As filed with the Securities and Exchange Commission on November 13, 2000

Registration No. 333-45000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2 TO FORM S-1 REGISTRATION STATEMENT Under THE SECURITIES ACT OF 1933

RESOURCES CONNECTION, INC.
(Exact name of Registrant as specified in its charter)

Delaware	8742	33-0832424
(State or other jurisdiction of Incorporation)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

695 Town Center Drive, Suite 600, Costa Mesa, California 92626
(714) 430-6400
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Donald B. Murray
Chief Executive Officer
Resources Connection, Inc.
695 Town Center Drive, Suite 600, Costa Mesa, California 92626
(714) 430-6400
(Name, address, including zip code, and telephone number, including area code, of agents for service)

Copies To:

David A. Krinsky Charlotte L. Bischel O'Melveny & Myers LLP 610 Newport Center Drive, Suite 1700 Newport Beach, California 92660 (949) 760-9600	Patrick T. Seaver Shayne Kennedy Latham & Watkins 650 Town Center Drive, Suite 2000 Costa Mesa, California 92626-1918 (714) 540-1235

Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_] _________

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_] _________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_] _________

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [_]

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock ($0.01 par value)	7,475,000	$14.00	$104,650,000	$27,628

(1) Includes shares that the underwriters will have the option to purchase solely to cover over-allotments, if any.

(2) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(o) under the Securities Act.
(3) We have previously paid $27,324 and therefore submit a registration fee of $304 with this Amendment No. 1 to Form S-1 Registration Statement.

Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

+The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted. +

SUBJECT TO COMPLETION, DATED NOVEMBER 13, 2000

6,500,000 Shares

[LOGO OF RESOURCES CONNECTION]

Common Stock

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $12.00 and $14.00 per share. We have applied to list our common stock on The Nasdaq Stock Market's National Market under the symbol "RECN".

We are selling 5,000,000 shares of our common stock and the selling stockholders are selling 1,500,000 shares of our common stock. We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders.

The underwriters have an option to purchase a maximum of 975,000 additional shares from the selling stockholders to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" on page 6.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Resources Connection	Proceeds to Selling Stockholders
Per Share..............	$	$	$	$
Total..................	$	$	$	$

Delivery of the shares of common stock will be made on or about , 2000.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston Deutsche Banc Alex. Brown

Robert W. Baird & Co.

The date of this prospectus is , 2000.

[inside front cover]

[small logo]

[red background]

Resources Connection, Inc., is a professional services firm that provides experienced accounting and finance, human resources management and information technology professionals to clients on a project-by-project basis.

[picture of part of a building]

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Dealer Prospectus Delivery Obligation

Until   (25 days after commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before buying shares in this offering. You should read the entire prospectus carefully. References in this prospectus to "Resources Connection," "company," "we," "us" and "our" refer to the business of Resources Connection LLC for all periods prior to the sale of Resources Connection LLC by Deloitte & Touche LLP, and to Resources Connection, Inc. and its subsidiaries for all periods after the sale. References to "Deloitte & Touche" refer to Deloitte & Touche LLP. References in this prospectus to "fiscal," "year" or "fiscal year" refer to our fiscal years that consist of the 52- or 53-week period ending on the Saturday closest to May 31st.

Overview

Resources Connection, Inc. is a professional services firm that provides experienced accounting and finance, human resources management and information technology professionals to clients on a project-by-project basis. In accounting and finance, we assist our clients with discrete projects requiring specialized professional expertise, such as mergers and acquisitions due diligence, financial analyses (e.g., product costing and margin analyses) and tax-related projects. In addition, we provide human resources management services, such as compensation program design and implementation, and information technology services, such as transitions of management information systems. We also assist our clients with periodic needs such as budgeting and forecasting, audit preparation and public reporting.

Since our inception in 1996, we have opened 38 offices in the United States and 3 offices internationally. We have a growing and diverse client base of over 1,500 clients ranging in size from large corporations, to mid-sized companies to small entrepreneurial entities, in a broad range of industries. We have grown revenues internally from $9.3 million in fiscal 1997 to $126.3 million in fiscal 2000, a three-year compounded annual growth rate, or CAGR, of 138%. Our income from operations over the same period has increased from $869,000 to $15.6 million, a three-year CAGR of 162%. We have been profitable each year since inception. We operated as an independent subsidiary of Deloitte & Touche from 1996 to April 1999, when we completed a management-led buyout. Prior to the management-led buyout, we were unable to provide certain accounting services to audit clients of Deloitte & Touche due to regulatory constraints applicable to us as part of a Big Five accounting firm.

Our management team, virtually all of whom have Big Five experience, has created a culture that combines the commitment to quality and client-service focus of a Big Five accounting firm with the entrepreneurial energy of an innovative, high-growth company. Because of this culture, we believe we have been able to attract and retain highly-qualified experienced associates, which, in turn, is a significant component of our success. We employ more than 1,050 associates on assignment, who have an average of 18 years of professional experience in a wide range of industries and functional areas; approximately 50% of our associates are CPAs and approximately 28% have MBAs. We offer our associates careers that combine many of the advantages of working for a traditional professional services firm with the flexibility of project-based work. We provide our associates with 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.

We believe that we provide our clients with high-quality service and a value proposition which differentiates us from our competitors 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 over their projects.

Market Opportunity

According to a study by Staffing Industry Analysts, Inc., the market for outsourcing professionals, including information technology, accounting and finance, technical/engineering, medical and legal professionals, is large and growing, with revenues estimated to grow from $40.1 billion in 1999 to $65.6 billion in 2002, representing a CAGR of 17.8%. Accounting and finance professionals, according to the same study, represent one of the fastest growing segments of this market, with revenues estimated to grow from $7.2 billion in 1999 to $14.6 billion in 2002, representing a CAGR of 26.5%.

We believe this growth is driven by the recognition that companies can strategically access specialized skills and expertise and increase labor flexibility by outsourcing their professional services. At the same time, we believe many professionals are embracing project-based careers because of the more flexible hours and work arrangements. Resources Connection is positioned to capitalize on the confluence of these industry trends by providing clients with high-quality, project-based professional assistance and by offering professionals rewarding, flexible careers.

Growth Strategy

We believe we have significant opportunity for continued strong internal growth in our core business. We will also evaluate potential strategic acquisitions on an opportunistic basis. Our objective is to be the leading provider of project-based professional services by:

- capturing more of our clients' total outsourced professional services expenditures;
- adding additional clients in a broad range of industries;
- expanding our presence both in the United States and internationally; and
- providing additional professional services lines to meet our clients' project-based needs.

Our Company

Resources Connection was founded as a division of Deloitte & Touche in June 1996, and from January 1997 until April 1999, operated the company as Resources Connection LLC, a Delaware limited liability company and a wholly-owned subsidiary of Deloitte & Touche. In November 1998, our management formed RC Transaction Corp., a Delaware corporation, to raise capital for an intended management-led buyout of Resources Connection LLC. The management-led buyout was consummated in April 1999 and, since that time, RC Transaction Corp., renamed Resources Connection, Inc. in August 2000, has owned all of the membership units of Resources Connection LLC. Resources Connection is an independent company which is no longer affiliated with Deloitte & Touche. Our business is operated primarily through Resources Connection LLC. Our principal executive offices are located at 695 Town Center Drive, Suite 600, Costa Mesa, California 92626. Our telephone number is (714) 430-6400. Our website is http://www.resourcesconnection.com. We do not intend the information found on our website to be a part of this prospectus.

The Offering

Common stock offered by:	
Resources Connection, Inc.	5,000,000 shares
Selling stockholders	1,500,000 shares
Total	6,500,000 shares
Common stock to be outstanding after the offering	20,630,000 shares
Use of proceeds	Repay debt, provide working capital and fund other general corporate purposes. See "Use of Proceeds."
Nasdaq National Market symbol	RECN

Common stock to be outstanding after this offering is based on 15,630,000 shares of common stock outstanding as of October 31, 2000. It does not include:

- 2,380,000 shares of common stock issuable on the exercise of stock options outstanding as of October 31, 2000; and
- 2,660,000 additional shares of common stock reserved for issuance under the Resources Connection, Inc. 1999 Long-Term Incentive Plan as of October 31, 2000.

Except as otherwise indicated, all of the information in this prospectus:

- reflects the conversion of each outstanding share of Class B Common Stock into 144,740 shares of Common Stock at the closing of this offering;
- assumes no exercise of the underwriters' over-allotment option; and
- assumes an offering price of $13.00 per share.

Summary Consolidated Financial Information

The following table summarizes our consolidated financial data. You should read the summary financial data below in conjunction with our consolidated financial statements and related notes beginning on page F-1 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing on page 19. Resources Connection commenced operations on June 1, 1996. The consolidated statements of income data for the years ended May 31, 1997 and 1998 and for the period from June 1, 1998 to March 31, 1999 were derived from the financial statements of our wholly-owned subsidiary, Resources Connection LLC. After forming Resources Connection, Inc. on November 16, 1998, we completed the acquisition of Resources Connection LLC on April 1, 1999. Resources Connection, Inc. accounted for the purchase of Resources Connection LLC using the purchase method of accounting, in accordance with Accounting Principles Board Opinion No. 16. The selected consolidated financial and operations data as of and for the three months ended August 31, 1999 and 2000 have been derived from our unaudited consolidated financial statements which, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) necessary to present fairly, in accordance with accounting principles generally accepted in the United States, the information for those periods. The historical results presented are not necessarily indicative of future results. The pro forma as adjusted balance sheet data reflect our sale of 5,000,000 shares of common stock in this offering at an assumed initial public offering price of $13.00 per share, after deducting estimated underwriting discounts, commissions and offering expenses.

	Resources Connection LLC			Resources Connection, Inc.			
	Year Ended May 31, 1997	Year Ended May 31, 1998	Period from June 1, 1998 to March 31, 1999	Period from November 16, 1998 to May 31, 1999	Year Ended May 31, 2000	Three Months Ended August 31, 1999	Three Months Ended August 31, 2000
	(unaudited)					(unaudited)	
	(dollar amounts in thousands, except per share data)						
Consolidated Statements of Income Data:							
Revenue	$9,331	$29,508	$55,438	$15,384	$126,332	$25,533	$39,155
Direct cost of services	5,367	16,671	31,253	8,618	73,541	14,491	22,749
Gross profit	3,964	12,837	24,185	6,766	52,791	11,042	16,406
Selling, general and administrative expenses	3,086	9,035	17,071	4,274	34,649	6,814	10,720
Amortization of intangible assets	--	--	--	371	2,231	510	578
Depreciation expense	9	79	118	30	284	52	192
Income from operations	869	3,723	6,996	2,091	15,627	3,666	4,916
Interest expense	--	--	--	734	4,717	1,155	1,209
Income before provision for income taxes	869	3,723	6,996	1,357	10,910	2,511	3,707
Provision for income taxes (1)	348	1,489	2,798	565	4,364	1,004	1,483
Net income (1)	$ 521	$ 2,234	$ 4,198	$ 792	$ 6,546	$ 1,507	$ 2,224
Net income per share:							
Basic				$ 0.09	$ 0.42	$ 0.10	$ 0.14
Diluted				$ 0.09	$ 0.42	$ 0.10	$ 0.13
Number of shares used in computing net income per share:							
Basic				8,691	15,630	15,630	15,630
Diluted				8,691	15,714	15,630	16,819

	Resources Connection LLC			Resources Connection, Inc.			
	Year Ended May 31, 1997	Year Ended May 31, 1998	Period from June 1, 1998 to March 31, 1999	Period from November 16, 1998 to May 31, 1999	Year Ended May 31, 2000	Three Months Ended August 31, 1999	Three Months Ended August 31, 2000
	(dollar amounts in thousands, except per share data)						
Other Data:							
Number of offices open at end of period.......	9	18	27	28	35	31	38
Total number of associates on assignment at end of period.................	127	326	675	697	1,056	757	1,065

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(1) As a limited liability company, income taxes on any income realized by Resources Connection LLC were the obligation of its members and, accordingly, no provision for income taxes was recorded by Resources Connection LLC. Pro forma net income has been computed for periods through March 31, 1999, as if Resources Connection LLC had been fully subject to federal and state income taxes as a C corporation.

	August 31, 2000	
	Actual	Pro Forma As Adjusted
	(unaudited)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents..................................	$ 5,724	$23,505
Working capital..	9,723	33,744
Total assets...	71,973	89,754
Long-term debt, including current portion..................	41,519	--
Stockholders' equity.......................................	19,473	78,772

RISK FACTORS

You should carefully consider the risks described below before making a decision to buy our common stock. If any of the following risks actually occurs, our business could be harmed. In that case, the trading price of our common stock could decline, and you may 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 prospectus, including our financial statements and the related notes.

Risks Related to Our Business

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

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

- provide our associates with full-time employment;

- obtain the type of challenging and high-quality projects which our associates seek;

- pay competitive compensation and provide competitive benefits; and

- provide our associates with flexibility as to hours worked and assignment of client engagements.

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

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

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

- consulting firms;

- employees loaned by the Big Five accounting firms;

- traditional and Internet-based staffing firms; and

- the in-house resources of our clients.

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

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

We have not been in business during an economic downturn and our business may be significantly affected if there is an economic downturn in the future. If the general level of economic activity slows, our clients may

delay or cancel plans that involve professional services, particularly outsourced professional services. Consequently, the demand for our associates could decline, resulting in a loss of revenues. In addition, the use of professional services associates on a project-by-project basis could decline for non-economic reasons. In the event of a non-economic reduction in the demand for our associates, our financial results could suffer.

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

We do not have long-term agreements with our clients for the provision of services. The success of our business is dependent on our ability to secure new projects from clients. For example, if we are unable to secure new client projects because of improvements in our competitors' service offerings or because of an economic downturn decreasing the demand for outsourced professional services, our business is likely to be materially adversely affected.

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 Connection brand name is essential to our business. We have filed an application for a United States trademark registration for "Resources Connection" and an application for service mark registration of our name and logo. We may be unable to secure either registration. We are aware of other companies using the name "Resources Connection" or some variation thereof. There could be potential trade name or trademark infringement claims brought against us by the users of these similar names or trademarks, and those users may have trademark rights that are senior to ours. If an infringement suit were to be brought against us, the cost of defending such a suit could be substantial. If the suit were successful, we could be forced to cease using the service mark "Resources Connection." 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 or trademark similar to ours, thereby impeding our ability to build brand identity. We cannot assure you that our business would not be adversely affected if confusion did occur or if we are required to change our name.

Our clients may be confused by the presence of competitors and other companies which have names similar to our name.

