occurrence of any default, whether or not known to Sublandlord, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent so accepted.

14. **INDEMNITY; LIMITATION OF DAMAGES**

14.1 **Subtenant's Indemnity**

Subtenant shall indemnify, defend (with legal counsel reasonably acceptable to Sublandlord), and hold harmless Sublandlord from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees and disbursements, which Sublandlord may incur or pay out (including, without limitation, to Landlord) by reason of (i) any accidents, damages or injuries to persons or property occurring by reason of or directly related to Subtenant's (or Subtenant's officers', partners', employees', agents', and/or invitees') use or occupancy of the Subleased Premises, and occurring in, on or about the Subleased Premises or the Building (unless the same shall have been caused by Sublandlord's negligence or wrongful act), (ii) any breach or default hereunder or under the Master Lease on Subtenant's part, (iii) any improvement or remodeling work done by Subtenant after the date hereof in or to the Subleased Premises, or (iv) any act, omission or negligence on the part of Subtenant and/or its officers, partners, employees, agents, and/or invitees, or any person claiming through or under Subtenant in the use or operation of the Subleased Premises.

14.2 **Sublandlord's Indemnity**

Sublandlord shall indemnify, defend (with legal counsel selected by Subtenant), and hold harmless Subtenant from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees and disbursements, which Subtenant may incur or pay out (including, without limitation, to Landlord) by reason of (i) any breach or default hereunder or under the Master Lease on Sublandlord's part or (ii) any act, omission or negligence on the part of Sublandlord and/or its officers, partners, employees, agents, and/or invitees, or any person claiming through or under Sublandlord in the use or operation of the Subleased Permises.

14.3 **No Consequential or Punitive Damages; Survival**

Neither Sublandlord nor Subtenant shall be liable for any consequential or punitive damages suffered by the other party hereto outside of the framework of the Master Lease. The provisions of this Section 14 shall survive the expiration or any earlier termination of this Sublease.

14.4 **Waiver of Subrogation**

The indemnities under Sections 14.1 and 14.2 are expressly limited by the terms of the Mutual Waiver of Subrogation set forth in Article 11.6 of the Master Lease.

15. **MODIFICATION OF MASTER LEASE**

Sublandlord shall have the right to modify the Master Lease in any manner without notice to or consent from Subtenant; provided that notwithstanding the foregoing, as long as Subtenant is not in default under this Sublease, Sublandlord shall not modify the Master Lease in any manner that would change Sublandlord's obligations or Subtenant's rights in this Sublease, including without limitation Subtenant's right to occupy the Subleased Premises in accordance with the terms of this Sublease, monthly Base Rent, Additional Rent, the term of this Sublease, or any other term material to Subtenant's ongoing operations at the Premises.

16. **NOTICES UNDER MASTER LEASE**

Subtenant and Sublandlord each agree to forward to the other, promptly upon receipt thereof, copies of all notices received by the other, with respect to the Subleased Premises from Landlord or from any governmental agency. Each party further agrees to forward to the other, for informational purposes only, promptly upon delivery thereof, copies of all notices such party provides to Landlord with respect to the Subleased Premises.

17. **PERFORMANCE BY SUBLANDLORD FOR SUBTENANT**

If Subtenant shall default, beyond the lapse of applicable notice and grace periods, in performance of any of its obligations hereunder or under the Master Lease, Sublandlord at its option may perform such obligations and, if necessary, enter the Subleased Premises for such purpose. Subtenant shall pay to Sublandlord, within twenty (20) days of demand, the amount of all costs and expenses reasonably incurred by Sublandlord in the performance of any such obligations. Any action taken by Sublandlord pursuant to this Section 17 shall not constitute a waiver of any of Sublandlord's other rights and remedies hereunder.

18. **ATTORNMENT**

Subject to the terms and conditions of any Nondisturbance Agreement with Landlord which may be obtained for Subtenant's benefit as permitted under the Master Lease, if (a) the Master Lease should be terminated prior to the expiration date of this Sublease or (b) Landlord should succeed to Sublandlord's estate in the Subleased Premises, then, at Landlord's election, or, at the joint election of Sublandlord and Landlord, Subtenant shall attorn to and recognize Landlord as Sublandlord under this Sublease and Subtenant shall promptly execute and deliver any instrument to Landlord which Landlord may require to reasonably evidence such attornment, whereupon Sublandlord shall be released from any and all obligations and liability thereafter arising provided that Landlord assumes all such obligations.

19. **COMPLIANCE WITH LAW**

Subtenant shall not do anything or suffer anything to be done in or about the Subleased Premises which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated.

20. **LATE CHARGES**

In addition to and not in limitation of any other remedies for non-payment of Rent, any payment of Rent not received within ten (10) business days after the date it is due (for example, with respect to Base Rent, the due date is the first of the month without the requirement of further notice) shall automatically be subject to a late charge equal to five percent (5%) of the amount owing plus reasonable attorney's fees incurred by Sublandlord by reason of Subtenant's failure to pay Rent when due hereunder. Such late charge is a service charge intended to compensate Sublandlord for the additional administrative and other costs and expenses it incurs by reason of such late payment. Subtenant hereby agrees that such late charge represents a fair and reasonable estimate of the costs that Sublandlord will incur by reason of the late payment of Rent by Subtenant. In addition to such late charge, any Rent owing hereunder which is not paid within thirty (30) days after the date it is due (including any grace periods hereunder or under the Master Lease) shall bear interest from the due date until paid at a rate equal to the lesser of ten percent (10%) per annum and the highest rate permitted by applicable law. Sublandlord shall not assess any charges under this Section 20 with respect to the first late payment in any given calendar year; provided that if Subtenant thereafter still fails to pay either (i) such first amount within ten (10) days after subsequent written notice from Sublandlord thereof or (ii) any subsequent amounts owed as required under this Sublease, then in either event, the charges may be assessed.

21. **BROKERS**

Sublandlord and Subtenant each represents and warrants to the other that no broker or finder has been consulted or engaged with regard to this Sublease or the subleasing by Sublandlord of the Subleased Premises except for PBS Realty Advisors LLC and Jones Lang LaSalle Americas, Inc., (collectively, the "**Brokers**") and that no commissions shall be due and owing as a result of this Sublease except for commissions payable to the Brokers. Sublandlord shall pay all commissions owing to the Brokers in respect of this Sublease pursuant to a separate agreement. Sublandlord agrees to indemnify, defend and save Subtenant harmless from and against any and all claims, fees or commissions from anyone else with whom it has dealt in connection with the Subleased Premises or this Sublease, including the Brokers. Subtenant agrees to indemnify, defend and Sublandlord harmless from and against any and all claims, fees or commissions from anyone with whom it has dealt in connection with the Subleased Premises or this Sublease other than the Brokers.

22. **BUILDING DIRECTORY; SIGNAGE**

Subtenant shall be obligated for all costs, if any, associated with directory signage in the lobby of the Building and shall work directly with Building management to pursue such signage as permitted in the Master Lease.

23. **NOTICES**

Any notice, approval, consent or election made pursuant to this Sublease or the Master Lease shall be in writing and shall be deemed duly delivered upon receipt if delivered personally or if mailed by registered or certified mail, return receipt requested, or by a reputable nationally recognized overnight carrier, addressed:

If to Sublandlord:	O'Melveny & Myers LLP Times Square Tower 7 Times Square New York, New York 10036 Attention: Office Administrator
with a copy to:	O'Melveny & Myers LLP 400 South Hope Street Suite 1800 Los Angeles, California 90071 Attention: David W. Cartwright

If to Subtenant:	Resources Connection Inc. 17101 Armstrong Avenue Irvine, California 92614 Attention: Director of Real Estate Operations
with a copy to:	Resources Connection Inc. 17101 Armstrong Avenue Irvine, California 92614 Attention: General Counsel
with a further copy to:	Anne D. Monson, Esq. 7 Shaker Mill Road Randolph, New York 07869

Either party may, by notice as aforesaid, direct that future notices be sent to a different address.

24. **ENTIRE AGREEMENT**

All prior understandings and agreements between the parties with respect to the subject matter hereof are merged within this Sublease and the Master Lease. The covenants and agreements herein contained shall bind and inure to the benefit of Sublandlord, Subtenant, and their respective successors and permitted assigns.

25. **TIME OF ESSENCE**

Time is of the essence of this Sublease and each of its provisions.

26. **AMENDMENT**

This Sublease may not be changed or amended orally or in any manner other than by written agreement signed by the parties.

27. **ATTORNEYS' FEES**

If either party commences any action to enforce any provision of this Sublease or protect its interest in or to the Subleased Premises, the prevailing party shall be entitled to costs and expenses, including reasonable attorneys' fees, incurred in such proceeding and on any appeals therefrom.

28. **PARTIAL INVALIDITY**

If any provision of this Sublease or the application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Sublease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Sublease shall be valid and enforced to the fullest extent permitted by law.

29. **CHOICE OF LAW**

This Sublease shall be governed by and construed in accordance with the laws of the State of New York.

30. **INTERPRETATION**

The table of contents, captions, headings and titles, if any, in this Sublease are solely for convenience of reference and shall not affect its interpretation. This Sublease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Sublease or any part thereof to be drafted. All terms and words used in this Sublease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The word “person” as used in this Sublease shall mean a natural person or persons, a partnership, a corporation or any other form of business or legal association or entity.

31. **COUNTERPARTS**

This Sublease may be executed in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument. This Sublease shall be fully executed when each party whose signature is required has signed and delivered to each of the parties at least one counterpart, even though no single counterpart contains the signatures of all parties hereto.

32. **AUTHORITY**

Subtenant and Sublandlord each represents and warrants to the other that it has all requisite power and authority (whether corporate, partnership or otherwise) to enter into this Sublease.

33. **EFFECTIVENESS**

This Sublease shall be effective only when executed and delivered by Sublandlord and Subtenant and the conditions precedent set forth in Section 5 above have been satisfied or waived as provided therein.

34. **EXPANSION SPACE**

Anytime Sublandlord intends to sublease all or a portion of its 27th floor premises (“Offer Premises”), Sublandlord shall give Subtenant written notice of such interest at least fifteen (15) days prior to any formal or informal listing with outside brokers. The notice shall take the form of Exhibit G hereto (“Offer Premises Notice”) including the proposed term and rent on which Sublandlord intends to market the space. If Subtenant desires to add such Offer Premises to this Sublease, Subtenant shall accept such notice within fifteen (15) days thereafter by marking and returning the Offer Premises Notice to Sublandlord. Subtenant’s failure to exercise the rights in the manner prescribed herein shall be deemed Subtenant's waiver and decision to decline the exercise. Subtenant must accept all or none of the proffered Offer Premises on the terms set forth therein or designate such economic and other material terms on which it would accept the Offer Premises. Subtenant understands that the 27th floor is currently being marketed by Sublandlord and thus Subtenant's expansion rights under this Section 34 shall only arise following the first generation of third party subleases that may be signed for such floor. If the Offer Space terms are accepted, and any rights of Landlord with respect to the Offer Space are waived, then Subtenant and Sublandlord shall promptly execute an Amendment to this Sublease.

[signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

SUBLANDLORD:	**SUBTENANT:**
O'MELVENY & MYERS LLP, a California limited liability partnership	**RESOURCES CONNECTION INC.** a Delaware limited liability company dba Resources Global Professionals
By: /s/ David W. Cartwright Name: David W. Cartwright Its: Real Estate Counsel	By: /s/ Nathan W. Franke Name: Nathan W. Franke Its: CFO

EXHIBIT A

MASTER LEASE

1. Lease dated as of January 28, 2003
2. First Amendment dated as of February 11, 2003
3. Second Amendment dated as of April 30, 2003
4. Third Amendment dated as of December 15, 2003
5. Fourth Amendment dated as of February 25, 2005
6. Fifth Amendment dated as of February 8, 2006
7. Sixth Amendment dated as of September 29, 2006

EXHIBIT B

Subleased Premises

Existing 12/09

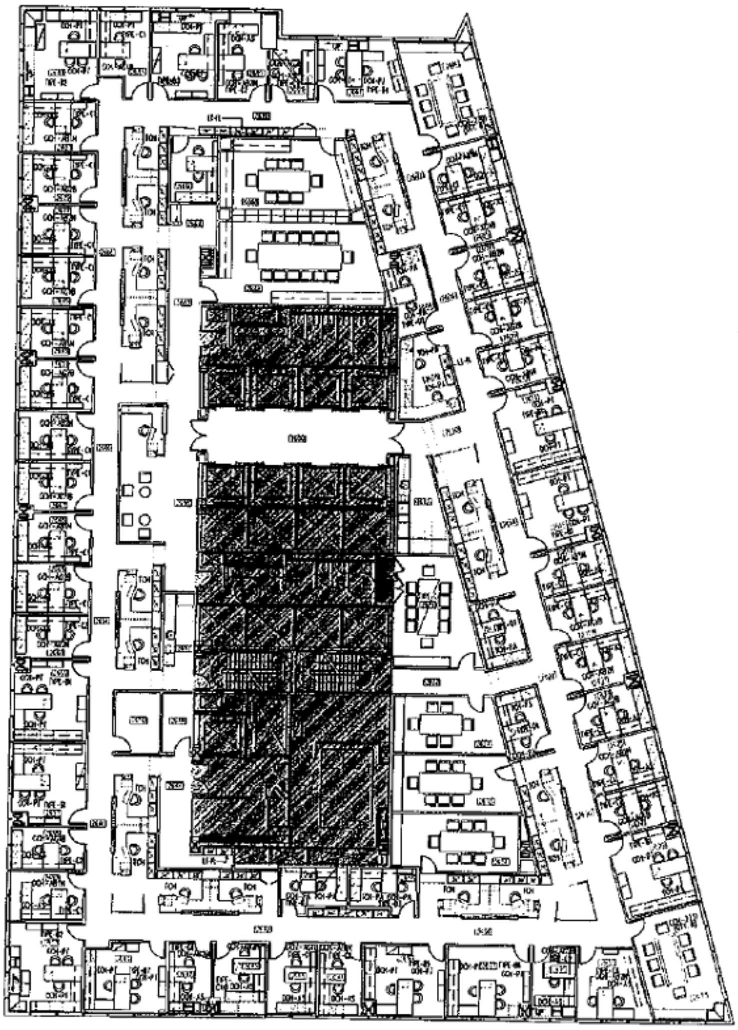

EXHIBIT C

Consent

CONSENT AGREEMENT

(SUBLEASE)

Bank of America

LOAN AGREEMENT

This Agreement dated as of November 30, 2009, is among Bank of America, N.A. (the "Bank"), Resources Connection, Inc. ("Borrower 1") and Resources Connection LLC ("Borrower 2") (Borrower 1 and Borrower 2 are sometimes referred to collectively as the "Borrowers" and individually as the "Borrower").

1. FACILITY NO. 1: LINE OF CREDIT AMOUNT AND TERMS

1.1 Line of Credit Amount.

(a) During the availability period described below, the Bank will provide a line of credit to the Borrowers. The amount of the line of credit (the "Facility No. 1 Commitment") is Three Million and 00/100 Dollars ($3,000,000.00).

(b) This is a revolving line of credit. During the availability period, the Borrowers may repay principal amounts and reborrow them.

(c) The Borrowers agree not to permit the principal balance outstanding to exceed the Facility No. 1 Commitment. If the Borrowers exceed this limit, the Borrowers will immediately pay the excess to the Bank upon the Bank's demand.