We are aware of other companies using the name "Resources Connection" or some variation thereof. Some of these companies provide outsourced services, or are otherwise engaged in businesses that could be similar to ours. One company has a web address which is nearly identical to ours, "www.resourceconnection.com". The existence of these companies may confuse our clients, thereby impeding our ability to build our brand identity.

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

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

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

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

We have grown rapidly since our inception in 1996 by opening new offices and by increasing the volume of services we provide through existing offices. There can be no assurance that we will continue to be able to maintain or expand our market presence in our current locations or to successfully enter other markets or locations. Our ability to successfully grow our business will depend upon a number of factors, including our ability to:

- grow our client base;
- expand profitably into new cities;
- provide additional professional services lines;
- maintain margins in the face of pricing pressures; and
- manage costs.

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

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

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

- difficulties in staffing and managing foreign offices as a result of, among other things, distance, language and cultural differences;
- expenses associated with customizing our professional services for clients in foreign countries;
- foreign currency exchange rate fluctuations, when we sell our professional services in denominations other than U.S. dollars;
- protectionist laws and business practices that favor local companies;
- political and economic instability in some international markets;
- multiple, conflicting and changing government laws and regulations;
- trade barriers;
- reduced protection for intellectual property rights in some countries; and
- potentially adverse tax consequences.

We may acquire companies in the future, and these acquisitions could disrupt our business.

Although we are not currently evaluating any potential acquisition candidates, we may 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;
- dilution of our stock as a result of issuing equity securities; and
- assumption of liabilities of the acquired company.

We have a limited operating history as an independent company.

We commenced operations in June 1996 as a division of Deloitte & Touche. From January 1997 through April 1999, we operated as a wholly-owned subsidiary of Deloitte & Touche. In April 1999, we were sold by Deloitte & Touche. Therefore, our business as an independent company has a limited operating history. Consequently, the historical and pro forma information contained herein may not be indicative of our future financial condition and performance.

The loss of our association with Deloitte & Touche could reduce our ability to attract and retain associates and clients and will require us to enhance our infrastructure and local networks.

Our association with Deloitte & Touche, from our inception in June 1996 until April 1999, helped establish us as a high-quality professional services company and contributed to our ability to open, integrate, and establish a presence in new office locations. Apart from certain transition assistance, since April 1999 our contact with Deloitte & Touche has been reduced to the services we provide it. The loss of our association with Deloitte & Touche may adversely affect our business and our ability to attract new clients, keep existing clients and hire and retain qualified associates. We face the challenges of developing a presence in areas where we establish new offices and integrating new office locations so that they are fully operational and functional without the infrastructure previously provided by Deloitte & Touche.

The terms of our transition services agreement between Resources Connection and Deloitte & Touche may not have been on terms indicative of those available from an independent party.

As part of the management-led buyout in April 1999, we entered into a transition services agreement with Deloitte & Touche pursuant to which Deloitte & Touche agreed to provide certain services to us at negotiated rates until none of our offices remained in Deloitte & Touche office space which occurred on August 31, 2000. The negotiated rates we agreed to pay to Deloitte & Touche under the transition services agreement may not be indicative of the rates that an independent third party would have charged us for providing the same services. Specifically, an independent third party may have charged us rates more or less favorable than those charged by Deloitte & Touche. If the terms of the transition services agreement, particularly the rates charged by Deloitte & Touche, were more favorable to us than those available from a third party, our general and administrative expenses will likely increase.

Our business could suffer if we lose the services of a key member of our management.

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

Deloitte & Touche has agreed not to compete with us and we may be adversely affected when the noncompete expires.

In connection with the management buy-out, Deloitte & Touche agreed not to compete with us in a manner which replicates our business model for a period ending on the earlier of April 1, 2003 or the date that Deloitte &

Touche enters into a significant business combination. The noncompete does not prohibit Deloitte & Touche from using their personnel in a loaned staff capacity or from allowing their personnel to work on a less than full time basis in accordance with the human resources policies of Deloitte & Touche. When the noncompete expires, we may be adversely affected if Deloitte & Touche chooses to compete in a manner previously prohibited by the noncompete.

Our quarterly financial results may be subject to significant fluctuations which 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:

- the number of holidays in a quarter, particularly the day of the week on which they occur, over which we have no control;
- the amount and timing of operating costs and capital expenditures relating to management and expansion of our business; and
- the timing of acquisitions and related costs, such as compensation charges which fluctuate based on the market price of our common stock.

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

We may be subject to 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.

Risks Related to this Offering

Our securities have no prior market and our stock price is likely to be volatile, which could result in substantial losses for investors purchasing shares in this offering.

Before this offering, there was no public market for our common stock. A consistent public market for our common stock may not develop or be sustained after this offering. Fluctuations in the market price of our common stock could occur in response to factors such as:

- loss of a significant client or group of clients;
- changes in market valuations of professional services companies;
- improvements in the outsourcing of professionals by our competitors; and
- the introduction of new competitors in the market for outsourced professionals.

In addition to these specific factors, companies listed on The Nasdaq Stock Market's National Market have recently experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies listed on these markets. Our common stock will be listed on The Nasdaq Stock Market's National Market after this offering and will therefore be subject to this volatility. The volatility of the market may materially adversely affect the market price of our common stock, regardless of our actual operating performance.

Shares you purchase in this offering will be immediately and substantially diluted and may be further diluted in the future.

The initial public offering price is substantially higher than the net tangible book value of our common stock. As a result, if you purchase shares in this offering, your ownership interest will be immediately and substantially diluted. The dilution is expected to be $11.17 per share. If outstanding options to purchase shares of common stock are exercised, you will be further diluted. If additional capital is raised through the issuance of equity securities, you will experience further dilution. As a result of these dilutions, in the event of a liquidation, you may receive significantly less than the purchase price that you paid for your shares. In addition, any new equity securities may have rights, preferences or privileges senior to those of your shares.

Potential sales of shares eligible for future sale after this offering could cause our stock price to decline.

If our stockholders sell substantial amounts of our common stock, including shares issued upon the exercise of outstanding options, in the public market following this offering, the market price of our common stock could fall. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. The shares sold in this offering will be freely tradable immediately upon completion of this offering. In addition, on the 181st day after completion of this offering, approximately 6,561,441 shares of our common stock held by Evercore Partners L.L.C. and approximately 4,300,879 shares of our common stock held by other existing stockholders will be freely tradable, subject in some instances to the volume and other limitations of Rule 144. Additionally, of the 2,082,500 shares of common stock that may be issued upon the exercise of options outstanding as of October 13, 2000, 417,375 shares of common stock will be vested and eligible for sale 180 days after the date of this prospectus. Sales of these shares and other shares of common stock held by existing stockholders could cause the market price of our common stock to decline. For a further description of the eligibility of shares for sale into the public market following the offering, see "Shares Eligible for Future Sale."

Our existing stockholders will continue to control us after this offering, and they may make decisions with which you disagree.

Upon consummation of this offering, Evercore Partners L.L.C., and certain of its affiliates, will own approximately 31.81% of the outstanding shares of common stock, or 27.63% if the underwriters' over-allotment option is exercised in full, and our executive officers, directors and principal stockholders, including Evercore Partners Inc. and certain of its affiliates, will own approximately 45.5% of the outstanding shares of common stock, or 41.32% if the underwriters' over-allotment option is exercised in full. As a result, Evercore Partners Inc. and/or these other stockholders will be able to control us and direct our affairs, including the election of directors and approval of significant corporate transactions. This concentration of ownership also may delay, defer or even prevent a change in control of our company, and make some transactions more difficult or impossible without the support of these stockholders. These transactions might include proxy contests, tender offers, mergers or other purchases of common stock that could give you the opportunity to realize a premium over the then-prevailing market price for shares of our common stock.

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

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

- authorize our board of directors to establish one or more series of undesignated preferred stock, the terms of which can be determined by the board of directors at the time of issuance;

- divide our board of directors into three classes of directors, with each class serving a staggered three-year term. Because the classification of the board of directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may make it difficult to change the composition of the board of directors;

- prohibit cumulative voting in the election of directors which, if not prohibited, could allow a minority stockholder holding a sufficient percentage of a class of shares to ensure the election of one or more directors;

- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;

- state that special meetings of our stockholders may be called only by the chairman of the board of directors, our chief executive officer, by the board of directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10% of our outstanding voting stock;

- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;

- provide that certain provisions of our certificate of incorporation can be amended only by supermajority vote of the outstanding shares, and that our bylaws can be amended only by supermajority vote of the outstanding shares or our board of directors;

- allow our directors, not our stockholders, to fill vacancies on our board of directors; and

- provide that the authorized number of directors may be changed only by resolution of the board of directors.

Management's use of the net proceeds from this offering may not increase our operating results or market value.

Management plans to use approximately $38.2 million of our net proceeds from this offering to satisfy the senior and subordinated debt obligations of the company which were outstanding as of September 30, 2000. The remaining proceeds, approximately $21.1 million, will be used for working capital and to fund general corporate purposes. Consequently, our management will have broad discretion with respect to the application of these net proceeds, and you will not have the opportunity, as part of your investment in our common stock, to assess whether the proceeds are being used appropriately. The offering proceeds may be used for purposes that do not increase our operating results or market value. Pending application of the proceeds, they might be placed in investments that do not produce income or that lose value.

The selling stockholders will receive benefits from this offering which we will not share.

The selling stockholders will receive $18.1 million of net proceeds from this offering, excluding the underwriters' over-allotment option. We will not receive any of these proceeds. In addition, this offering will establish a public market for our common stock and provide increased liquidity to the selling stockholders for the shares they own after this offering.

We do not plan to pay dividends in the future.

We have not paid cash dividends in the past and do not plan to pay dividends in the foreseeable future. We currently intend to retain all earnings for the growth of our business.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under "Risk Factors," that may cause our, or our industry's, actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

This prospectus contains estimates made by independent parties relating to market size and growth. These estimates involve a number of assumptions and limitations. Projections, assumptions and estimates of our future performance and the future performance of our industry are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and elsewhere in this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of 5,000,000 shares of common stock, offered by us at an assumed initial public offering price of $13.00 per share, will be $59.3 million, after deducting the estimated underwriting discounts and commissions and estimated offering expenses. We will not receive any proceeds from the sale of shares by the selling stockholders.

We intend:

- to use approximately $11.9 million of the net proceeds to repay our senior debt obligations outstanding as of September 30, 2000, bearing interest, at our option, at the prime rate plus 2% and a Eurodollar-based rate plus 3% and having a maturity date of October 2003, pursuant to our existing credit agreement. As of September 30, 2000, the interest rate on our senior debt obligations (using our Eurodollar-based rate option) was 9.69%;

- to use approximately $26.3 million of the net proceeds to redeem the balance due on our subordinated notes as of September 30, 2000, bearing 12% interest per annum and having a maturity date of April 15, 2004.

After repayment of our outstanding debt, we currently have no specific plans for the remaining net proceeds from this offering. In general, we would use the funds for working capital and general corporate purposes, including expansion of sales and marketing activities, enhancement of our technology infrastructure, possible acquisitions and possible international expansion. We currently have no commitments or agreements to make any acquisitions and may not make any acquisitions in the future. We have not reserved or allocated the balance of the net proceeds for any specific transaction, and we cannot specify with certainty how we will use the balance of the net proceeds. The amounts and timing of these expenditures will vary significantly depending on a number of factors, including, but not limited to, the amount of cash generated by our operations. We may find it necessary or advisable to use portions of the balance of the net proceeds for other purposes, and we will have broad discretion in the application of the balance of the net proceeds. Pending these uses, we intend to invest the net proceeds in United States government securities and other short-term, investment-grade, interest-bearing instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" for additional information regarding our sources and uses of capital.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings to finance the growth and development of our business and do not anticipate paying any cash dividends in the foreseeable future. Our credit agreement currently prohibits us from declaring or paying any dividends or other distributions on any shares of our capital stock other than dividends payable solely in shares of capital or the stock of our subsidiaries. Any future determination to pay cash dividends 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.

CAPITALIZATION

The following table sets forth as of August 31, 2000 our capitalization on an actual basis and a pro forma as adjusted basis to reflect the sale of 5,000,000 shares of common stock in this offering at the initial public offering price of $13.00 per share, the conversion of all authorized shares of Class B Common Stock and the repayment of our bank debt and the redemption of our subordinated notes. You should read this information together with the "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes contained elsewhere in this prospectus.

	As of August 31, 2000	
	Actual	Pro Forma As Adjusted
	(in thousands)	
Debt (including current maturities):		
Senior Secured Credit Facility	$15,500	$ --
Subordinated Notes	26,019	--
Total Debt	41,519	--
Stockholders' equity:		
Preferred Stock, $0.01 par value, 5,000,000 shares authorized and no shares issued or outstanding, actual; 5,000,000 shares authorized and no shares issued and outstanding, pro forma as adjusted	--	--
Common Stock, $0.01 par value, 35,000,000 shares authorized and 15,630,000 shares issued and outstanding, actual; 35,000,000 shares authorized and 20,630,000 issued and outstanding, pro forma as adjusted	--	206
Common Stock, 25,000,000 shares designated and 15,485,260 shares issued and outstanding, actual; no shares designated, issued or outstanding, pro forma as adjusted	155	--
Class B Common Stock, 3,000,000 shares designated and 144,740 shares issued and outstanding, actual; no shares designated, issued or outstanding, pro forma as adjusted	1	--
Class C Common Stock, 7,000,000 shares designated and no shares issued and outstanding, actual; no shares designated, issued or outstanding, pro forma as adjusted	--	--
Additional paid-in capital	11,160	70,410
Deferred stock compensation	(1,375)	(1,375)
Accumulated other comprehensive loss	(31)	(31)
Retained earnings	9,562	9,562
Total stockholders' equity	19,472	78,772
Total capitalization	$60,991	$78,772

This table excludes the following shares:

- 2,090,000 shares of common stock issuable on the exercise of stock options outstanding as of August 31, 2000; and
- 2,950,000 additional shares of common stock reserved for future grant or issuance under the 1999 Long-Term Incentive Plan as of August 31, 2000.

DILUTION

Our net tangible book value at August 31, 2000 was $(21.5 million), or approximately $(1.37) per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding after giving effect to the conversion of all Class B Common Stock to Common Stock. Dilution in pro forma net tangible book value per share represents the difference between the amount per share paid by purchasers of shares of our common stock in this offering and the net tangible book value per share of our common stock immediately afterwards. After giving effect to our sale of 5,000,000 shares of common stock offered by this prospectus and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value at August 31, 2000 would have been approximately $37.8 million, or $1.83 per share. This represents an immediate increase in pro forma net tangible book value of $3.20 per share to existing stockholders and an immediate dilution in pro forma net tangible book value of $11.17 per share to new stockholders purchasing shares of common stock in this offering. The following table illustrates this per share dilution.