1.2 Availability Period. The line of credit is available between the date of this Agreement and November 29, 2010, or such earlier date as the availability may terminate as provided in this Agreement (the "Facility No. 1 Expiration Date").

1.3 Repayment Terms.

(a) The Borrowers will pay interest on December 1, 2009, and then on the same day of each month thereafter until payment in full of any principal outstanding under this facility.

(b) The Borrowers will repay in full any principal, interest or other charges outstanding under this facility no later than the Facility No. 1 Expiration Date. Any interest period for an optional interest rate (as described below) shall expire no later than the Facility No. 1 Expiration Date.

1.4 Interest Rate.

(a) The interest rate is a rate per year equal to the Bank's Prime Rate.

(b) The Prime Rate is the rate of interest publicly announced from time to time by the Bank as its Prime Rate. The Prime Rate is set by the Bank based on various factors, including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank's Prime Rate.

1.5 Optional Interest Rates. Instead of the interest rate based on the rate stated in the paragraph entitled "Interest Rate" above, the Borrowers may elect the optional interest rates listed below for this Facility No. 1 during interest periods agreed to by the Bank and the Borrower. The optional interest rates shall be subject to the terms and conditions described later in this Agreement. Any principal amount bearing interest at an optional rate under this Agreement is referred to as a "Portion." The following optional interest rates are available:

(a) The LIBOR Rate plus 2.25 percentage point(s).

1.6 Letters of Credit.

(a) During the availability period, at the request of the Borrowers, the Bank will issue:

(i) commercial letters of credit with a maximum maturity of one hundred eighty (180) days but not to extend more than one hundred eighty (180) days beyond the Facility No. 1 Expiration Date. Each commercial letter of credit will require drafts payable at sight.

(ii) standby letters of credit with a maximum maturity of three hundred sixty-five (365) days but not to extend more than three hundred sixty-five (365) days beyond the Facility No. 1 Expiration Date. The standby letters of credit may include a provision providing that the maturity date will be automatically extended each year for an additional year unless the Bank gives written notice to the contrary; provided, however, that each letter of credit must include a final maturity date which will not be subject to automatic extension.

(b) The amount of the letters of credit outstanding at any one time (including the drawn and unreimbursed amounts of the letters of credit) may not exceed Three Million and 00/100 Dollars ($3,000,000.00).

(c) In calculating the principal amount outstanding under the Facility No. 1 Commitment, the calculation shall include the amount of any letters of credit outstanding, including amounts drawn on any letters of credit and not yet reimbursed.

(d) The following letters of credit are outstanding from the Bank for the account of the Borrower:

Letter of Credit Number	Amount
3077659	$ 16,704.63
3081554	$130,884.00
3082296	$375,001.54
3082297	$ 19,379.20
3094248	$ 85,166.11

As of the date of this Agreement, these letters of credit shall be deemed to be outstanding under this Agreement, and shall be subject to all the terms and conditions stated in this Agreement.

(e) The Borrower agrees:

(i) Any sum drawn under a letter of credit may, at the option of the Bank, be added to the principal amount outstanding under this Agreement. The amount will bear interest and be due as described elsewhere in this Agreement.

(ii) If there is a default under this Agreement, to immediately prepay and make the Bank whole for any outstanding letters of credit.

(iii) The issuance of any letter of credit and any amendment to a letter of credit is subject to the Bank's written approval and must be in form and content satisfactory to the Bank and in favor of a beneficiary acceptable to the Bank.

(iv) To sign the Bank's form Application and Agreement for Commercial Letter of Credit or Application and Agreement for Standby Letter of Credit, as applicable.

(v) To pay any issuance and/or other fees that the Bank notifies the Borrowers will be charged for issuing and processing letters of credit for the Borrowers.

(vi) To allow the Bank to automatically charge its checking account for applicable fees, discounts, and other charges.

(vii) To pay the Bank a non-refundable fee equal to 2.25% per annum of the outstanding undrawn amount of each standby letter of credit, payable quarterly in arrears, calculated on the basis of the face amount outstanding on the day the fee is calculated.

(f) On the Facility No. 1 Expiration Date or as promptly thereafter as may be reasonably practicable, the Borrower shall, under documentation acceptable to the Bank, grant to the Bank a first-priority perfected security interest in cash, cash equivalents, or other collateral of a type and in any amount acceptable to the Bank, to secure the Borrower's obligations in respect of any outstanding letters of credit

2. OPTIONAL INTEREST RATES

2.1 Optional Rates. Each optional interest rate is a rate per year. Interest will be paid on December 1, 2009, and then on the same day of each month thereafter until payment in full of any principal outstanding under this Agreement. No Portion will be converted to a different interest rate during the applicable interest period. Upon the occurrence of an event of default under this Agreement, the Bank may terminate the availability of optional interest rates for interest periods commencing after the default occurs. At the end of each interest period, the interest rate will revert to the rate stated in the paragraph(s) entitled "Interest Rate" above, unless the Borrower has designated another optional interest rate for the Portion.

2.2 LIBOR Rate. The election of LIBOR Rates shall be subject to the following terms and requirements:

(a) The interest period during which the LIBOR Rate will be in effect will be one month, two months, three months or six months. The first day of the interest period must be a day other than a Saturday or a Sunday on which banks are open for business in New York and London and dealing in offshore dollars (a "LIBOR Banking Day"). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

(b) Each LIBOR Rate portion will be for an amount not less than One Hundred Thousand and 00/100 Dollars ($100,000.00).

(c) The "LIBOR Rate" means the interest rate determined by the following formula. (All amounts in the calculation will be determined by the Bank as of the first day of the interest period.)

$$\text{LIBOR Rate} = \frac{\text{London Inter-Bank Offered Rate}}{(1.00 - \text{Reserve Percentage})}$$

Where,

(i) "London Inter-Bank Offered Rate" means for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars.

(ii) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.

(d) The Borrower shall irrevocably request a LIBOR Rate Portion no later than 12:00 noon Pacific time on the LIBOR Banking Day preceding the day on which the London Inter-Bank Offered Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least three days before the LIBOR Rate takes effect.

(e) The Bank will have no obligation to accept an election for a LIBOR Rate Portion if any of the following described events has occurred and is continuing:

(i) Dollar deposits in the principal amount, and for periods equal to the interest period, of a LIBOR Rate Portion are not available in the London inter-bank market; or

(ii) The LIBOR Rate does not accurately reflect the cost of a LIBOR Rate Portion.

(f) Each prepayment of a LIBOR Rate Portion, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee as described below. A “prepayment” is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement.

(g) The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Portion or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded each Portion by a matching deposit or other borrowing in the applicable interbank market, whether or not such Portion was in fact so funded.

3. FEES AND EXPENSES

3.1 Fees.

(a) Waiver Fee. If the Bank, at its discretion, agrees to waive or amend any terms of this Agreement, the Borrower will, at the Bank’s option, pay the Bank a fee for each waiver or amendment in an amount advised by the Bank at the time the Borrower requests the waiver or amendment. Nothing in this paragraph shall imply that the Bank is obligated to agree to any waiver or amendment requested by the Borrower. The Bank may impose additional requirements as a condition to any waiver or amendment.

(b) Late Fee. To the extent permitted by law, the Borrowers agree to pay a late fee in an amount not to exceed four percent (4%) of any payment that is more than fifteen (15) days late. The imposition and payment of a late fee shall not constitute a waiver of the Bank’s rights with respect to the default.

3.2 Expenses. The Borrowers agree to immediately repay the Bank for expenses that include, but are not limited to, filing, recording and search fees, appraisal fees, title report fees, and documentation fees.

3.3 Reimbursement Costs.

(a) The Borrowers agree to reimburse the Bank for any expenses it incurs in the preparation of this Agreement and any agreement or instrument required by this Agreement. Expenses include, but are not limited to, reasonable attorneys’ fees, including any allocated costs of the Bank’s in-house counsel to the extent permitted by applicable law.

4. DISBURSEMENTS, PAYMENTS AND COSTS

4.1 Disbursements and Payments.

(a) Each payment by the Borrowers will be made in U.S. Dollars and immediately available funds by debit to a deposit account as described in this Agreement or otherwise authorized by the Borrowers. For payments not made by direct debit, payments will be made by mail to the address shown on the Borrowers’ statement or at one of the Bank’s banking centers in the United States, or by such other method as may be permitted by the Bank.

(b) The Bank may honor instructions for advances or repayments given by the Borrowers (if an individual), or by any one of the individuals authorized to sign loan agreements on behalf of the Borrowers, or any other individual designated by any one of authorized signers (each an “Authorized Individual”).

(c) For any payment under this Agreement made by debit to a deposit account, the Borrowers will maintain sufficient immediately available funds in the deposit account to cover each debit. If there are insufficient immediately available funds in the deposit account on the date the Bank enters such debit authorized by this Agreement, the Bank may reverse the debit.

(d) Each disbursement by the Bank and each payment by the Borrowers will be evidenced by records kept by the Bank. In addition, the Bank may, at its discretion, require the Borrowers to sign one or more promissory notes.

(e) Prior to the date each payment of principal and interest and any fees from the Borrowers becomes due (the "Due Date"), the Bank will mail to the Borrowers a statement of the amounts that will be due on that Due Date (the "Billed Amount"). The calculations in the bill will be made on the assumption that no new extensions of credit or payments will be made between the date of the billing statement and the Due Date, and that there will be no changes in the applicable interest rate. If the Billed Amount differs from the actual amount due on the Due Date (the "Accrued Amount"), the discrepancy will be treated as follows:

(i) If the Billed Amount is less than the Accrued Amount, the Billed Amount for the following Due Date will be increased by the amount of the discrepancy. The Borrowers will not be in default by reason of any such discrepancy.

(ii) If the Billed Amount is more than the Accrued Amount, the Billed Amount for the following Due Date will be decreased by the amount of the discrepancy.

Regardless of any such discrepancy, interest will continue to accrue based on the actual amount of principal outstanding without compounding. The Bank will not pay the Borrowers interest on any overpayment.

4.2 Requests for Credit; Equal Access by all Borrowers. If there is more than one Borrower, any Borrower (or a person or persons authorized by any one of the Borrowers), acting alone, can borrow up to the full amount of credit provided under this Agreement. Each Borrower will be liable for all extensions of credit made under this Agreement to any other Borrower.

4.3 Telephone and Telefax Authorization.

(a) The Bank may honor telephone or telefax instructions for advances or repayments and telefax requests for the issuance of letters of credit given, or purported to be given, by any one of the Authorized Individuals.

(b) Advances will be deposited in and repayments will be withdrawn from account number CA-12330-24344 owned by the Borrowers or such other of the Borrowers' accounts with the Bank as designated in writing by the Borrowers.

(c) The Borrowers will indemnify and hold the Bank harmless from all liability, loss, and costs in connection with any act resulting from telephone or telefax instructions the Bank reasonably believes are made by any Authorized Individual. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.

4.4 Direct Debit.

(a) The Borrowers agree that on the Due Date the Bank will debit the Billed Amount from deposit account number CA-12330-24344 owned by the Borrowers or such other of the Borrowers' accounts with the Bank as designated in writing by the Borrowers (the "Designated Account").

(b) The Borrowers may terminate this direct debit arrangement at any time by sending written notice to the Bank at the address specified at the end of this Agreement. If the Borrowers terminate this arrangement, then the principal amount outstanding under this Agreement will at the option of the Bank bear interest at a rate per annum which is 0.5 percentage point(s) higher than the rate of interest otherwise provided under this Agreement.

4.5 Banking Days. Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on which dealings in dollar deposits are conducted among banks in the offshore dollar interbank market. All payments and disbursements which would be due on a day which is not a banking day will be due on the next banking day. All payments received on a day which is not a banking day will be applied to the credit on the next banking day.

4.6 Interest Calculation. Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

4.7 Default Rate. Upon the occurrence of any default or after maturity or after judgment has been rendered on any obligation under this Agreement, all amounts outstanding under this Agreement, including any interest, fees, or costs which are not paid when due, will at the option of the Bank bear interest at a rate which is 6.0 percentage point(s) higher than the rate of interest otherwise provided under this Agreement. This may result in compounding of interest. This will not constitute a waiver of any default.

4.8 Taxes. If any payments to the Bank under this Agreement are made from outside the United States, the Borrowers will not deduct any foreign taxes from any payments it makes to the Bank. If any such taxes are imposed on any payments made by the Borrowers (including payments under this paragraph), the Borrowers will pay the taxes and will also pay to the Bank, at the time interest is paid, any additional amount which the Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such taxes had not been imposed. The Borrowers will confirm that it has paid the taxes by giving the Bank official tax receipts (or notarized copies) within thirty (30) days after the due date.

5. CONDITIONS

Before the Bank is required to extend any credit to the Borrowers under this Agreement, it must receive any documents and other items it may reasonably require, in form and content acceptable to the Bank, including any items specifically listed below.

5.1 Authorizations. If any Borrower or any guarantor is anything other than a natural person, evidence that the execution, delivery and performance by such Borrower and/or such guarantor of this Agreement and any instrument or agreement required under this Agreement have been duly authorized.

5.2 Governing Documents. If required by the Bank, a copy of the Borrowers' organizational documents.

5.3 Guaranty. Guaranty signed by RC Management Group, LLC.

5.4 Good Standing. Certificates of good standing for each Borrower as applicable from its state of formation and from any other state in which such Borrowers is required to qualify to conduct its business.

5.5 Insurance. Evidence of insurance coverage, as required in the "Covenants" section of this Agreement.

6. REPRESENTATIONS AND WARRANTIES

When the Borrowers sign this Agreement, and until the Bank is repaid in full, the Borrowers make the following representations and warranties. Each request for an extension of credit constitutes a renewal of these representations and warranties as of the date of the request:

6.1 Formation. If any Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized.

6.2 Authorization. This Agreement, and any instrument or agreement required hereunder, are within each Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

6.3 Enforceable Agreement. This Agreement is a legal, valid and binding agreement of each Borrower, enforceable against each Borrower in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable.

6.4 Good Standing. In each state in which each Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name statutes.

6.5 No Conflicts. This Agreement does not conflict with any law, agreement, or obligation by which any Borrower is bound.

6.6 Financial Information. All financial and other information that has been or will be supplied to the Bank is sufficiently complete to give the Bank accurate knowledge of the Borrowers' (and any guarantor's) financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of any Borrower (or any guarantor). If any Borrower is comprised of the trustees of a trust, the foregoing representations shall also pertain to the trustor(s) of the trust.

6.7 Lawsuits. There is no lawsuit, tax claim or other dispute pending or threatened against any Borrower which, if lost, would impair such Borrower's financial condition or ability to repay the loan, except as have been disclosed in writing to the Bank.

6.8 Collateral. All collateral required in this Agreement is owned by the grantor of the security interest free of any title defects or any liens or interests of others, except those which have been approved by the Bank in writing.

6.9 Permits, Franchises. Each Borrower possesses all permits, memberships, franchises, contracts and licenses required and all trademark rights, trade name rights, patent rights, copyrights and fictitious name rights necessary to enable it to conduct the business in which it is now engaged.

6.10 Other Obligations. No Borrower is in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as have been disclosed in writing to the Bank.

6.11 Tax Matters. No Borrower has any knowledge of any pending assessments or adjustments of its income tax for any year and all taxes due have been paid, except as have been disclosed in writing to the Bank.