Assumed public offering price per share		$13.00
Net tangible book value per share as of August 31, 2000	$(1.37)	
Increase per share attributable to new stockholders	3.20	
Pro forma as adjusted net tangible book value per share after the offering		1.83
Dilution per share to new stockholders		$11.17

The following table summarizes the difference between the existing stockholders and new stockholders with respect to the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid. The information is presented as of August 31, 2000, and is based on an assumed initial public offering price of $13.00 per share, before deducting the underwriting discount and commissions and our estimated offering expenses.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	15,630,000	75.8%	$10,056,300	13.4%	$ 0.64
New stockholders	5,000,000	24.2	65,000,000	86.6	$13.00
Total	20,630,000	100.0%	$75,056,300	100.0%	

The foregoing discussion and tables assume no exercise of options to purchase 2,090,000 shares of common stock, at a weighted average exercise price of $4.10 per share outstanding as of August 31, 2000 and does not include 2,950,000 additional shares of common stock reserved for issuance under the 1999 Long-Term Incentive Plan. If any of these options are exercised, the new stockholders will be further diluted. For more information about these options, see "Management--1999 Long-Term Incentive Plan," "Description of Capital Stock" and Notes 10 and 14 to Resources Connection, Inc. Notes to Consolidated Financial Statements.

SELECTED HISTORICAL CONSOLIDATED 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 F-1 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing on page 19. The statement of income data for the year ended May 31, 1997, and the consolidated balance sheet data at May 31, 1997 were derived from the unaudited financial statements of Resources Connection LLC and are not included in this prospectus. The statements of income data for the year ended May 31, 1998, and the period from June 1, 1998 to March 31, 1999, and the balance sheet data at May 31, 1998 were derived from the financial statements of Resources Connection LLC that have been audited by PricewaterhouseCoopers LLP, independent accountants, and, with respect to the statement of income data, are included elsewhere in this prospectus. The consolidated statements of income data for the period from November 16, 1998 to May 31, 1999, and the year ended May 31, 2000, and the consolidated balance sheet data at May 31, 1999 and 2000 were derived from our consolidated financial statements that have been audited by PricewaterhouseCoopers LLP and are included elsewhere in this prospectus. The selected consolidated financial and operating data as of and for the three months ended August 31, 1999 and 2000 have been derived from our unaudited consolidated financial statements which, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) necessary to present fairly, in accordance with accounting principles generally accepted in the United States, the information for those periods. Historical results are not necessarily indicative of results that may be expected for any future periods.

	Resources Connection LLC			Resources Connection, Inc.			
						Three Months Ended August 31,	
	Year Ended May 31, 1997	Year Ended May 31, 1998	Period from June 1, 1998 to March 31, 1999	Period from November 16, 1998 to May 31, 1999	Year Ended May 31, 2000	1999	2000
	(unaudited)					(unaudited)	
	(dollar amounts in thousands, except per share data)						
Consolidated Statements of Income Data:							
Revenue	$9,331	$29,508	$55,438	$15,384	$126,332	$25,533	$39,155
Direct cost of services	5,367	16,671	31,253	8,618	73,541	14,491	22,749
Gross profit	3,964	12,837	24,185	6,766	52,791	11,042	16,406
Selling, general and administrative expenses	3,086	9,035	17,071	4,274	34,649	6,814	10,720
Amortization of intangible assets	--	--	--	371	2,231	510	578
Depreciation expense	9	79	118	30	284	52	192
Income from operations	869	3,723	6,996	2,091	15,627	3,666	4,916
Interest expense	--	--	--	734	4,717	1,155	1,209
Income before provision for income taxes	869	3,723	6,996	1,357	10,910	2,511	3,707
Provision for income taxes	--	--	--	565	4,364	1,004	1,483
Net income	$ 869	$ 3,723	$ 6,996	$ 792	$ 6,546	$ 1,507	$ 2,224
Pro Forma Data(1):							
Income before provision for income taxes	$ 869	$ 3,723	$ 6,996				
Pro forma provision for income taxes	348	1,489	2,798				
Pro forma net income	$ 521	$ 2,234	$ 4,198				
Net income per share:							
Basic				$ 0.09	$ 0.42	$ 0.10	$ 0.14
Diluted				$ 0.09	$ 0.42	$ 0.10	$ 0.13
Number of shares used in computing net income per share:							
Basic				8,691	15,630	15,630	15,630
Diluted				8,691	15,714	15,630	16,819
Supplemental Pro Forma Data(2):							
Supplemental pro forma net income					$ 9,376		$ 2,950

Supplemental pro forma net income per share:							
Basic					$ 0.50		$ 0.16
Diluted					$ 0.50		$ 0.15
Supplemental pro forma weighted average shares outstanding:							
Basic					18,843		18,824
Diluted					18,927		20,013
Other Data:							
Number of offices open at end of period	9	18	27	28	35	31	38
Total number of associates on assignment at end of period	127	326	675	697	1,056	757	1,065

	Resources Connection LLC		Resources Connection, Inc.		
	May 31,		May 31,		August 31,
	1997	1998	1999	2000	2000
	(unaudited)				(unaudited)
Consolidated Balance Sheet Data:					
Cash and cash equivalents.........	$ --	$ 3,168	$ 876	$ 4,490	$ 5,724
Working capital...................	1,133	4,504	7,150	7,664	9,723
Total assets......................	1,409	7,976	58,954	70,106	71,973
Long-term debt, including current portion..........................	--	--	42,531	41,771	41,519
Stockholders' equity..............	1,205	4,928	10,610	17,185	19,473

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(1) As a limited liability company, income taxes on any income realized by Resources Connection LLC were the obligation of its members and, accordingly, no provision for income taxes was recorded by Resources Connection LLC. Pro forma net income has been computed for periods through May 31, 1999, as if Resources Connection LLC had been fully subject to federal and state income taxes as a C corporation.

(2) Reflects the pro forma sale of 3,213,135 shares as of May 31, 2000 and 3,193,770 shares as of August 31, 2000 of our common stock at the initial public offering price of $13.00 per share. Such shares solely represent the amounts necessary to pay down our senior debt obligations, revolving line of credit and subordinated notes, which indebtedness amounted to $41.8 million at May 31, 2000 and $41.5 million at August 31, 2000. Supplemental pro forma net income reflects the pro forma elimination of interest expense related to this debt, net of federal and state corporate-level income taxes, equal to $2.8 million as of May 31, 2000 and $726,000 as of August 31, 2000.

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 "Risk Factors" starting on page 6 and elsewhere in this prospectus.

Overview

Resources Connection is a professional services firm that provides experienced accounting and finance, human resources management and information technology professionals to clients on a project-by-project basis. We assist our clients with discrete projects requiring specialized professional expertise in accounting and finance, such as mergers and acquisitions due diligence, financial analyses (e.g., product costing and margin analyses) and tax-related projects. In addition, we provide human resources management services, such as compensation program design and implementation, and information technology services, such as transitions of management information systems. We also assist our clients with periodic needs such as budgeting and forecasting, audit preparation and public reporting.

We began operations in June 1996 as a division of Deloitte & Touche and operated as a wholly-owned subsidiary of Deloitte & Touche from January 1997 until April 1999. In November 1998, our management formed RC Transaction Corp., renamed Resources Connection, Inc., to raise capital for an intended management-led buyout. In April 1999, we completed a management-led buyout in partnership with our investor Evercore Partners, Inc., four of its affiliates and six other investors. In connection with the buyout, we entered into a transition services agreement with Deloitte & Touche, whereby Deloitte & Touche agreed to provide certain services to us at negotiated rates during the period that we maintained our offices within their locations. We have completed the transition of all of our offices previously located in Deloitte & Touche space. The financial statements of Resources Connection LLC for the period from June 1, 1998 to March 31, 1999, and financial statements of Resources Connection, Inc. for all periods thereafter, include charges for services supplied by Deloitte & Touche. Although these transition services were negotiated at arms length, the charges for these services may not necessarily be indicative of rates available from third parties. Our management has been unable to determine the availability and the cost of similar services had they been provided by third parties.

Growth in revenue, to date, has generally been the result of establishing offices in major markets throughout the United States. We established nine offices during fiscal 1997, our initial fiscal year, all in the Western United States. In fiscal 1998, we established nine additional offices, which extended our geographic reach to the Midwest and Eastern United States. For the year ended May 31, 1999, we opened ten more offices and established a new service line in information technology. In fiscal 2000, we established four more domestic offices, established a new service line in human resources management and also began operations in Toronto, Canada; Taipei, Taiwan; and Hong Kong, People's Republic of China. Our new service lines were introduced in a limited number of our offices. To date in fiscal 2001, we have established six domestic offices. As a result, we currently serve our clients through 38 offices in the United States and three offices abroad.

We earn revenue primarily by charging our corporate clients on an hourly basis for the professional services of our associates. We recognize revenue once services have been rendered and invoice 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 an associate onto its permanent payroll. This type of contractually non-refundable revenue is recognized at the time our client completes the hiring process and represented less than 4% of our revenue in each of fiscal 1998, the period from June 1, 1998 to March 31, 1999, the period from April 1, 1999 to May 31, 1999 and fiscal 2000. 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 associates 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 our associates on an hourly basis for all hours worked on client engagements and therefore, direct cost of services tend to vary directly with the volume of revenue we earn. We expense the benefits we pay to our associates as they are earned. These benefits include paid vacation and holidays; referral bonus programs; group health, dental and life insurance programs; a matching 401(k) retirement plan; 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 associated costs. Typically, an associate 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 national and local management as well as general and administrative, marketing and recruiting costs. Our sales and marketing efforts are led by our management team who are paid a salary and earn bonuses based on certain operating results for our company and in their geographic market.

Results of Operations

The following tables set forth, for the periods indicated, our consolidated statements of income data. These historical results are not necessarily indicative of future results.

	Resources Connection LLC		Resources Connection, Inc.			
	Year Ended May 31, 1998	Period from June 1, 1998 to March 31, 1999	Period from November 16, 1998 to May 31, 1999	Year Ended May 31, 2000	Three Months Ended August 31, 1999	Three Months Ended August 31, 2000
	(amounts in thousands)				(unaudited)	
Revenue	$29,508	$55,438	$15,384	$126,332	$ 25,533	$39,155
Direct cost of services	16,671	31,253	8,618	73,541	14,491	22,749
Gross profit	12,837	24,185	6,766	52,791	11,042	16,406
Selling, general and administrative expenses	9,035	17,071	4,274	34,649	6,814	10,720
Amortization of intangible assets	--	--	371	2,231	510	578
Depreciation expense	79	118	30	284	52	192
Income from operations	3,723	6,996	2,091	15,627	3,666	4,916
Interest expense	--	--	734	4,717	1,155	1,209
Income before provision for income taxes	3,723	6,996	1,357	10,910	2,511	3,707
Provision for income taxes(1)	--	--	565	4,364	1,004	1,483
Net income(1)	$ 3,723	$ 6,996	$ 792	$ 6,546	$ 1,507	$ 2,224

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

	Resources Connection LLC		Resources Connection, Inc.			
	Year Ended May 31, 1998	Period from June 1, 1998 to March 31, 1999	Period from November 16, 1998 to May 31, 1999	Year Ended May 31, 2000	Three Months Ended August 31, 1999	Three Months Ended August 31, 2000
					(unaudited)	
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Direct cost of services	56.6	56.4	56.0	58.2	56.8	58.1
Gross profit	43.4	43.6	44.0	41.8	43.2	41.9
Selling, general and administrative expenses	30.5	30.8	27.8	27.4	26.7	27.4
Amortization of intangible assets	--	--	2.4	1.8	2.0	1.5
Depreciation expense	0.3	0.2	0.2	0.2	0.2	0.5
Income from operations	12.6	12.6	13.6	12.4	14.4	12.6
Interest expense	--	--	4.8	3.7	4.5	3.1

Income before provision for income taxes.......	12.6	12.6	8.8	8.7	9.8	9.5
Provision for income taxes(1)...............	--	--	3.7	3.5	3.9	3.8
Net income(1)..........	12.6%	12.6%	5.1%	5.2%	5.9%	5.7%

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(1) As a limited liability company, income taxes on any income realized by Resources Connection LLC were the obligation of its members and, accordingly, no provision for income taxes was recorded by Resources Connection LLC.

Three Months Ended August 31, 2000 compared to Three Months Ended August 31, 1999

Revenue. Revenue increased $13.7 million, or 53.7%, to $39.2 million for the three months ended August 31, 2000 from $25.5 million for the three months ended August 31, 1999. The increase in total revenue was primarily due to the growth in total billable hours resulting from an increase in the number of associates on assignment from 757 at the end of the first quarter of fiscal 2000 to 1,065 at the end of the first quarter of fiscal 2001 and a 10% increase in the average billing rate per hour. Substantially all of the increase in revenue is attributable to the increase in the number of associates. During the first quarter of fiscal 2001, we opened three new offices.

Direct Cost of Services. Direct cost of services increased $8.2 million, or 56.6%, to $22.7 million for the three months ended August 31, 2000 from $14.5 million for the three months ended August 31, 1999. This increase was the result of the growth in the number of associates on assignment from 757 at the end of the first quarter of fiscal 1999 to 1,065 at the end of the first quarter of fiscal 1999 and an increase of 6.7% in the average pay rate per hour. Substantially all of the increase in direct cost of services is attributable to the increase in the number of associates. The direct cost of services increased as a percentage of revenue from 56.8% for the three months ended August 31, 1999 to 58.1% for the three months ended August 31, 2000. This increase reflects the impact of our enriched benefit programs for associates.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $3.9 million, or 57.4%, to $10.7 million for the three months ended August 31, 2000 from $6.8 million for the three months ended August 31, 1999. This increase was attributable to the increase in the cost of operating and staffing the three new offices opened in the first quarter of fiscal 2001 and the growth at offices opened prior to fiscal 2001. Management and administrative headcount increased from 180 at the end of the first quarter of fiscal 2000 to 242 at the end of the first quarter of fiscal 2001. Selling, general and administrative expenses increased as a percentage of revenue from 26.7% for the three months ended August 31, 1999 to 27.4% for the three months ended August 31, 2000. This percentage increase results primarily from an increase in occupancy costs related to the continuing growth in the total square footage of our offices.

Amortization and Depreciation Expense. Amortization of intangible assets increased from $510,000 for the three months ended August 31, 1999 to $578,000 for the three months ended August 31, 2000. The increase in amortizations between the two periods reflects the slightly higher balance of intangible assets as of August 31, 2000.

Depreciation expense increased from $52,000 for the three months ended August 31, 1999 to $192,000 for the three months ended August 31, 2000. This increase reflects the impact of the completed moves out of Deloitte & Touche office space into our own space year over year, continuing growth in our number of offices and our investment in information technology.

Interest Expense. Interest expense increased from $1,155,000 for the three months ended August 31, 1999 to $1,209,000 for the three months ended August 31, 2000. This increase reflects an increase in the average interest rate incurred on the term loan from 8.27% for the three months ended August 31, 1999 to 9.8% for the three months ended August 31, 2000 and a higher balance due on the subordinated debt, offset by lower interest due after payments on the term loan. Between August 31, 1999 and August 31, 2000, the term loan was reduced from $17.6 million to $15.5 million, while the subordinated debt increased from $23.1 million to $26.0 million as we deferred interest payments due on the subordinated debt.

Income Taxes. The provision for income taxes increased from $1.0 million for the three months ended August 31, 1999 to $1.5 million for the three months ended August 31, 2000. The effective tax rate was 40.0% for both quarters, which differs from the federal statutory rate primarily due to state taxes, net of federal benefit. No adjustment is anticipated in the rate in the near future.

Year Ended May 31, 2000 compared to the Period from November 16, 1998 to May 31, 1999

Revenue. Revenue increased $110.9 million or 720.1% to $126.3 million for the year ended May 31, 2000 from $15.4 million for the period from November 16, 1998 to May 31, 1999. The increase in total revenue was the result of the comparison of a full year of operations in fiscal 2000, compared to only two months of operations following the acquisition on April 1, 1999. Prior to April 1, 1999, Resources Connection, Inc. had no substantial operations.

Direct Cost of Services. Direct cost of services increased $64.9 million or 754.7% to $73.5 million for the year ended May 31, 2000 from $8.6 million for the period from November 16, 1998 to May 31, 1999. The increase in direct cost of services was primarily the result of the comparison of a full year of operations compared to only two months of operations following the acquisition. The direct cost of services increased as a percentage of revenue from 56.0% for the period from November 16, 1998 to May 31, 1999 to 58.2% for the year ended May 31, 2000. During the year ended May 31, 2000, we enriched our benefit programs for associates and more associates qualified for benefits.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $30.3 million or 704.7% to $34.6 million for the year ended May 31, 2000 from $4.3 million for the period from November 16, 1998 to May 31, 1999. The increase in selling, general and administrative expenses was primarily the result of the comparison of a full year of operations compared to only two months of operations following the acquisition and partially the result of an increase in number of offices from 28 at May 31, 1999 to 35 at May 31, 2000. Selling, general and administrative expenses decreased as a percentage of revenue from 27.8% for the period from November 16, 1998 to May 31, 1999 to 27.4% for the year ended May 31, 2000 due to these expenses being spread over a larger revenue base.

Amortization and Depreciation Expenses. Amortization of intangible assets increased from $371,000 for the period from November 16, 1998 to May 31, 1999 to $2.2 million for the year ended May 31, 2000. The increase was related to our acquisition of Resources Connection LLC. Results for the year ended May 31, 2000 reflect a full year of amortization expense compared with only two months subsequent to the acquisition in the period from November 16, 1998 to May 31, 1999.

Depreciation expense increased from $30,000 for the period from November 16, 1998 to May 31, 1999 to $284,000 for the year ended May 31, 2000. The increase in depreciation expense was primarily the result of the comparison of a full year of operations compared to only two months of operations in the period from November 16, 1998 to May 31, 1999.

Interest Expense. Interest expense increased from $734,000 for the period from November 16, 1998 to May 31, 1999 to $4.7 million for the year ended May 31, 2000, related primarily to debt incurred in connection with the acquisition of Resources Connection LLC. From May 31, 1999 to May 31, 2000, the term loan portion of the acquisition debt was reduced from $18.0 million to $16.5 million. The balance due on the subordinated notes increased from $22.4 million as of May 31, 1999 to $25.3 million as of May 31, 2000 as we deferred interest payments due on the subordinated debt. The outstanding balance due on the revolver as of May 31, 1999 of $2.1 million was repaid during the first quarter of fiscal 2000; the revolver has not been utilized since January 2000.

Income Taxes. The provision for income taxes increased from $565,000 for the period from November 16, 1998 to May 31, 1999 to $4.4 million for the year ended May 31, 2000. The effective tax rate decreased from 41.6% for the period from November 16, 1998 to May 31, 1999 to 40.0% for the year ended May 31, 2000. Our effective rate differs from the federal statutory rate primarily due to state taxes, net of federal benefit.

Fiscal 2000 compared to Pro Forma Fiscal 1999 (Revenue and Direct Cost of Services)

The following paragraphs compare the revenue and direct cost of services of Resources Connection, Inc. for fiscal 2000 to the pro forma revenue and direct cost of service for Resources Connection, Inc. for the period from November 1, 1998 to May 31, 1999 as if our acquisition of Resources Connection LLC had occurred on June 1, 1998.

Pro Forma Revenue. Revenue increased $55.5 million, or 78.4%, to $126.3 million in fiscal 2000 from $70.8 million in pro forma fiscal 1999. The increase in total revenues was primarily due to the growth in the total billable hours resulting from the increase in the number of associates on assignment from 697 at the end of pro forma fiscal 1999 to 1,056 at the end of fiscal 2000 and an increase of 6.3% in the average billing rate per hour. Substantially all of the increase in revenues is attributable to the increase in the number of associates. During fiscal 2000, we opened seven new offices, introduced our human resources management service line to certain existing markets and expanded our recently introduced information technology service line in existing market places. These new offices and our new service line contributed $5.1 million to revenues during the year or 9.2% of our increase in revenue. Offices opened as of the beginning of pro forma fiscal 1999 had an annual average revenue growth rate of 64.7%.

Pro Forma Direct Cost of Services. Direct cost of services increased $33.7 million, or 84.5%, to $73.5 million in fiscal 2000 from $39.9 million in pro forma fiscal 1999. This increase was the result of the growth in the number of associates on assignment from 697 at the end of pro forma fiscal 1999 to 1,056 at the end of fiscal 2000 and an increase of 5.7% in the average pay rate per hour. Substantially all of the increase in direct cost of services is attributable to the increase in the number of associates. In addition, we enriched certain of our benefit programs for associates during fiscal 2000 and more of our associates qualified for benefits. The direct cost of services as a percentage of revenue in fiscal 2000 was 58.2% as compared to 56.4% in pro forma fiscal 1999, reflecting primarily the impact of these enriched benefit programs.

Period from June 1, 1998 to March 31, 1999 compared to Year Ended May 31, 1998

Revenue. Revenue increased $25.9 million, or 87.8%, to $55.4 million for the period from June 1, 1998 to March 31, 1999 from $29.5 million for the year ended May 31, 1998. Although there were only 10 months in the period from June 1, 1998 to March 31, 1999 compared to 12 months for fiscal 1998, revenues increased primarily due to the growth in total billable hours resulting from the increase in the number of associates on assignment from 327 as of May 31, 1998 to 675 as of March 31, 1999.

Direct Cost of Services. Direct cost of services increased $14.6 million, or 87.4%, to $31.3 million for the period from June 1, 1998 to March 31, 1999 from $16.7 million for the year ended May 31, 1998. Although there were only 10 months in the period from June 1, 1998 to March 31, 1999 compared to 12 months for the year ended May 31, 1998, direct cost of services increased primarily due to the growth in the number of associates on assignment from 327 as of May 31, 1998 to 675 as of March 31, 1999. The direct cost of services as a percentage of revenue for the period from June 1, 1998 to March 31, 1999 was 56.4% compared to 56.5% for fiscal 1998.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $8.1 million, or 90.0%, to $17.1 million for the period from June 1, 1998 to March 31, 1999 from $9.0 million for the year ended May 31, 1998. The primary reason for the increase between the two periods was the addition of 9 offices during the period from June 1, 1998 to March 31, 1999 as well as growth in the existing offices. Selling, general and administrative expenses increased slightly as a percentage of revenue from 30.6% for fiscal 1998 to 30.8% for the period from June 1, 1998 to March 31, 1999.

Depreciation Expense. Depreciation expense increased from $79,000 for the year ended May 31, 1998 to $118,000 for the period from June 1, 1998 to March 31, 1999. The increase in depreciation expense was primarily the result of depreciation on assets purchased for the new offices opened during the period ended March 31, 1999 as well as equipment purchased for existing offices.

Quarterly Results

The following table sets forth our unaudited quarterly consolidated statements of income data for each of the eight quarters in the two-year period ended August 31, 2000. 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 prospectus, and reflect and include 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 prospectus. The operating results are not necessarily indicative of the results to be expected in any future period.

	Resources Connection LLC			Resources Connection, Inc.					
	Quarter Ended		Period from March 1, 1999 to	Period from April 1 1999 to	Quarter Ended				
	Nov. 30, 1998	Feb. 28, 1999	March 31, 1999	May 31, 1999	Aug. 31, 1999	Nov. 30, 1999	Feb. 29, 2000	May 31, 2000	Aug. 31, 2000
	(in thousands)								
Consolidated Statements of Income Data:									
Revenue	$15,354	$19,766	$8,634	$15,384	$25,533	$28,581	$33,384	$38,834	$39,155
Direct cost of services	8,608	11,369	4,801	8,618	14,491	16,626	19,765	22,659	22,749
Gross profit	6,746	8,397	3,833	6,766	11,042	11,955	13,619	16,175	16,406
Selling, general and administrative expenses	4,963	6,031	2,385	4,274	6,813	8,050	9,365	10,421	10,720
Amortization of intangible assets	--	--	--	371	511	577	572	571	578
Depreciation expense	33	39	13	30	51	49	31	153	192
Income from operations	1,750	2,327	1,435	2,091	3,667	3,279	3,651	5,030	4,916
Interest expense	--	--	--	734	1,154	1,186	1,199	1,178	1,209
Income before provision for income taxes	1,750	2,327	1,435	1,357	2,513	2,093	2,452	3,852	3,707
Provision for income taxes(1)	700	931	573	565	1,006	835	981	1,542	1,483
Net income(1)	$ 1,050	$ 1,396	$ 862	$ 792	$ 1,507	$ 1,258	$ 1,471	$ 2,310	$ 2,224

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(1) As a limited liability company, income taxes on any income realized by Resources Connection LLC were the obligation of its members and, accordingly, no provision for income taxes was recorded by Resources Connection. Pro forma net income has been computed for periods through March 31, 1999, as if Resources Connection LLC had been fully subject to federal and state income taxes as a C corporation.

Our quarterly results have fluctuated in the past and we believe they will continue to do so in the future. 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;
- the entry of new competitors into any of our markets;
- the number of holidays in a quarter, particularly the day of the week on which they occur;
- changes in the pricing of our professional services or those of our competitors;
- the amount and timing of operating costs and capital expenditures relating to management and expansion of our business; and

- the timing of acquisitions and related costs, such as compensation charges which fluctuate based on the market price of our common stock.

Due to these and other factors, we believe that quarter-to-quarter comparisons of our results of operations are not meaningful indicators of future performance.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by our operations and, to the extent necessary, available commitments under our revolving line of credit. Deloitte & Touche provided operating capital and accounts receivable financing through March 1999; however, by the end of fiscal 1997, we generated positive cash flows from operations, and we continued to do so in fiscal years 1998, 1999 and 2000.

In April 1999, in connection with the acquisition of Resources Connection LLC, we entered into a $28.0 million credit agreement with Bankers Trust Company, now Deutsche Bank Securities Inc., U.S. Bank National Association and BankBoston, N.A., which provides for an $18.0 million term loan facility and a $10.0 million revolving credit facility. Principal payments on the term loan are due quarterly and the credit agreement expires on October 1, 2003. At the end of fiscal 2000, the amount outstanding on the term loan was $16.5 million and we had no outstanding borrowings under the revolving credit facility. Borrowings under the credit agreement are secured by all of our assets. Our interest rate options under our credit agreement are prime rate plus 2% and a Eurodollar-based rate plus 3%. At the end of fiscal 2000, the term loan bore interest at 9.69%. Interest is payable on both the term loan and revolving credit facility at various intervals no less frequent than quarterly. Under the terms of the credit agreement, the term loan must be repaid upon consummation of this offering.

In April 1999, we issued $22.0 million in 12% subordinated promissory notes to certain investors. The notes are subordinate to our bank facilities. Interest accrues on the notes at 12% and is payable on a quarterly basis; however, we may elect and have elected to defer payment of the interest and to add the balance due to the outstanding principal balance. All principal, including accrued interest, is due on April 15, 2004. At the end of fiscal 2000, the outstanding balance was $25.3 million.

Net cash provided by operating activities totaled $10.5 million in fiscal 2000, $3.0 million in fiscal 1999 on a pro forma combined basis (including $5.0 million in cash acquired in connection with our acquisition of Resources Connection LLC) and $3.6 million in fiscal 1998. Cash provided by operations resulted primarily from the net earnings of the company partially offset by growth in working capital.

Net cash used in investing activities totaled $3.3 million in fiscal 2000, $51.1 million in fiscal 1999 and $431,000 in fiscal 1998. Other than in fiscal 1999, when we used cash to purchase Resources Connection LLC, cash used in investing activities was a result of purchases of property and equipment.

Net cash used in financing activities totaled $3.6 million in fiscal 2000 and net cash generated by financing activities totaled $50.8 million in fiscal 1999. We had no financing activities in fiscal 1998. Net cash generated from financing activities in fiscal 1999 resulted from the issuance of common stock, the issuance of subordinated debt and proceeds from bank debt associated with the purchase of Resources Connection LLC and the resultant financing of the ongoing operations of our company thereafter. Cash used in financing activities during fiscal 2000 resulted from the repayment of our term debt and the net decrease in borrowings under our revolving line of credit.

Our ongoing operations and anticipated growth in the geographic markets we serve will require us to continue making investments in capital equipment, primarily technology hardware and software. In addition, we may consider making certain strategic acquisitions. We anticipate that our current cash, existing availability under our revolving line of credit and the ongoing cash flows from our operations will be adequate to meet our working capital and capital expenditure needs for at least the next 12 months. Our longer term plans for

expanding our business anticipate that these sources of liquidity will be sufficient for the foreseeable future. If we require additional capital resources in addition to the proceeds from this offering to grow our business, either internally or through acquisition, we may seek to sell additional equity securities or to secure additional debt financing. The sale of additional equity securities or the addition of new debt financing could result in additional dilution to our stockholders. We may not be able to obtain financing arrangements in amounts or on terms acceptable to us in the future. In the event we are unable to obtain additional financing when needed, we may be compelled to delay or curtail our plans to develop our business which could have a material adverse affect on our operations, market position and competitiveness.