6.12 No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a default under this Agreement.

6.13 Insurance. Each Borrower has obtained, and maintained in effect, the insurance coverage required in the "Covenants" section of this Agreement.

7. COVENANTS

The Borrowers agree, so long as credit is available under this Agreement and until the Bank is repaid in full:

7.1 Use of Proceeds.

(a) To use the proceeds of Facility No. 1 only for general corporate purposes, including working capital needs, capital expenditures and letters of credit.

7.2 Financial Information. To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as requested by the Bank from time to time. The Bank reserves the right, upon written notice to the Borrowers, to require the Borrowers to deliver financial information and statements to the Bank more frequently than otherwise provided below, and to use such additional information and statements to measure any applicable financial covenants in this Agreement.

(a) Within ninety (90) days of the fiscal year end, the annual financial statements of the Borrowers. These financial statements must be audited (with an opinion satisfactory to the Bank) by a Certified Public Accountant acceptable to the Bank. The statements shall be prepared on a consolidated basis. The Form 10-K is a satisfactory form for the annual financial statement.

(b) Within forty-five (45) days of the period's end, quarterly financial statements of the Borrowers. These financial statements may be company-prepared. The statements shall be prepared on a consolidated basis. The Form 10-Q is a satisfactory form for the quarterly financial statement.

(c) Within ninety (90) days of the end of each fiscal year and within forty five (45) days of the end of each quarter, a compliance certificate of each Borrower signed by an authorized financial officer, and setting forth (i) the information and computations (in sufficient detail) to establish that each Borrower is in compliance with all financial covenants at the end of the period covered by the financial statements then being furnished and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement and, if any such default exists, specifying the nature thereof and the action the Borrowers are taking and propose to take with respect thereto.

7.3 Unencumbered Liquid Assets. To maintain Unencumbered Liquid Assets having an aggregate market value of not less than Fifty Million and 00/100 Dollars ($50,000,000.00).

"Unencumbered Liquid Assets" means the following assets (excluding assets of any retirement plan) which (i) are not the subject of any lien, pledge, security interest or other arrangement with any creditor to have his claim satisfied out of the asset (or proceeds thereof) prior to the general creditors of the owner of the asset, and (ii) may be converted to cash within five (5) days:

(a) Cash or cash equivalents held in the United States;

(b) United States Treasury or governmental agency obligations which constitute full faith and credit of the United States of America;

(c) Commercial paper rated P-1 or A1 by Moody's or S&P, respectively;

(d) Medium- and long-term securities rated investment grade by one of the rating agencies described in (c) above;

(e) Eligible Stocks;

(f) Mutual funds quoted in The Wall Street journal which invest primarily in the assets described in (a)-(e) above.

"Eligible Stocks" shall include any common or preferred stock which (i) is not subject to statutory or contractual restrictions on sales, (ii) is traded on a U. S. national stock exchange or included in the National Market tier of NASDAQ and (iii) has, as of the close of trading on the applicable exchange (excluding after hours trading), a per share price of at least Fifteen Dollars ($15).

The Borrower will provide the Bank a Form U-1 Purpose Statement, confirming that none of the proceeds of the loan will be used to buy or carry any margin stock.

7.4 Profitability. To maintain on a consolidated basis for each quarterly accounting period, measured on a rolling four-quarter basis, a positive net income after taxes plus any non-cash charges arising from compensation expense as a result of the adoption of Financial Accounting Standards Board Statement 123 (Revised 2004), "Share-Based Payment", which requires certain stock-based compensation to be recorded as expense within the Borrower's consolidated statement of operations. For the purposes of this covenant, nonrecurring, extraordinary income/expenses and extraordinary gains /losses shall be excluded from the calculation.

7.5 Out of Debt Period. To reduce the amount of advances outstanding under Facility No. 1 to not more than Zero and 00/100 Dollars ($0.00) for a period of at least thirty (30) consecutive days in each Line-Year. "Line-Year" means the period between the date of this Agreement and October 8, 2010, and each subsequent one-year period (if any). For purposes of this paragraph, "Advances" does not include undrawn amounts of outstanding letters of credit.

7.6 Bank as Principal Depository. To maintain the Bank, as a significant depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.

7.7 Other Debts. Not to have outstanding or incur any direct or contingent liabilities or lease obligations (other than those to the Bank and operating leases), or become liable for the liabilities of others, without the Bank's written consent. This does not prohibit:

(a) Acquiring goods, supplies, or merchandise on normal trade credit.

(b) Endorsing negotiable instruments received in the usual course of business.

(c) Obtaining surety bonds in the usual course of business.

(d) Liabilities, lines of credit and leases in existence on the date of this Agreement disclosed in writing to the Bank.

(e) Additional debts and capital lease obligations for business purposes which do not exceed a total principal amount of Five Million and 00/100 Dollars ($5,000,000.00) outstanding at any one time.

7.8 Other Liens. Not to create, assume, or allow any security interest or lien (including judicial liens) on property any Borrower now or later owns, except:

(a) Liens and security interests in favor of the Bank.

(b) Liens for taxes not yet due.

(c) Liens outstanding on the date of this Agreement disclosed in writing to the Bank.

(d) Additional purchase money security interests in assets acquired after the date of this Agreement, if the total principal amount of debts secured by such liens does not exceed Five Million and 00/100 Dollars ($5,000,000.00) at any one time.

7.9 Maintenance of Assets.

(a) Not to sell, assign, lease, transfer or otherwise dispose of any part of any Borrower's business or any Borrower's assets except (i) in the ordinary course of business, or (ii) to a wholly-owned, direct or indirect subsidiary of Borrowers.

(b) Not to sell, assign, lease, transfer or otherwise dispose of any assets for less than fair market value, or enter into any agreement to do so.

(c) Not to enter into any sale and leaseback agreement covering any of its fixed assets.

(d) To maintain and preserve all rights, privileges, and franchises the Borrowers now have.

(e) To make any repairs, renewals, or replacements to keep the Borrowers' properties in good working condition.

7.10 Loans. Not to make any loans, advances or other extensions of credit to any individual or entity, except for:

(a) Existing extensions of credit disclosed to the Bank in writing.

(b) Extensions of credit to the Borrowers' current subsidiaries.

(c) Extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to non-affiliated entities.

(d) Extensions of credit that do not exceed an aggregate amount of One Million and 00/100 Dollars ($1,000,000.00) outstanding at any one time.

7.11 Change of Management. To retain executive and management personnel with substantially the same qualifications and experience as the executive and management personnel of the Borrowers in office as of the date of this Agreement.

7.12 Change of Ownership. Not to permit Change of Control.

"Change of Control" means (a) the acquisition by any "person" or "group" (as such terms are used in section 13 (d) and 14 (d) of the Securities Exchange Act of 1934, as amended) at any time of beneficial ownership of 40% or more of the outstanding capital stock of Borrower on a fully-diluted basis, or (b) the failure of individuals who are members of the board of directors of Borrower on the date of this Agreement (together with any new or replacement directors whose initial nomination for election was approved by a majority of the directors who were either directors on the date of this Agreement or previously so approved) to constitute a majority of the board of directors of Borrower.

7.13 Additional Negative Covenants. Not to, without the Bank's written consent:

(a) Engage in any business activities substantially different from each Borrower's present business.

(b) Acquire or purchase a business or its assets for a consideration, including assumption of direct or contingent debt, in excess of Forty Two Million and 00/100 Dollars ($42,000,000.00) in the aggregate. Before making such acquisition, the Borrower must obtain the prior, effective written consent or approval of the board of directors or equivalent governing body of the business being acquired.

7.14 Notices to Bank. To promptly notify the Bank in writing of:

(a) Any lawsuit over One Million and 00/100 Dollars ($1,000,000.00) against any Borrower or any Obligor.

(b) Any substantial dispute between any governmental authority and any Borrower or any Obligor.