Qualitative and Quantitative Disclosure About Market Risk

Interest Rate Risk. At the end of fiscal 2000, we had $4.5 million of cash and highly liquid short-term investments. These investments are subject to changes in interest rates, and to the extent interest rates were to decline, it would reduce our interest income. At the end of fiscal 2000, we had outstanding term debt totaling $16.5 million. We can select to accrue interest based on an index tied to the prime rate, or the Eurodollar, or a combination thereof. We have entered into an interest rate swap with a credit-worthy counterparty to fix the interest rate on $12.6 million of our term debt at 8.96%, but the remaining balance is subject to interest rate risk based on fluctuations in the base rate for our loan. A 100 basis point increase in interest rates, approximately 10% of our end of year interest rate on debt, affecting our financial instruments would have an immaterial effect on our results of operations, financial position or cash flows.

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

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board, or FASB, issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," which was later amended by SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 133 established standards for the accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. The statement generally requires recognition of gains and losses on hedging instruments, based on changes in fair value or the earnings effect of a forecasted transaction. SFAS No. 133, as amended by SFAS No. 137, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Management does not believe that SFAS No. 133 or SFAS No. 137 will have a material impact on the consolidated financial statements of the company.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 (SAB 101) entitled "Revenue Recognition," which outlines the basic criteria that must be met to recognize revenue and provides guidance for the presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the SEC. The implementation date of SAB 101 has been deferred until no later than the fourth quarter of fiscal years beginning after December 31, 1999. Management believes that SAB 101 will not have a material impact on our financial position or results of operations.

In March 2000, the FASB issued Interpretation No. 44, or FIN 44, entitled "Accounting for Certain Transactions Involving Stock Compensation," which is an interpretation of Accounting Principles Board No. 25, or APB 25. This interpretation clarifies:

- the definition of an employee for purposes of applying APB 25;

- the criteria for determining whether a plan qualifies as a noncompensatory plan;

- the accounting consequences of various modifications to the terms of a previously fixed stock option or award; and

- the accounting for an exchange of stock compensation awards in a business combination.

This interpretation is effective July 1, 2000. We believe that the adoption of FIN 44 will not have a material impact on our financial position or results of operations.

BUSINESS

Overview

Resources Connection is a professional services firm that provides experienced accounting and finance, human resources management and information technology professionals to clients on a project-by-project basis. We assist our clients with discrete projects requiring specialized professional expertise in accounting and finance, such as mergers and acquisitions due diligence, financial analyses (e.g., product costing and margin analyses) and tax-related projects. In addition, we provide human resources management services, such as compensation program design and implementation, and information technology services, such as transitions of management information systems. We also assist our clients with periodic needs such as budgeting and forecasting, audit preparation and public reporting.

We were founded in June 1996 by a team at Deloitte & Touche, led by our current chief executive officer, Donald B. Murray, who was then a senior partner with Deloitte & Touche. Our other founding members include our current chief financial officer, Stephen J. Giusto, then also a partner, Karen M. Ferguson, the current managing director of our New York area practice, and David L. Schnitt, our former national director of information technology services. Our founders created Resources Connection to capitalize on the increasing demand for high-quality, outsourced professional services. We operated as a division of Deloitte & Touche from our inception in June 1996 until January 1997. From January 1997 until April 1999, we operated as an independent subsidiary of Deloitte & Touche. During these periods due to regulatory constraints applicable to us as part of a Big Five accounting firm, we were unable to provide certain accounting services to audit clients of Deloitte & Touche. In April 1999, we completed a management-led buyout. Subsequent to the management-led buyout, we were able to expand the scope of services we provide to our clients.

Our business model combines the client service orientation and commitment to quality of a Big Five accounting firm with the entrepreneurial culture of an innovative, high-growth company. We are positioned to take advantage of what we believe are two converging trends in the outsourced professional services industry: increasing demand for outsourced professional services by corporate clients, and increasing supply of professionals interested in working on an outsourced basis. We believe our business model allows us to offer challenging yet flexible career opportunities, attract highly qualified, experienced professionals and, in turn, attract clients.

As of August 26, 2000, we employed more than 1,050 professional service associates on assignment. Our associates, approximately 50% of whom are CPAs and approximately 28% of whom have MBAs, have an average of 18 years of professional experience. We offer our associates careers that combine the flexibility of project-based work with many of the advantages of working for a traditional professional services firm.

We established a growing and diverse client base of over 1,500 clients, ranging from large corporations to mid-sized companies to small entrepreneurial entities, in a broad range of industries. For example, our clients include 43 of the Fortune 100, which accounted for 9.0% of our revenues in fiscal 2000, and three of the Big Five accounting firms, which accounted for 4.1% of our revenues in fiscal 2000. We serve our clients through 38 offices in the United States and 3 offices abroad. We have grown revenues internally from $9.3 million in fiscal 1997 to $126.3 million in fiscal 2000, a three-year CAGR of 138% and our income from operations over the same period has increased from $869,000 to $15.6 million, a three-year CAGR of 162%. We have been profitable every year since our inception.

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. Virtually all of our senior management and office directors have Big Five experience and all of our management has an equity interest in our company. This team has created a culture of professionalism which we believe fosters in our associates a feeling of personal responsibility for, and pride in, client projects and enables us to deliver high-quality service to our clients.

Industry Background

Increasing Demand for Outsourced Professional Services

According to a study by Staffing Industry Analysts, Inc., the market for outsourcing of professionals, including information technology, accounting and finance, technical/engineering, medical and legal professionals, is large and growing, with revenues estimated to grow from $40.1 billion in 1999 to $65.6 billion in 2002, representing a CAGR of 17.8%. Accounting and finance professionals, according to the same study, represent one of the fastest growing segments of this market, with revenues estimated to grow from $7.2 billion in 1999 to $14.6 billion in 2002, representing a CAGR of 26.5%. We believe, based on our discussions with our clients, this growth is driven by the recognition that by outsourcing professionals, companies can:

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

Typically, companies use a variety of alternatives to fill their project-based professional services needs. Companies outsource entire projects to consulting firms, which provides 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 Five accounting firms; however, these arrangements are on an ad hoc basis and have been increasingly limited by regulatory concerns. Companies use temporary employees from traditional and Internet-based staffing firms, who may be less experienced or less qualified than employees of professional services firms. Finally, some companies rely solely on their own employees who may lack the requisite time, experience or skills.

Increasing Supply of Project Professionals

Concurrent with the growth in demand for outsourced professional services, we believe, based on our discussions with our associates, that the number of professionals seeking to work on a project basis has increased due to a desire for:

- more flexible hours and work arrangements while maintaining competitive wages and benefits and a professional culture;
- challenging engagements that advance their careers, develop their skills and add to their experience base; and
- a work environment providing a diversity of, and more control over, client engagements.

The employment alternatives historically available to professionals may fulfill some, but not all, of an individual's career objectives. A professional working for a Big Five accounting firm or a consulting firm may receive challenging assignments and training, but may encounter a career path with less flexible hours 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 Connection Solution

Resources Connection is positioned to capitalize on the confluence of these industry trends. We believe, based on our discussions with our clients, that Resources Connection provides clients seeking outsourced 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.

We believe that our ability to deliver the combination of these benefits to our clients differentiates us from our competitors.

Resources Connection Strategy

Our Business Strategy

We are dedicated to providing highly-qualified and experienced accounting and finance, human resources management and information technology professionals to meet our clients' project-based and interim professional services needs. Our objective is to be the leading provider of these outsourced professional services. We have developed the following business strategies to achieve this objective:

- Hire and retain highly-qualified, experienced associates. We believe our highly-qualified, experienced associates provide us with a distinct competitive advantage. Therefore, one of our priorities is to continue to attract and retain high-caliber associates. 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.

- Maintain our distinctive culture. Our corporate culture is central to our business strategy and we believe has been a significant component of our success. Our senior management, virtually all of whom are Big Five alumni, has created a culture that combines the commitment to quality and client service focus of a Big Five accounting firm with the entrepreneurial energy of an innovative, high-growth company. We seek associates and management with talent, integrity, enthusiasm and loyalty 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 associates and, in turn, attracting clients.

- Build consultative relationships with clients. We emphasize a relationship-oriented approach to business rather than a transaction- or assignment-oriented approach. We believe the professional services experience of our management and associates enables us to understand the needs of our clients and to deliver an integrated, relationship-oriented approach to meeting their professional services needs. We regularly meet with our existing and prospective clients to understand their businesses and help them define their project needs. Once a project is defined, we identify associates with the appropriate skills and experience to meet the client's needs. We believe that by partnering with our clients to solve their professional services needs, we can generate new opportunities to serve them. The strength of our client relationships is demonstrated by the fact that 46 of our top 50 clients in fiscal 1999 remained clients in fiscal 2000.

- Build the Resources Connection brand. Our objective is to establish Resources Connection 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 more than 1,050 associates on assignment and more than 150 management employees, most of whom have established relationships with a number of potential clients. In addition, we have ongoing national and local marketing efforts which reinforce the Resources Connection brand.

Our Growth Strategy

All of our growth since inception has been internal. We believe we have significant opportunity for continued strong internal growth in our core business and will evaluate potential strategic acquisitions on an opportunistic basis. Key elements of our growth strategy include:

- Expanding work from existing clients. A principal component of our strategy is to secure additional project work from the more than 1,500 clients we served in fiscal 2000. Prior to the management-led

buyout, we were unable to provide certain services to some of our clients due to regulatory constraints applicable to us as part of a Big Five accounting firm. Subsequent to the management-led buyout, we were able to expand the scope of the services we provide to our clients. We believe, based on our discussions with our clients, that the amount of revenue we currently receive from most of our clients represents a relatively small percentage of the amount they spend on outsourced professional services, and that, consistent with industry trends, they will continue to increase the amount they spend on these services. We believe that by continuing to deliver high-quality services and by further developing our relationships with our clients, we will capture a significantly larger share of our clients' expenditures for outsourced professional services.

- Growing our client base. We will continue to focus on attracting new clients. In both fiscal 1999 and fiscal 2000, we increased our client base by over 500 new clients. We plan to develop new client relationships primarily by leveraging the significant contact networks of our management and associates and through referrals from existing clients. In addition, we believe we will attract new clients by building our brand name and reputation and through our national and local marketing efforts.

- Expanding geographically. We plan to expand geographically to meet the demand for outsourced professional services. We expect to add to our existing domestic office network with new offices strategically located to meet the needs of our existing clients and to create additional new client opportunities. We believe that there are also significant opportunities to grow our business internationally and, consequently, we intend to expand our international presence on a strategic and opportunistic basis.

- Providing additional professional services lines. We will continue to explore, and consider entry into, new professional services lines. Since fiscal 1999, we have diversified our professional services lines by entering into the human resources management and the information technology segments. Our considerations when evaluating new professional services lines include growth potential, profitability, cross-marketing opportunities and competition.

Associates

We believe that an important component of our success over the past four years has been our highly-qualified and experienced associates. As of August 26, 2000, we employed over 1,050 associates on assignment. Our associates have an average of 18 years of professional experience in a wide range of industries and functional areas; approximately 50% of our associates are CPAs and approximately 28% have MBAs. We provide our associates with 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.

Our associates are employees of Resources Connection. We pay each associate an hourly rate, pay overtime, and offer benefits, including paid vacation and holidays; referral bonus programs; group health, dental and life insurance programs each with a 50% contribution by the associate; a matching 401(k) retirement plan; and professional development and career training. Typically, an associate must work a threshold number of hours to be eligible for all of the benefits. In June 2000, we launched a long-term, incentive plan for our associates, which affords them the opportunity to earn an annual cash bonus that vests over time. We intend to maintain competitive compensation and benefit programs.

Clients

We provide our services to a diverse client base in a broad range of industries. Since the beginning of fiscal 2000, we have served over 1,500 clients. Our revenues are not concentrated with any particular client or clients, or within any particular industry. In fiscal 2000, no single client accounted for more than 4% of our revenues and the top 10 clients accounted for approximately 13% of our revenues.

The clients listed below represent the geographic and industry diversity of our client base and accounted in the aggregate for approximately 7% of our revenues in fiscal 2000.

Air BP, a subsidiary of BP Amoco	Credit Suisse First Boston Corporation
Aventis Pharmaceuticals	Kaiser Permanente Insurance Company
Banc of America Securities LLC	Nordstrom
CB Richard Ellis	UCLA Medical Center

Services

Our current professional services capabilities include accounting and finance, human resources management and information technology. Our engagements are project-based and often last three months or longer.

Accounting and Finance

In fiscal 2000, we generated $118.8 million in revenue from providing accounting and finance services, representing 94.1% of our total revenues in that fiscal year. Types of these services include:

Special Projects: Our accounting and finance associates work on a variety of special projects including:

- financial analyses, such as product costing and margin analyses;
- tax-related projects, such as tax compliance and analysis of tax liabilities resulting from acquisitions; and
- resolving complex accounting problems, such as large out-of-balance accounts and unreconciled balances.

Sample Engagement: We have provided two associates over a 14-month period to assist the global operations and finance group of a major bank in establishing a cash management system which would be used to monitor its daily cash needs in U.S. dollars and various foreign currencies. Our associates were responsible for:

- reviewing the daily trades of foreign securities and projecting the surplus/shortfall for the various currencies resulting from these trades;
- recommending transfers, purchases of foreign currencies and borrowings; and
- redesigning and testing systems to accurately report foreign currency activities.

Mergers and Acquisitions: Our accounting and finance associates have assisted with the following functions for clients involved in mergers and acquisitions:

- due diligence work;
- integration of financial reporting and accounting systems; and
- public reporting filings associated with the transaction.

Sample Engagement: Since March 2000, we have provided 53 associates to assist with the post-acquisition integration of a multi-billion dollar solid waste management company. Our services were delivered through 19 of our offices with coordination provided by one of our offices. We assigned a specially designated project manager to oversee the delivery of our services, thereby facilitating project management and client control. Our associates were responsible for:

- performing controller responsibilities at various sites, including preparing internal financial statements, closing the general ledger and managing the accounting staff;
- restructuring the fixed asset reporting system;
- assisting with the transition of financial functions during the divestiture of solid waste facilities and closing of other facilities;

- assisting with converting the newly acquired facilities' systems to the parent's systems; and

- preparing fuel tax returns and related tax schedules.

Finance and Accounting System Implementation and Conversion: When a company implements a new system, the conversion often entails additional work that burdens management's time. To address this problem, we provide associates that:

- assist with the finance and accounting issues of system implementations; and

- maintain daily operations during the implementation and conversion process in order to minimize disruption to the organization.