(c) Any event of default under this Agreement, or any event which, with notice or lapse of time or both, would constitute an event of default.

(d) Any material adverse change in any Borrower's Obligor's business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

(e) Any change in any Borrower's or any Obligor's name, legal structure, principal residence (for an individual), state of registration (for a registered entity), place of business, or chief executive office if such Borrower or any Obligor has more than one place of business.

(f) Any actual contingent liabilities of any Borrower or any Obligor, and any such contingent liabilities which are reasonably foreseeable, where such liabilities are in excess of Five Million and 00/100 Dollars ($5,000,000.00) in the aggregate.

For purposes of this Agreement, "Obligor" shall mean any guarantor, or any party pledging collateral to the Bank, or, if the Borrower is comprised of the trustees of a trust, any trustor.

7.15 Insurance.

(a) General Business Insurance. To maintain insurance as is usual for the business it is in.

7.16 Compliance with Laws. To comply with the laws (including any fictitious or trade name statute), regulations, and orders of any government body with authority over any Borrower's business. The Bank shall have no obligation to make any advance to any Borrowers except in compliance with all applicable laws and regulations and any Borrowers shall fully cooperate with the Bank in complying with all such applicable laws and regulations.

7.17 ERISA Plans. Promptly during each year, to pay and cause any subsidiaries to pay contributions adequate to meet at least the minimum funding standards under ERISA with respect to each and every Plan; file each annual report required to be filed pursuant to ERISA in connection with each Plan for each year; and notify the Bank within ten (10) days of the occurrence of any Reportable Event that might constitute grounds for termination of any capital Plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any Plan. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time. Capitalized terms in this paragraph shall have the meanings defined within ERISA.

7.18 Books and Records. To maintain adequate books and records.

7.19 Audits. To allow the Bank and its agents to inspect each Borrower's properties and examine, audit, and make copies of books and records at any reasonable time. If any of the Borrowers' properties, books or records are in the possession of a third party, the Borrowers authorize that third party to permit the Bank or its agents to have access to perform inspections or audits and to respond to the Bank's requests for information concerning such properties, books and records.

7.20 Cooperation. To take any action reasonably requested by the Bank to carry out the intent of this Agreement.

7.21 Material Subsidiaries. To give the Bank prompt written notice if the Borrower acquires any Material Subsidiary or if any subsidiary becomes a Material Subsidiary. For purposes of this Agreement, a "Material Subsidiary" Means a direct or indirect subsidiary of the Borrower that (1) holds assets with a total book value at least equal to five percent (5%) of the book value of all of the Borrower's assets on a consolidated basis or (2) has earned revenues at least equal to five percent (5%) of the Borrower's total revenues on a consolidated basis calculated over the prior four (4) fiscal quarters. If

(A) a Material Subsidiary is formed under the laws of a state of the United States and is principally located in the United States (a "Domestic Subsidiary"), the Borrower will promptly cause such subsidiary to guarantee the Borrower's obligations to the Bank under this Agreement, pursuant to documentation in form and substance acceptable to the Bank; or (B) if a Material Subsidiary is not a Domestic Subsidiary, then the Borrower will grant to the Bank, or (if an indirect subsidiary) will promptly cause the shareholder of the subsidiary to grant to the Bank, a security interest in sixty-five percent (65%) of the issued and outstanding capital stock of such subsidiary, pursuant to documentation in form and substance acceptable to the Bank; provided, however, that the Borrower shall not be required to grant to the Bank a security interest in the stock of Resources Connection NL BV.

7.22 Other Subsidiaries. To give the Bank prompt written notice if the Borrower's subsidiaries, excluding Material Subsidiaries and any other subsidiaries that have guarantied the Borrower's obligations to the Bank or whose capital stock has been pledged to secure the Borrower's obligations to the Bank, in accordance with clauses (A) and (B) below, (1) hold assets with a total book value, on a combined basis, at least equal to ten percent (10%) of the book value of the Borrower's assets on a consolidated basis or (2) have earned, on a combined basis, revenues at least equal to ten percent (10%) of the Borrower's total revenues on a consolidated basis over the prior four (4) fiscal quarters (the "Asset/Revenue Threshold"). Once the Asset/Revenue Threshold is reached, then, with respect to any subsidiary created or acquired thereafter, if (A) a subsidiary is a Domestic Subsidiary, the Borrower will promptly cause such subsidiary to guarantee the Borrower's obligations to the Bank under this Agreement, pursuant to documentation in form and substance acceptable to the Bank; or (B) if a subsidiary is not a Domestic Subsidiary, then the Borrower will grant to the Bank, or (if an indirect subsidiary) will promptly cause the shareholder of the subsidiary to grant to the Bank, a security interest in sixty-five percent (65%) of the issued and outstanding capital stock of such subsidiary, pursuant to documentation in form and substance acceptable to the Bank; provided, however, that the Borrower need not comply with clauses (A) or (B) above if, after reaching the Asset/Revenue Threshold, the Borrower causes an existing Domestic Subsidiary (other than a Material Subsidiary) to guaranty the Borrower's obligations to the Bank in accordance with clause (A) above, such that the amount of assets or revenues described in clauses (1) and (2) above are below the Asset/Revenue Threshold.

8. DEFAULT AND REMEDIES

If any of the following events of default occurs, the Bank may do one or more of the following: declare the Borrowers in default, stop making any additional credit available to the Borrowers, and require the Borrowers to repay their entire debt immediately and without prior notice. If an event which, with notice or the passage of time, will constitute an event of default has occurred and is continuing, the Bank has no obligation to make advances or extend additional credit under this Agreement. In addition, if any event of default occurs, the Bank shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with this Agreement, as well as all rights and remedies available at law or in equity. If an event of default occurs under the paragraph entitled "Bankruptcy," below, with respect to any Borrower, then the entire debt outstanding under this Agreement will automatically be due immediately.

8.1 Failure to Pay. The Borrowers fail to make a payment under this Agreement when due.

8.2 Other Bank Agreements. Any default occurs under any other agreement any Borrower (or any Obligor) or any of the Borrowers' related entities or affiliates has with the Bank or any affiliate of the Bank.

8.3 Cross-default. Any default occurs under any agreement in connection with any credit any Borrower (or any Obligor) or any of the Borrowers' related entities or affiliates has obtained from anyone else or which any Borrower (or any Obligor) or any of the Borrowers' related entities or affiliates has guaranteed.

8.4 False Information. Any Borrower or any Obligor has given the Bank false or misleading information or representations.

8.5 Bankruptcy. Any Borrower, any Obligor, or any general partner of any Borrower or of any Obligor files a bankruptcy petition, a bankruptcy petition is filed against any of the foregoing parties, or any Borrower, any Obligor, or any general partner of any Borrower or of any Obligor makes a general assignment for the benefit of creditors.

8.6 Receivers. A receiver or similar official is appointed for a substantial portion of any Borrower's or any Obligor's business, or the business is terminated, or, if any Obligor is anything other than a natural person, such Obligor is liquidated or dissolved.

8.7 Lien Priority. The Bank fails to have an enforceable first lien (except for any prior liens to which the Bank has consented in writing) on or security interest in any property given as security for this Agreement (or any guaranty).

8.8 Judgments. Any judgments or arbitration awards are entered against any Borrower or any Obligor, or any Borrower or any Obligor enters into any settlement agreements with respect to any litigation or arbitration, in an aggregate amount of Two Million and 00/100 Dollars ($2,000,000.00) or more in excess of any insurance coverage.

8.9 Material Adverse Change. A material adverse change occurs, or is reasonably likely to occur, in any Borrower's (or any Obligor's) business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

8.10 Government Action. Any government authority takes action that the Bank believes materially adversely affects any Borrower's or any Obligor's financial condition or ability to repay.