Sample Engagement: We have provided 15 associates over a 14-month period to assist one of the world's largest energy groups in converting to a new proprietary accounting software system through operations worldwide, developing the relevant required software documentation and relocating its accounting and commercial services departments between two metropolitan areas. Our associates were responsible for:

- documenting and preparing a flowchart of the accounting system and existing business processes, practices and workflows;

- reviewing internal controls and developing an operations manual;

- documenting the new accounting system processes and procedures;

- performing pre- and post-conversion testing;

- hiring and training new employees; and

- designing training programs.

Periodic Accounting and Finance Needs: Our associates help clients with periodic needs such as:

- interim senior financial management, including controller or accounting manager tasks;

- monthly/quarterly/year-end closings;

- audit preparation;

- public reporting; and

- budgeting and forecasting.

Sample Engagement: We have provided 40 associates over a 19-month period to assist a multi-unit medical company, currently under reorganization, with a comprehensive review and clean-up of the company's consolidated balance sheet in preparation for their year-end audit. Our associates were responsible for:

- designing a work program and package format to be used by 23 associates in teams across six states;

- completing a detailed review of approximately 180 entities' balance sheets, compiling documentation, and obtaining support for the entire trial balance; and

- proposing adjusting entries and recommending subsequent internal accounting control system and procedure changes.

Assist Start-Ups: We provide accounting and finance professional services to start-up companies who do not yet have the appropriate management or staff to support their accounting and finance functions.

Sample Engagement: We have provided two associates over a nine-month period to assist an Internet incubator that provides services to start-up companies in setting up its accounting function. Our associates were responsible for:

- designing a scalable general ledger system to accommodate multiple entities;

- setting up the accounts payable system for all entities including check disbursements and wire transfers of funds;
- designing a system for processing semi-monthly payroll;
- developing cash receipts function including the performance of all treasury functions (collections, deposits, investments); and
- creating a model for projecting cash flows from individual entities.

Human Resources Management

Our human resources management professional services group was formed in June 1999. These services are currently available in nine of our offices. In fiscal 2000, we generated $2.3 million in revenue from our human resources management service line, representing 1.8% of our total revenues in that fiscal year. Types of services include:

- development of human resources management procedures, training and policies;
- compensation program design and implementation;
- interim senior human resources management; and
- assistance in complying with governmental employment regulations.

Sample Engagement: We have provided three associates over a three-month period to assist a leading provider of business information and related products and services with a number of projects. Our associates were responsible for:

- evaluating the existing human resources information system, or HRIS;
- reviewing vendors and implementing a new HRIS system;
- updating human resources policies and procedures to reflect consistent corporate policies across numerous acquired companies; and
- evaluating the various retirement benefits for each of the multiple subsidiaries and acquired companies.

Information Technology

Our information technology professional services group was formed in June 1998. These services are currently available in eight of our offices. In fiscal 2000, we generated $5.2 million in revenue from our information technology service line, accounting for 4.1% of our total revenues. Types of these services include:

- providing interim information technology management such as interim chief technology officers and chief information officers;
- leading systems selection process; and
- assisting with project management of information systems implementations, conversions and upgrades.

Sample Engagement: Resources Connection provided an interim chief information officer with significant foodservice operations/restaurant experience over a 21-month period to support a rapidly growing chain of upscale restaurants with 106 locations in 22 states. Our associate was responsible for:

- designing technology initiatives;
- establishing and maintaining an information technology department capable of supporting and delivering technology solutions;
- monitoring and guiding multiple project teams;
- communicating with various business units; and
- prioritizing projects and resources.

Operations

We generally provide our professional services to clients at a local level through our 41 offices, with the oversight and consultation of our corporate management team located in our corporate service center. The office director and client service manager in each office are responsible for initiating client relationships, providing associates specifically skilled to perform client projects, ensuring client satisfaction throughout engagements and maintaining client relationships post-engagement. Throughout this process, the corporate management team is available to consult with the office director with respect to client services.

Our offices are operated in a decentralized, entrepreneurial manner. Our office directors 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. Since our office directors are in the best position to understand the local and regional outsourced professional services market and clients often prefer local providers, 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 office 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 office directors, we have an incentive program for our office management which awards annual bonuses based on both the performance of the company and the performance of the manager's particular office. In addition, each member of our office management owns equity in our company. We also have a management mentor program whereby each new office director is trained by an experienced office director, who is responsible for providing support to the new office director on an ongoing basis.

From our corporate headquarters in Costa Mesa, California, we provide our offices with centralized administrative, marketing, finance and legal support. Our financial reporting is centralized in our corporate service center. This center also handles billing, accounts payable and accounts receivable, and administers human resources including employee compensation and benefits. In addition, we have a corporate networked information technology 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 focusing on client development.

Business Development

Our business development initiatives are comprised of:

- local sales initiatives focused on existing clients and target 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 office director and client service manager in each of our offices develop a list of targeted potential clients and key existing clients. They are responsible for initiating and fostering relationships with the senior management of these companies. These local efforts are supplemented with national marketing assistance. We have a national business development director who, with our top executives, assists with major client opportunities. 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 Connection's image in the markets we serve. Our brand is reinforced by our professionally-designed website, brochures and pamphlets, direct mail and advertising

materials. We believe that our branding initiatives coupled with our high-quality client service differentiate us from our competitors and establish Resources Connection as a credible and reputable professional services firm.

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

Competition

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

- consulting firms;
- loaned employees of the Big Five accounting firms;
- 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, comprised of our highly-qualified associates, 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 our company.

Employees

As of August 26, 2000, we had a total of 1,753 employees, including 237 corporate and office-level employees and 1,516 professional services associates. None of our employees is covered by a collective bargaining agreement.

Facilities

Phoenix, Arizona	Boise, Idaho	Charlotte, North Carolina
Costa Mesa, California	Chicago, Illinois (2 locations)	Cincinnati, Ohio
Los Angeles, California	Indianapolis, Indiana	Cleveland, Ohio
Santa Clara, California	Boston, Massachusetts	Portland, Oregon
San Diego, California	Baltimore, Maryland	Philadelphia, Pennsylvania
San Francisco, California	Detroit, Michigan	Pittsburgh, Pennsylvania
Denver, Colorado	Minneapolis, Minnesota	Austin, Texas
Hartford, Connecticut	St. Louis, Missouri	Dallas, Texas
Stamford, Connecticut	Las Vegas, Nevada	Houston, Texas (2 locations)
Orlando, Florida	Parsippany, New Jersey	San Antonio, Texas
Atlanta, Georgia	Princeton, New Jersey	Seattle, Washington
Honolulu, Hawaii	New York, New York	Washington, D.C.

Our corporate offices are located in the Costa Mesa, California office in a 16,366 square foot facility under a lease expiring in April 2005. We maintain three international offices: Toronto, Canada; Taipei, Taiwan; and Hong Kong, People's Republic of China.

Legal Proceedings

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

MANAGEMENT

Executive Officers and Directors

The following table sets forth information about our executive officers and directors as of August 26, 2000:

Name	Age	Position
Donald B. Murray........	53	Chairman of the Board of Directors, Chief Executive Officer, President and Director
Stephen J. Giusto.......	38	Chief Financial Officer, Executive Vice President of Corporate Development, Secretary and Director
Karen M. Ferguson.......	37	Executive Vice President and Director
Brent M. Longnecker.....	44	Executive Vice President
John D. Bower...........	39	Vice President, Finance
Kate W. Duchene.........	37	Chief Legal Officer, Executive Vice President of Human Relations and Assistant Secretary
David G. Offensend......	47	Director
Ciara A. Burnham........	33	Director
Gerald Rosenfeld........	53	Director
Leonard Schutzman.......	53	Director
John C. Shaw............	66	Director
C. Stephen Mansfield....	60	Director

Donald B. Murray. Mr. Murray co-founded Resources Connection in June 1996 and served as our Managing Director from inception until April 1999. Mr. Murray has served as our Chairman, Chief Executive Officer and President since the management buyout in April 1999. Prior to founding Resources Connection, Mr. Murray was Partner-In-Charge of Accounting and Assurance Services for the Orange County, California office of Deloitte & Touche, a professional services firm, from 1988 to 1996. From 1984 to 1987, Mr. Murray was the Partner-In-Charge of the Woodland Hills office of Touche Ross & Co., a predecessor firm to Deloitte & Touche, a professional services firm, an office he founded in 1984. Mr. Murray was admitted to the Deloitte & Touche partnership in 1983. Mr. Murray also serves on the board of Ledgent, Inc.

Stephen J. Giusto. Mr. Giusto co-founded Resources Connection in June 1996 and served as our National Director of Operations from inception until April 1999. Mr. Giusto has served as our Chief Financial Officer, Executive Vice President of Corporate Development and Secretary since April 1999. Mr. Giusto is also a director of Resources Connection, a position he has held since April 1999. Prior to founding Resources Connection, Mr. Giusto was in the Orange County real estate practice of Deloitte & Touche, a professional services firm, from 1992 to 1996. He also previously served for two years in the Deloitte & Touche national office in the Office of the Managing Partner. Mr. Giusto was admitted to the Deloitte & Touche partnership in 1996.

Karen M. Ferguson. Ms. Ferguson co-founded Resources Connection in June 1996. From inception to August 1998, Ms. Ferguson served as Managing Director of our Northern California practice. She currently serves as the Managing Director of our New York area practice and as an Executive Vice President, positions she has held since August 1998 and April 1999, respectively. Ms. Ferguson is also a director of Resources Connection, a position she has held since April 1999. Prior to joining us, Ms. Ferguson was a director with Accounting Solutions, a regional Northern California contract staffing firm from 1994 to 1995. From 1985 to 1994 Ms. Ferguson was in the San Francisco office of Deloitte & Touche, a professional services firm, most recently as a Senior Manager.

Brent M. Longnecker. Mr. Longnecker is as an Executive Vice President of Resources Connection, a position he has held since June 1999. From 1985 to 1999, Mr. Longnecker held various positions at KPMG and Deloitte & Touche, both of which are professional services firms, most recently as Partner-In-Charge of the performance management and compensation consulting practices at Deloitte & Touche. Mr. Longnecker also serves on the faculty of Certified Professional Education, Inc. and as a director of the Strategy Factory, Inc. and SkyAuction.com, Inc.

John D. Bower. Mr. Bower is our Vice President, Finance, a position he has held since April 1999. Mr. Bower served as our Director of Financial Reporting and Controller from January 1998 to April 1999. Mr. Bower served as Vice President, Finance of Mossimo, Inc., a clothing manufacturing company, from January 1997 to November 1997 and as Director, Finance for FHP International Corporation, a health maintenance organization, from June 1992 to January 1997. From 1982 through 1992, Mr. Bower worked in the Orange County, California office of Deloitte & Touche, a professional services firm, most recently as a Senior Manager.

Kate W. Duchene. Ms. Duchene is our Chief Legal Officer, a position she has held since December 1999. Ms. Duchene is also our Assistant Secretary and Executive Vice President, Human Relations, positions she has held since August 2000. Prior to joining Resources Connection, Ms. Duchene practiced law with O'Melveny & Myers LLP, a law firm, in Los Angeles, California, specializing in labor and employment matters. Ms. Duchene was with O'Melveny & Myers LLP from October 1990 through December 1999, most recently as a Special Counsel.

David G. Offensend. Mr. Offensend is a director of Resources Connection, a position he has held since April 1999. Mr. Offensend is one of the founding principals of Evercore Partners and a managing member of the general partner of Evercore Capital Partners L.P. Prior to founding Evercore Partners in 1995, Mr. Offensend was Vice President of Keystone Inc., the investment organization of Robert M. Bass. Prior to joining Keystone in 1990, Mr. Offensend was a Managing Director of Lehman Brothers, an investment bank, where he was President and Chief Executive Officer of the Lehman Brothers Merchant Banking Partnerships. Mr. Offensend is also a director of Specialty Products & Insulation Co.

Ciara A. Burnham. Ms. Burnham is a director of Resources Connection, a position she has held since April 1999. Since July 1997, she has been a managing director of Evercore Capital Partners LLP. From March 1996 to July 1997, Ms. Burnham was an equity research analyst with Sanford C. Bernstein & Co., an investment banking firm. From 1993 to 1996, she was employed by McKinsey & Co., a management consulting firm, in various capacities, including engagement manager. Ms. Burnham also serves on the board of directors of Skyauction.com, Inc.

Gerald Rosenfeld. Mr. Rosenfeld is a director of Resources Connection, a position he has held since April 1999. Mr. Rosenfeld is the Chief Executive Officer of Rothschild North America, an investment banking firm, a position he has held since January 2000. Previously, from November 1998 to January 2000, he was the Managing Member of G. Rosenfeld & Co. LLC, an investment banking and consulting firm. Prior to that time, Mr. Rosenfeld was Senior Managing Director of NationsBanc Montgomery Securities LLC, an investment banking firm, from April to November 1998, and a Managing Director and head of Investment Banking of Lazard Freres & Co. LLC, an investment banking firm, from 1992 to 1998. Mr. Rosenfeld is also a director of ContiGroup, Inc.

Leonard Schutzman. Mr. Schutzman is a director of Resources Connection, a position he has held since April 1999. From April 1999 to November 1999, Mr. Schutzman was a member of Venture Marketing Group LLC, a venture marketing firm. From 1976 to 1993, he held several positions at Pepsi-Co., Inc., a company involved in the snack food, soft drink and juice businesses, most recently as Senior Vice President and Treasurer. Mr. Schutzman also serves on the board of directors of BML Pharmaceutical, Inc. and SkyAuction.com, Inc. He is a member of the board of advisors of Evercore Capital Partners LLP.

John C. Shaw. Mr. Shaw is a director of Resources Connection, a position he has held since June 1999. Mr. Shaw currently also serves as a partner of The Shaw Group LLC, a general management and consulting company he founded in February 1997. From February 1997 to December 1999, Mr. Shaw served as the Dean of the Peter F. Drucker Graduate School of Management at Claremont Graduate University. In addition, from November 1994 to February 1997, Mr. Shaw served in the Office of the Chairman of Wellpoint Health Networks, Inc., a managed health care company.

C. Stephen Mansfield. Mr. Mansfield is a director of Resources Connection, a position he has held since August 2000. Mr. Mansfield is a lecturer at California Polytechnic State University, San Luis Obispo, a position he has held since 1999. From 1983 to 1989, Mr. Mansfield was the Partner-In-Charge of the Orange County office of Deloitte, Haskins & Sells, a professional services firm which was a predecessor firm to Deloitte & Touche. Mr. Mansfield retired from Deloitte & Touche LLP in 1990, as a senior partner. Mr. Mansfield is also a director of PBOC Holdings, Inc.

Board Composition

Upon the closing of this offering, in accordance with the terms of our amended and restated certificate of incorporation, the terms of office of our board of directors will be divided into three classes:

- Class I directors, whose term will expire at the annual meeting of stockholders to be held in 2001;

- Class II directors, whose term will expire at the annual meeting of stockholders to be held in 2002; and

- Class III directors, whose term will expire at the annual meeting of stockholders to be held in 2003.

Our Class I directors will be Ms. Ferguson, Mr. Mansfield and Mr. Schutzman, our Class II directors will be Ms. Burnham, Mr. Giusto and Mr. Shaw, and our Class III directors will be Mr. Murray, Mr. Offensend and Mr. Rosenfeld. Pursuant to a stockholders agreement between the company and certain entities affiliated with Evercore Partners L.L.C., or Evercore Partners, Donald B. Murray, Stephen J. Giusto, Karen M. Ferguson and Brent M. Longnecker, the company has agreed to nominate, and the stockholders have agreed to vote their shares in favor of, board nominees of Evercore Partners and the management stockholders. At each annual meeting of stockholders after the initial classification, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control or management of our company.

Board Committees

At the time this offering closes, our board of directors will establish an audit committee. The audit committee will consist of Mr. Mansfield, Mr. Rosenfeld and Mr. Shaw. The audit committee, which will be composed solely of independent directors, will make recommendations to our board of directors regarding the selection of independent auditors, review the results and scope of the audit and other services provided by our independent auditors, and review and evaluate our audit and control functions.

We do not have a compensation committee and our board of directors makes all decisions concerning executive compensation. At the time this offering closes, our board of directors will establish a compensation committee consisting of the following directors: Mr. Offensend, Mr. Rosenfeld and Mr. Shaw. The compensation committee will make recommendations regarding our equity compensation plans and make decisions concerning salaries and incentive compensation for our employees and consultants.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee of our board of directors is an officer or employee of our company. No executive officer of our company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our compensation committee.

Director Compensation

Our directors do not currently receive any cash compensation for services on our board of directors or any committee thereof, but directors have been reimbursed for expenses they incur in attending board and committee meetings. Mr. Shaw has participated in the 1999 Long-Term Incentive Plan.

After this offering, our compensation package for our non-employee directors will include:

- $12,000 per year to be paid in cash or discounted stock options;
- a one-time grant of 5,000 shares at the time a director joins the board;
- discretionary stock option grants; and
- reimbursement for expenses they incur in attending board and committee meetings.

Directors who serve on committees may receive a flat fee of $300 per committee meeting attended as well.

Executive Compensation

Summary of Compensation

The following table sets forth summary information concerning compensation awarded to, earned by, or accrued for services rendered to us in all capacities during fiscal 2000 by our Chief Executive Officer and the five other most highly compensated officers whose total salary and bonuses exceeded $100,000 in fiscal 2000. The individuals listed in the table below are collectively referred to as the named executive officers.

Summary Compensation Table

	Annual Compensation			
Name and Principal Position	Salary	Bonus	Other	Total
Donald B. Murray, Chief Executive Officer	$425,000	$212,500(1)	$ 0	$637,500
Stephen J. Giusto, Chief Financial Officer	$250,000	$125,000(1)	$ 0	$375,000
Karen M. Ferguson, Executive Vice President	$200,000	$130,000(2)	$ 0	$330,000
Brent M. Longnecker, Executive Vice President	$300,000	$150,000(2)	$50,000(3)	$500,000
John D. Bower, Vice President, Finance	$ 99,039	$ 62,800(1)	$ 0	$161,839
David L. Schnitt, former National Director of Information Technology Services(4)	$126,922	$ 64,000(2)	$ 0	$190,922

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(1) Consists of bonuses earned in fiscal 2000 and paid in fiscal 2001.

(2) Consists of bonuses earned in fiscal 2000 and paid in part in fiscal 2000 and in part in fiscal 2001.

(3) In May 1999, Mr. Longnecker received a loan in the amount of $200,000 from the company. On January 1, 2000, Resources Connection forgave $50,000 of the loan.

(4) Mr. Schnitt served as our National Director of Information Technology Services from April 1999 to April 2000. He is currently on an unpaid leave of absence from Resources Connection and is serving as the chief executive officer of Ledgent, Inc.

Stock Options and Long-Term Incentive Awards

No options or long-term incentive awards were granted to named executive officers during fiscal 2000.

Exercise of Options And Year-End Values

No stock options have been exercised since our inception.

Employee Benefit Plans

1998 Employee Stock Purchase Plan

In December 1998, we adopted the Resources Connection, Inc. 1998 Employee Stock Purchase Plan, or the 1998 Employee Stock Purchase Plan, to provide an additional means to attract, motivate, reward and retain officers and management-level employees. The plan gives the administrator the authority to grant awards to select participants. We do not, however, anticipate granting any additional awards under the 1998 Employee Stock Purchase Plan. The following summary is qualified by reference to the complete plan, which is filed hereto as an exhibit.

Share Limits. A total of 5,630,000 shares of our common stock may be issued under the plan (not including shares that are repurchased by us which upon repurchase become again available for issuance). This share limit and the number of shares subject to each award under the plan is subject to adjustment for certain changes in our capital structure, reorganizations and other extraordinary events.

Awards. An award under the plan gives the participant the right to acquire a specified number of shares of our common stock, at a specified price, for a limited period of time. Officers and management-level employees of Resources Connection, Inc. may be selected to receive awards under the plan. The purchase price for each share of stock acquired under the plan must be at least 85% (100% in the case of an owner of 10% or more of the voting stock of Resources Connection, Inc.) of the fair market value of the stock on the date the related award was granted. Awards under the plan generally are nontransferable. The stock purchased on exercise of an award generally will be subject to a vesting schedule--20% of the shares of stock purchased on exercise of the award generally will vest each year following the exercise of the award and the shares will fully vest on the fifth anniversary of the participant's hire date with Resources Connection. If the participant's employment terminates before his or her stock is fully vested, we generally may repurchase the unvested stock for the price that participant paid to acquire the stock. The administrator may accelerate the vesting of stock acquired under the plan in the event of a change in control.

Administration. A committee of one or more directors appointed by the board will administer the plan. The administrator of the plan has broad authority to approve awards and determine the specific terms and conditions of awards, and construe and interpret the plan. Our board of directors may amend, suspend or discontinue the plan at any time. Plan amendments will generally not be submitted to stockholders for their approval unless applicable law requires such approval.

Certain Specific Awards. As of October 13, 2000, 5,630,000 shares had been acquired under the plan, of which 1,903,600 had become vested and 3,726,400 were not yet vested, no shares were subject to outstanding but unexercised awards, and no shares remained available for award purposes under the plan.

1999 Long-Term Incentive Plan

In June 1999, our board of directors adopted the 1999 Long-Term Incentive Plan to provide an additional means to attract, motivate, reward and retain key personnel. The plan was approved by our stockholders on June 17, 1999. The plan gives our board of directors, or a committee appointed by our board of directors, the authority to determine who may participate in the plan and to grant different types of stock incentive awards. Employees, officers, directors, and consultants of Resources Connection or one of our subsidiaries may be selected to receive awards under the plan. The following summary is qualified by reference to the complete plan, which is filed hereto as an exhibit.

Share Limits. We initially reserved a total of 2,340,000 shares of our common stock for issuance under the plan. In August 2000, we increased this number to 5,040,000 shares. The aggregate number of shares subject to stock options and stock appreciation rights granted under the plan to any one person in a calendar year cannot exceed 200,000 shares.

Awards. Awards under the plan may be in the form of nonqualified stock options, incentive stock options, stock appreciation rights, or SARs, limited stock appreciation rights or SARs limited to specific events, such as in a change in control or other special circumstances, restricted stock, performance share awards, or stock bonuses. Awards under the plan generally will be nontransferable.

Nonqualified stock options and other awards may be granted at prices below the fair market value of the common stock on the date of grant. Restricted stock awards can be issued for nominal or the minimum lawful consideration. Incentive stock options must have an exercise price that is at least equal to the fair market value of the common stock, or 110% of fair market value of the common stock for any 10% owners of our common stock, on the date of grant. These and other awards may also be issued solely or in part for services.

Administration. Our board of directors, or a committee of directors appointed by the board, has the authority to administer the plan. The administrator of the plan has broad authority to:

- designate recipients of awards;
- determine or modify, subject to any required consent, the terms and provisions of awards, including the price, vesting provisions, terms of exercise and expiration dates;
- approve the form of award agreements;
- determine specific objectives and performance criteria with respect to performance awards;
- construe and interpret the plan; and
- reprice, accelerate and extend the exercisability or term, and establish the events of termination or reversion of outstanding awards.

Change in Control. Upon a change in control event, the compensation committee may provide that each option and stock appreciation right will become immediately vested and exercisable, each award of restricted stock will immediately vest free of restrictions, and each performance share award will become payable to the holder of the award. Generally speaking, a change in control event will be triggered under the plan:

- upon stockholder approval of our dissolution or liquidation;
- upon stockholder approval of the sale of all or substantially all of our assets to an entity that is not an affiliate;
- upon stockholder approval of a merger, consolidation, reorganization, or sale of all or substantially all of our assets in which any person becomes the beneficial owner of 50% or more of our outstanding common stock.

Plan Amendment, Termination and Term. Our board of directors may amend, suspend or discontinue the plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant. Plan amendments will be submitted to stockholders for their approval as required by applicable law.

The plan will terminate on June 16, 2009; however, the committee will retain its authority until all outstanding awards are exercised or terminated. The maximum term of options, SARs and other rights to acquire common stock under the plan is ten years after the initial date of the award, subject to provisions for further deferred payment in certain circumstances.

Payment for Shares. The exercise price of options or other awards may generally be paid in cash or, subject to certain restrictions, shares of our common stock. Subject to any applicable limits, we may finance or offset shares to cover any minimum withholding taxes due in connection with an award.

Federal Tax Consequences. The current federal income tax consequences of awards authorized under the plan follow certain basic patterns. Generally, awards under the plan that are includable in the income of the

recipient at the time of exercise, vesting or payment (such as nonqualified stock options, stock appreciation rights, restricted stock and performance awards), are deductible by Resources Connection, and awards that are not required to be included in the income of the recipient (such as incentive stock options) are not deductible by Resources Connection.

Generally speaking, Section 162(m) of the Internal Revenue Code provides that a public company may not deduct compensation (except for certain compensation that is commission or performance-based) paid to its chief executive officer or to any of its four other highest compensated officers to the extent that the compensation paid to such person exceeds $1,000,000 in a tax year. The regulations exclude from these limits compensation that is paid pursuant to a plan in effect prior to the time that a company is publicly held. We expect that compensation paid under the plan will not be subject to Section 162(m) in reliance on this transition rule, as long as such compensation is paid (or stock options, stock appreciation rights, and/or restricted stock awards are granted) before the earlier of a material amendment to the plan or the annual stockholders meeting in the year 2004.

In addition, we may not be able to deduct certain compensation attributable to the acceleration of payment and/or vesting of awards in connection with a change in control event should that compensation exceed certain threshold limits under Section 280G of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code.

Certain Specific Awards. As of October 13, 2000, 2,082,500 shares of common stock were subject to outstanding options granted under the plan, 115,500 of which had vested and 1,967,000 of which were unvested, and 2,957,500 shares of common stock remained available for grant purposes under the plan. The outstanding options were granted for 10-year terms and at exercise prices between $3.00 and $12.00 per share. The shares covered by currently outstanding options represent the 10-year stock option grants authorized by our board of directors on June 17, 1999.

Employee Stock Purchase Plan

On October 17, 2000, our board of directors adopted our Employee Stock Purchase Plan to provide certain of our employees (and the employees of certain of our participating subsidiaries) with an incentive to advance the best interests of the company by providing a method whereby they may voluntarily purchase our common stock at a favorable price and upon favorable terms. We expect our stockholders to approve this plan prior to the offering. Generally, all of our officers and employees who have been employed by us for at least 90 days, who are regularly scheduled to work more than 10 hours per week, and who are customarily employed more than five months per year are eligible to participate in the plan. The plan becomes effective upon the consummation of the offering.

Operation. The plan generally operates in successive six-month periods, or offering periods, commencing on each January 1 and July 1. It is expected that the first offering period under the plan will commence either in connection with the initial public offering or on January 1, 2001.

On the first day of each offering period, or grant date, each employee eligible to participate in the plan who has timely filed a valid election to participate for that offering period will be granted an option to purchase shares of our common stock. A participant must designate in his or her election the percentage of his or her compensation (subject to certain limits in the plan and limits under the Internal Revenue Code) to be withheld from his or her pay during that offering period on an after-tax basis and credited to a bookkeeping account maintained under the plan in his or her name.

Each option granted with respect to an offering period will automatically be exercised on the last day of that offering period, or the exercise date. The number of shares of our common stock acquired by the holder of the option will be determined by dividing the participant's plan account balance as of the exercise date by the option price.

Generally, a participant's plan participation will terminate during an offering period, and his or her plan account balance will be paid to him or her in cash, if the participant elects a withdrawal of his of her contributions or if the participant's employment by us or one of our participating subsidiaries terminates.

Authorized Shares; Limits on Contributions. The maximum aggregate number of shares of our common stock available under the plan is 1,200,000 shares. As required by the Internal Revenue Code, a participant can not purchase more than $25,000 of stock (valued at the start of the applicable offering period) under the plan in any one calendar year. In the event of a merger, consolidation, recapitalization, stock split, stock dividend, combination of shares, or other change affecting our common stock, a proportionate and equitable adjustment will be made to the number of shares subject to the plan and outstanding plan options.

Administration. The plan will be administered by our board of directors or a committee appointed by our board of directors. The plan administrator is currently the compensation committee of our board of directors. The plan will not limit the authority of our board of directors or the compensation committee to grant awards or authorize any other compensation, with or without reference to our common stock, under any other plan or authority.

Amendment or Termination of the Employee Stock Purchase Plan. Our board of directors may amend, modify or terminate the plan at any time and in any manner, provided that the existing rights of participants are not materially adversely affected thereby. Stockholder approval for any amendment will only be required to the extent necessary to meet the requirements of Section 423 of the Internal Revenue Code or to the extent otherwise required by law. Unless previously terminated by our board of directors, no new offering periods will commence on or after October 16, 2010 or, if earlier, when no shares remain available for options under the plan.

Federal Tax Consequences. Participant contributions to the plan are made on an after-tax basis. Generally, no taxable income will be recognized by a participant as of either the grant date or the exercise date of an option. A participant will generally recognize income (or loss) upon a sale or disposition of the shares acquired under the plan. The company generally will not be entitled to a federal income tax deduction with respect to any shares that are acquired under the Employee Stock Purchase Plan.