8.11 Default under Related Documents. Any default occurs under any guaranty, subordination agreement, security agreement, deed of trust, mortgage, or other document required by or delivered in connection with this Agreement or any such document is no longer in effect, or any guarantor purports to revoke or disavow the guaranty.

8.12 ERISA Plans. Any one or more of the following events occurs with respect to a Plan of any Borrower subject to Title IV of ERISA, provided such event or events could reasonably be expected, in the judgment of the Bank, to subject any Borrower to any tax, penalty or liability (or any combination of the foregoing) which, in the aggregate, could have a material adverse effect on the financial condition of such Borrower:

(a) A reportable event shall occur under Section 4043(c) of ERISA with respect to a Plan.

(b) Any Plan termination (or commencement of proceedings to terminate a Plan) or the full or partial withdrawal from a Plan by any Borrower or any ERISA Affiliate.

8.13 Other Breach Under Agreement. A default occurs under any other term or condition of this Agreement not specifically referred to in this Article. This includes any failure or anticipated failure by any Borrower (or any other party named in the Covenants section) to comply with the financial covenants set forth in this Agreement, whether such failure is evidenced by financial statements delivered to the Bank or is otherwise known to the Borrowers or the Bank.

9. ENFORCING THIS AGREEMENT; MISCELLANEOUS

9.1 GAAP. Except as otherwise stated in this Agreement, all financial information provided to the Bank and all financial covenants will be made under generally accepted accounting principles, consistently applied.

9.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of California. To the extent that the Bank has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Bank of such rights and remedies as may be available under federal law.

9.3 Successors and Assigns. This Agreement is binding on the Borrowers' and the Bank's successors and assignees. The Borrowers agree that they may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or assign this loan, and may exchange information about the Borrowers (including, without limitation, any information regarding any hazardous substances) with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrowers.

9.4 Dispute Resolution Provision. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision." This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

(a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this agreement (including any renewals, extensions or modifications); or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

(b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.

(c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof (“AAA”), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Bank may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subparagraph (j) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.

(f) The procedure described above will not apply if the Claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property. In this case, all of the parties to this agreement must consent to submission of the Claim to arbitration.

(g) To the extent any Claims are not arbitrated, to the extent permitted by law the Claims shall be resolved in court by a judge without a jury, except any Claims which are brought in California state court shall be determined by judicial reference as described below.

(h) Any Claim which is not arbitrated and which is brought in California state court will be resolved by a general reference to a referee (or a panel of referees) as provided in California Code of Civil Procedure Section 638. The referee (or presiding referee of the panel) shall be a retired Judge or Justice. The referee (or panel of referees) shall be selected by mutual written agreement of the parties. If the parties do not agree, the referee shall be selected by the Presiding Judge of the Court (or his or her representative) as provided in California Code of Civil Procedure Section 638 and the following related sections. The referee shall determine all issues in accordance with existing California law and the California rules of evidence and civil procedure. The referee shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The award that results from the decision of the referee(s) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644(a) and 645. The parties reserve the right to seek appellate review of any judgment or order, including but not limited to, orders pertaining to class certification, to the same extent permitted in a court of law.

(i) This Dispute Resolution Provision does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies. The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration or judicial reference.

(j) Any arbitration, judicial reference or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the “Class Action Waiver”). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court or referee and not by an arbitrator. The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**

(k) By agreeing to binding arbitration or judicial reference, the parties irrevocably and voluntarily waive any right they may have to a trial by jury as permitted by law in respect of any Claim. Furthermore, without intending in any way to limit this Dispute Resolution Provision, to the extent any Claim is not arbitrated or submitted to judicial reference, the parties irrevocably and voluntarily waive any right they may have to a trial by jury to the extent permitted by law in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. **WHETHER THE CLAIM IS DECIDED BY ARBITRATION, BY JUDICIAL REFERENCE, OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS AGREEMENT IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.**

9.5 Severability; Waivers. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. The Bank retains all rights, even if it makes a loan after default. If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

9.6 Attorneys' Fees. The Borrowers shall reimburse the Bank for any reasonable costs and attorneys' fees incurred by the Bank in connection with the enforcement or preservation of any rights or remedies under this Agreement and any other documents executed in connection with this Agreement, and in connection with any amendment, waiver, "workout" or restructuring under this Agreement. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs and reasonable attorneys' fees incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In the event that any case is commenced by or against the Borrowers under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, the Bank is entitled to recover costs and reasonable attorneys' fees incurred by the Bank related to the preservation, protection, or enforcement of any rights of the Bank in such a case. As used in this paragraph, "attorneys' fees" includes the allocated costs of the Bank's in-house counsel.

9.7 Joint and Several Liability. This paragraph shall apply if two or more Borrowers sign this agreement:

(a) Each Borrower agrees that it is jointly and severally liable to the Bank for the payment of all obligations arising under this Agreement, and that such liability is independent of the obligations of the other Borrower(s). Each obligation, promise, covenant, representation and warranty in this Agreement shall be deemed to have been made by, and be binding upon, each Borrower, unless this Agreement expressly provides otherwise. The Bank may bring an action against any Borrower, whether an action is brought against the other Borrower(s).

(b) Each Borrower agrees that any release which may be given by the Bank to the other Borrower(s) or any guarantor will not release such Borrower from its obligations under this Agreement.

(c) Each Borrower waives any right to assert against the Bank any defense, setoff, counterclaim, or claims which such Borrower may have against the other Borrower(s) or any other party liable to the Bank for the obligations of the Borrowers under this Agreement.

(d) Each Borrower waives any defense by reason of any other Borrower's or any other person's defense, disability, or release from liability. The Bank can exercise its rights against each Borrower even if any other Borrower or any other person no longer is liable because of a statute of limitations or for other reasons.

(e) Each Borrower agrees that it is solely responsible for keeping itself informed as to the financial condition of the other Borrower(s) and of all circumstances which bear upon the risk of nonpayment. Each Borrower waives any right it may have to require the Bank to disclose to such Borrower any information which the Bank may now or hereafter acquire concerning the financial condition of the other Borrower(s).

(f) Each Borrower waives all rights to notices of default or nonperformance by any other Borrower under this Agreement. Each Borrower further waives all rights to notices of the existence or the creation of new indebtedness by any other Borrower and all rights to any other notices to any party liable on any of the credit extended under this Agreement.

(g) The Borrowers represent and warrant to the Bank that each will derive benefit, directly and indirectly, from the collective administration and availability of credit under this Agreement. The Borrowers agree that the Bank will not be required to inquire as to the disposition by any Borrower of funds disbursed in accordance with the terms of this Agreement.

(h) Until all obligations of the Borrowers to the Bank under this Agreement have been paid in full and any commitments of the Bank or facilities provided by the Bank under this Agreement have been terminated, each Borrower (i) waives any right of subrogation, reimbursement, indemnification and contribution (contractual, statutory or otherwise), including without limitation, any claim or right of subrogation under the Bankruptcy Code (Title 11, United States Code) or any successor statute, which such Borrower may now or hereafter have against any other Borrower with respect to the indebtedness incurred under this Agreement; (ii) waives any right to enforce any remedy which the Bank now has or may hereafter have against any other Borrower, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Bank.

(i) Each Borrower waives any right to require the Bank to proceed against any other Borrower or any other person; proceed against or exhaust any security; or pursue any other remedy. Further, each Borrower consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Borrowers under this Agreement or which, but for this provision, might operate as a discharge of the Borrowers.

9.8 Set-Off.

(a) In addition to any rights and remedies of the Bank provided by law, upon the occurrence and during the continuance of any event of default under this Agreement, the Bank is authorized, at any time, to set off and apply any and all Deposits of the Borrower or any Obligor held by the Bank against any and all Obligations owing to the Bank. The set-off may be made irrespective of whether or not the Bank shall have made demand under this Agreement or any guaranty, and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable Deposits.

(b) The set-off may be made without prior notice to the Borrower or any other party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Obligor) to the fullest extent permitted by law. The Bank agrees promptly to notify the Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

(c) For the purposes of this paragraph, “Deposits” means any deposits (general or special, time or demand, provisional or final, individual or joint) and any instruments owned by the Borrower or any Obligor which come into the possession or custody or under the control of the Bank. “Obligations” means all obligations, now or hereafter existing, of the Borrower to the Bank under this Agreement and under any other agreement or instrument executed in connection with this Agreement, and the obligations to the Bank of any Obligor.

9.9 One Agreement. This Agreement and any related security or other agreements required by this Agreement, collectively:

(a) represent the sum of the understandings and agreements between the Bank and the Borrowers concerning this credit;

(b) replace any prior oral or written agreements between the Bank and the Borrowers concerning this credit; and

(c) are intended by the Bank and the Borrowers as the final, complete and exclusive statement of the terms agreed to by them.

In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail. Any reference in any related document to a “promissory note” or a “note” executed by the Borrowers and dated as of the date of this Agreement shall be deemed to refer to this Agreement, as now in effect or as hereafter amended, renewed, or restated.

9.10 Indemnification. The Borrowers will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (a) this Agreement or any document required hereunder, (b) any credit extended or committed by the Bank to the Borrowers hereunder, and (c) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit. This indemnity includes but is not limited to attorneys' fees (including the allocated cost of in-house counsel). This indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys, and assigns. This indemnity will survive repayment of the Borrowers' obligations to the Bank. All sums due to the Bank hereunder shall be obligations of the Borrowers, due and payable immediately without demand.

9.11 Notices. Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrowers, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as the Bank and the Borrowers may specify from time to time in writing. Notices and other communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

9.12 Headings. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

9.13 Counterparts. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

9.14 Borrower Information; Reporting to Credit Bureaus. The Borrower authorizes the Bank at any time to verify or check any information given by the Borrower to the Bank, check the Borrower's credit references, verify employment, and obtain credit reports. The Borrower agrees that the Bank shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to the Borrower and/or all guarantors as is consistent with the Bank's policies and practices from time to time in effect.

9.15 Prior Agreement Superseded. This Agreement supersedes the Loan Agreement entered into as of March 26, 2004, between the Bank and the Borrowers, and any credit outstanding thereunder shall be deemed to be outstanding under this Agreement.

This Agreement is executed as of the date stated at the top of the first page.

Borrower 1:

Resources Connection, Inc.

By: ______________________________
Nathan W. Franke, Chief Financial Officer

Borrower 2:

Resources Connection LLC

By: Resources Connection, Inc., Sole Member

By: ______________________________
Nathan W. Franke, Chief Financial Officer

Bank:

Bank of America, N.A.

By: ______________________________
Authorized Signer

Address where notices to Borrowers are to be sent:

17101 Armstrong Ave
Irvine, CA 92614-5730
US

Telephone: (714) 430-6340

Address where notices to the Bank are to be sent:

Farmington — Attn: Notice Desk
CT2-515-BB-03
70 Batterson Park Road
Farmington, CT 06032

Federal law requires Bank of America, N.A. (the "Bank") to provide the following notice. The notice is not part of the foregoing agreement or instrument and may not be altered. Please read the notice carefully.

(1) USA PATRIOT ACT NOTICE

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. The Bank will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. The Bank may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

EXHIBIT 21.1

LIST OF SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Organization
Resources Connection LLC	Delaware
Names under which Resources Connection LLC does business:	
Resources Global Professionals	
Resources Connection LLC	
Re:sources Connection LLC	
RCTC LLC	
RCTC	
Resources Connection LLC of Delaware	
Resources Connection LLC DBA RCTC	
Resources Connection LLC, a limited liability company of Delaware	
RC Management Group, LLC	Delaware
Resources Audit Solutions, LLC	Delaware
RC Holdings I, LLC	Delaware
RC Holdings II, LLC	Delaware
RGP Property LLC	Delaware
Sitrick Brincko Group LLC	Delaware
Resources Connection Australia Pty Ltd.	Australia
Names under which Resources Connection Australia Pty Ltd. does business:	
Resources Global Professionals	
Resources Global Professionals (Belgium) NV	Belgium
Resources Global Professionals, Inc. (Canada)	Canada
Resources Global Enterprise Consulting (Beijing) Co., Ltd.	People’s Republic of China
Resources Global Enterprise Consulting (Beijing) Co., Ltd. Shanghai Branch Company	People’s Republic of China
Resources Global Professionals (Hong Kong) Limited	Hong Kong, People’s Republic of China
Resources Global Professionals (Denmark) AS	Denmark
Resources Global Professionals (France) SAS	France
Resources Global Professionals (Germany) GmbH	Germany
Resources Global Professionals (India) Private Ltd.	India
Resources Global Professionals (Ireland) Ltd.	Ireland
Resources Global Professionals (Italy) SRL	Italy
Resources Global Professionals (Japan) K.K.	Japan
Resources Global Professionals (Luxembourg) SA	Luxembourg
Resources Management Mexico S de RL de CV	Mexico
Resources Connection Mexico S de RL de CV	Mexico
Domenica B.V.	Netherlands
Limbus Consulting B.V.	Netherlands
Limbus Holding B.V.	Netherlands
Limbus Interim management B.V.	Netherlands
Resources Global Professionals (Europe) BV	Netherlands
Resources Global Professionals Holdings BV	Netherlands
Resources Management & Finance b.v.	Netherlands
Resources Projects b.v.	Netherlands

Name of Subsidiary	Jurisdiction of Organization
Resources Global Professionals (Norway) AS	Norway
Resources Global Professionals (Singapore) Pte. Ltd.	Singapore
M & D Selection AB	Sweden
Resources Global Professionals Sweden AB	Sweden
Resources Global Professionals (Switzerland) GmbH	Switzerland
Resources Connection (Taiwan) Ltd.	Taiwan
Compliance Consultants Services Ltd	United Kingdom
Compliance.co.uk Ltd	United Kingdom
Financial Services Training Ltd	United Kingdom
Resources Compliance (UK) Ltd	United Kingdom
Resources Connection (UK) Ltd.	United Kingdom (England and Wales)
Names under which Resources Connection (UK) Ltd. does business:	
Resources Global Professionals (UK)	

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-158499, No. 333-142145, No. 333-127579, No. 333-54880 and No. 333-52730) of Resources Connection, Inc. of our report dated July 26, 2010 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K. We also consent to the reference to us under the heading "Selected Financial Data" in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Orange County, California
July 26, 2010

EXHIBIT 31.1

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

I, Donald B. Murray, certify that:

1. I have reviewed this annual report on Form 10-K of Resources Connection, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2010

/s/ DONALD B. MURRAY

Donald B. Murray
Executive Chairman and Chief Executive Officer

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

I, Nathan W. Franke, certify that:

1. I have reviewed this annual report on Form 10-K of Resources Connection, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2010

/s/ NATHAN W. FRANKE

Nathan W. Franke
Chief Financial Officer and Executive Vice President

CERTIFICATION PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the fiscal year ended May 29, 2010 of Resources Connection, Inc. (the “Form 10-K”), I, Donald B. Murray, Chief Executive Officer of Resources Connection, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-K fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Resources Connection, Inc.

July 26, 2010

/s/ DONALD B. MURRAY
Donald B. Murray
Executive Chairman and Chief Executive Officer

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and 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.

CERTIFICATION PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the fiscal year ended May 29, 2010 of Resources Connection, Inc. (the “Form 10-K”), I, Nathan W. Franke, Chief Financial Officer of Resources Connection, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-K fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Resources Connection, Inc.

July 26, 2010

/s/ NATHAN W. FRANKE

Nathan W. Franke
Chief Financial Officer and
Executive Vice President

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and 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.