401(k) Plan

Resources Connection has a defined contribution 401(k) plan which covers all employees who have completed three months of service and are age 21 or older. Participants may contribute up to 15% of their annual salary or the maximum allowed by statute. As defined in the plan agreement, the company may make matching contributions in such amount, if any, up to 6% of employees' annual salaries. We may, at our sole discretion, determine the matching contribution made from year to year. To receive a matching contribution, an employee must be employed by us on the last day of the fiscal year.

Employment Agreements

We have entered into employment agreements with Mr. Murray, Mr. Giusto, Ms. Ferguson and Mr. Longnecker. Certain aspects of these employment agreements are specific to the agreement:

Mr. Murray. Pursuant to his employment agreement, Mr. Murray serves as our Chief Executive Officer and receives an annual base salary of $442,000, increased in September 2000 from an initial annual base salary of $425,000. The employment agreement has an initial term ending on March 31, 2004. If any payment Mr. Murray receives pursuant to his employment agreement is deemed to constitute "excess parachute payment" under Section 280G of the Internal Revenue Code, or compensation subject to excise tax under Section 4999 of the Internal Revenue Code, Mr. Murray is entitled to an excise tax gross-up payment not to exceed $1.0 million.

Mr. Giusto. Pursuant to his employment agreement, Mr. Giusto serves as our Chief Financial Officer and receives an annual base salary of $260,000, increased in September 2000 from an initial annual base salary of $250,000. The employment has an initial term ending on March 31, 2002.

Ms. Ferguson. Pursuant to her employment agreement, Ms. Ferguson serves as an Executive Vice President and receives an annual base salary of $250,000, increased in June 2000 from an initial annual base salary of $200,000. The employment has an initial term ending on March 31, 2002. If Ms. Ferguson is terminated without cause, in addition to the severance payment described below, she will also receive reimbursement for her relocation expenses up to $100,000.

Mr. Longnecker. Pursuant to his employment agreement, Mr. Longnecker serves as an Executive Vice President and receives an annual base salary of $312,000, increased in September 2000 from an initial annual base salary of $300,000. The employment has an initial term ending on April 30, 2002. If any payment Mr. Longnecker receives pursuant to his employment agreement is deemed to constitute "excess parachute payment" under Section 280G of the Internal Revenue Code, Mr. Longnecker is entitled to an excise tax gross-up payment not to exceed $750,000. Pursuant to his employment agreement, on May 1, 1999, we loaned $200,000 to Mr. Longnecker as further described in "Related-Party Transactions."

Each of the above-described employment agreements has the following uniform terms:

Automatic Renewal. Upon termination of the initial term of the employment agreement, the agreement will automatically renew for one year periods unless we or the employee or Resources Connection elect not to extend the agreement.

Termination Without Cause or Good Reason Resignation by Employee. In the event we do not renew the agreement or the employee is terminated other than for cause as defined in the agreement to include, among other things, conviction of a felony, fraudulent conduct, failure to perform duties or observe covenants of the agreement, or theft, or if the employee terminates his or her employment for "good reason" defined in the agreement to include, among other reasons, a change in control, the employee will receive severance pay which includes:

- any accrued but unpaid base salary as of the date of the employee's termination;
- the earned but unpaid annual bonus, if any;
- the target annual incentive compensation, if any, that the employee would have been entitled to receive pursuant to the employment agreement in respect of the fiscal year in which the termination occurs; and
- the employee's then current base salary multiplied by the greater of either (1) two, for Mr. Giusto and Ms. Ferguson, or three, for Mr. Murray and Mr. Longnecker, and (2) the number of years (including fractions) remaining in the initial term of the agreement.

The employment agreements also provide that the employee shall be entitled to receive employee benefits to which the employee may be entitled under the employee benefit plans and continued participation in our group health insurance plans at our expense until the earlier of three years from the date of termination or the employee's eligibility for participation in the group health plan of a subsequent employer.

Indemnification of Directors and Executive Officers and Limitation on Liability

Our Amended and Restated Bylaws provide that we shall indemnify our directors and officers and may indemnify our other employees and agents to the fullest extent permitted by Delaware law, except with respect to proceedings initiated by these persons. We are also empowered under our bylaws to enter into indemnification contracts with our directors and officers and to purchase insurance on behalf of any person we are required or permitted to indemnify.

In addition, our Amended and Restated Bylaws provide that our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or its stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law; or
- for any transaction from which the director derives an improper personal benefit.

RELATED-PARTY TRANSACTIONS

The following is a description of transactions:

- to which we have been a party during the last three years;
- in which the amount involved exceeds $60,000; and
- in which any director, executive officer or holder of more than 5% of our capital stock had or will have a direct or indirect material interest.

You should also review certain arrangements with our executive officers that are described under "Management."

Registration Rights and Board Representation of Evercore and Management.

Pursuant to a Stockholders Agreement between the company and certain entities affiliated with Evercore Partners L.L.C., or Evercore Partners, Donald B. Murray, Stephen J. Giusto, Karen M. Ferguson and Brent M. Longnecker, the stockholders have agreed to vote their shares in favor of board nominees of Evercore Partners and the management stockholders that each of the Evercore Partners and the management stockholders are initially entitled to nominate. As Evercore Partners' percentage ownership in the company decreases, so does the number of directors it can nominate to the board. As the management stockholders' percentage ownership in the company decreases, so does the number of directors they can nominate to the board. The rights of either Evercore Partners or the management stockholders will terminate when that group owns less than 7.5% of the outstanding shares of common stock of the company. The company has agreed to take such action as may be required to cause the board to consist of the number of directors specified in the Stockholders Agreement.

Pursuant to the Stockholders Agreement, Evercore Partners and the management stockholders each have the right to demand that the company register their shares of common stock of the company three times; provided that the board of directors of the company has the right to postpone a demand registration in certain circumstances. The company has agreed to pay for one demand registration of each of Evercore Partners and the management stockholders.

In addition, if after a public offering of our shares of common stock we propose to register our common stock under the Securities Act, Evercore Partners, Richard Gersten, Paul Lattanzio, Gerald Rosenfeld, Mainz Holdings Ltd., DB Capital Investors, LP, BancBoston Investments Inc., management stockholders and certain employee stockholders are entitled to notice of the registration and to include their shares of our common stock in that offering. The underwriters have the right to limit the number of shares included in the registration in their discretion.

All holders with registration rights have agreed not to exercise their registration rights until 180 days following the date of this prospectus unless both Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. agree otherwise. After this offering, the following directors, officers and holders of 5% or more of our outstanding shares will have registration rights with respect to the shares identified below:

Name	Number of Registrable Shares of Common Stock
Donald B. Murray	1,505,290
Stephen J. Giusto	420,000
Entities affiliated with Evercore Capital Partners L.L.C.	6,387,370

Longnecker Loan.

Pursuant to our employment agreement with Mr. Longnecker, on May 1, 1999, we loaned $200,000 to Mr. Longnecker. The loan is interest-free and matures on April 1, 2007. On January 1, 2000, $50,000 of the

loan was forgiven as a portion of Mr. Longnecker's compensation. As of October 13, 2000, the outstanding balance of the loan was $150,000. Additional amounts may be forgiven at the discretion of our chief executive officer. If Mr. Longnecker is terminated for cause, as defined in his employment agreement, or terminates his employment without good reason, as defined in his employment agreement, all remaining loan amounts owed will be due and payable.

Sale of Shares Pursuant to the 1998 Employee Stock Purchase Plan.

In November 1998, we formed RC Transaction Corp., renamed Resources Connection, Inc. In December 1998, we issued 5,243,000 shares of our common stock pursuant to the 1998 Employee Stock Purchase Plan to certain members of our management for an aggregate purchase price of $52,430. Between January and February 1999, we issued and sold the remaining 387,000 shares of our common stock to certain members of our management for an aggregate purchase price of $3,870. Directors and officers who participated in these transactions include:

Name	Number of Shares of Common Stock Acquired
Donald B. Murray	1,450,600
Stephen J. Giusto	400,000
Karen M. Ferguson	355,000
Brent M. Longnecker	200,000
John D. Bower	70,000
Kate W. Duchene	20,000

Management-led Buyout.

In April 1999, we entered into a series of transactions pursuant to which we purchased all of the membership units of Resources Connection LLC from Deloitte & Touche. We financed the purchase in part with capital provided by our management and an investor group led by Evercore Capital Partners L.L.C. and certain of its affiliates. We issued and sold 9,855,260 shares of our Common Stock and 144,740 shares of our Class B Common Stock to 22 accredited investors and 30 additional investors. Simultaneously, we issued and sold subordinated notes, bearing 12% annual interest with a maturity date of April 15, 2004, in an aggregate principal amount of $22.0 million to the same investors. We intend to use the proceeds of this offering to prepay the outstanding principal and all accrued and unpaid interest on the notes. Stockholders owning 5% or more of our outstanding shares, directors and officers who participated in these transactions include:

Name	Number of Shares of Common Stock Acquired	Number of Shares of Class B Common Stock Acquired	Aggregate Principal Amount of Subordinated Notes Acquired
Donald B. Murray	54,690	0	$ 120,318
Stephen J. Giusto	20,000	0	$ 44,000
Brent M. Longnecker	75,000	0	$ 165,000
John D. Bower	4,690	0	$ 10,318
Gerald Rosenfeld	185,010	0	$ 239,990
Entities affiliated with Evercore Capital Partners L.L.C.	7,742,630	144,740	$17,889,654

Joint Marketing Agreement with and Investment in Ledgent

In September 2000, we entered into a Joint Marketing Agreement with Complete BackOffice.com, Inc., later renamed Ledgent, Inc. Ledgent is a privately held corporation engaged in the business of outsourcing complete accounting and human resources functions over the Internet. Our agreement with Ledgent is to cooperate in the promotion of each party's services to both new and existing customers. To that end, we have agreed to provide our customer list and marketing databases to Ledgent in exchange for its customer list and marketing databases.

We have also agreed to provide the Ledgent sales staff with office space and administrative staff and support for one year from the date of the agreement at no cost to Ledgent. In addition, both parties agree not to compete with the business of the other party during the term of the agreement, the initial term of which is two years. The agreement also contemplates a referral service whereby we receive 1% of the gross profits generated by Ledgent during the first year of a client relationship that results from one of our leads, and Ledgent receives 1% of the gross profits generated by us during the first year of a client relationship that results from one of its leads.

We and several of our stockholders, including some members of our management team, own collectively, a 13.4% indirect interest in Ledgent through our majority-owned subsidiary, which we control. We own 57% of the subsidiary, Donald B. Murray, our chief executive officer, owns 4.9% of the subsidiary and our executive officers, other than Mr. Murray, collectively own 3.7% of the subsidiary. Entities affiliated with Evercore Partners L.L.C. collectively own 25.7% of the subsidiary.

Our subsidiary has the right to designate one director to serve on the board of directors of Ledgent. Donald B. Murray, our Chief Executive Officer, is currently serving as the designee.

Options Granted to Our Chief Legal Officer and Executive Vice President, Human Relations

In December 1999, we granted Ms. Duchene options to purchase up to 50,000 shares of our common stock at an exercise price of $3.00 per share. The options vest 25% each year on the anniversary date of the grant. At the initial offering price, the aggregate value of these options, less aggregate exercise price, is $500,000.

Relationship Between Our Financial Printing Company and Our Chief Legal Officer/Executive Vice President, Human Relations.

In connection with this offering, we have hired R.R. Donnelley Financial Printing, or Donnelley, to provide printing and related services. We estimate that the total amount we will pay to Donnelley for its services in connection with this offering will be $265,000. The spouse of Ms. Duchene is employed by Donnelley. We may engage Donnelley in the future to provide additional printing and related services.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table contains information about the beneficial ownership of our common stock before and after our initial public offering for:

- each person who beneficially owns more than five percent of the common stock;
- each of our directors;
- each named executive officer and each executive officer;
- all directors, named executive officers and executive officers as a group; and
- all selling stockholders.

Unless otherwise indicated, the address for each person or entity named below is c/o Resources Connection, Inc., 695 Town Center Drive, Suite 600, Costa Mesa, California 92626.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and except for community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The table assumes no exercise of the underwriters' over-allotment option. If the underwriters' over-allotment option is exercised in full, the selling stockholders will sell up to an aggregate of additional shares of common stock on a pro rata basis. The percentage of beneficial ownership before the offering is based on 15,630,000 shares of common stock outstanding as of October 13, 2000.

	Number of Shares Beneficially Owned		Percentage of Shares Outstanding		
	Before Offering	After Offering	Before Offering	After Offering	Number of Shares to be Sold in Offering
Donald B. Murray(1)(2)	1,505,290	1,505,290	9.63%	7.30%	--
Stephen J. Giusto(2)(3)	420,000	420,000	2.69%	2.04%	--
Karen M. Ferguson	355,000	355,000	2.27%	1.72%	--
Brent M. Longnecker(2)	275,000	275,000	1.76%	1.33%	--
John D. Bower	74,690	74,690	*	*	--
Kate W. Duchene(4)	32,500	32,500	*	*	--
David G. Offensend(5)	--	--	*	*	--
Ciara A. Burnham(5)	--	--	*	*	--
Gerald Rosenfeld(6)	185,010	153,908	1.18%	0.75%	31,102
Leonard Schutzman(5)	--	--	*	*	--
John C. Shaw(7)	7,500	7,500	*	*	--
C. Stephen Mansfield	--	--	*	*	--
David L. Schnitt(8)	276,250	276,250	1.77%	1.34%	--
Named Executive Officers, Executive Officers and Directors as a group (11 persons)	3,131,240	3,100,138	19.94%	15.03%	31,102
Evercore Partners L.L.C.(9)	7,887,370	6,561,441	50.46%	31.81%	1,325,929
BancBoston Investments Inc.(10)	382,480	318,182	2.45%	1.54%	64,298
Mainz Holdings Ltd.(11)	370,030	307,825	2.37%	1.49%	62,205
Richard D. Gersten(12)	10,880	9,051	*	*	1,829
Paul S. Lattanzio(13)	87,070	72,433	*	*	14,637

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* Represents less than 1%.

(1) Includes shares owned by Mr. Murray and shares beneficially owned by Mr. Murray in The Murray Family Trust, Donald B. Murray, Trustee; Murray Fam Income TR312000 Shimizu Ronadl J Ttee; and Patrick Murray, Sr. as Custodian for Patrick Murray, Jr. until age 21 under the CUTMA.

(2) Messrs. Murray, Giusto and Longnecker have granted the underwriters an option to purchase up to 153,846 of their shares as part of the 30-day option to purchase up to 975,000 shares the selling stockholders have granted to the underwriters to cover over-allotments.

(3) Includes shares owned by Mr. Giusto and beneficially owned by Mr. Giusto in The Giusto Family Income Trust dated 9/12/2000, Michael J. Giusto, trustee.

(4) Ms. Duchene has 12,500 shares of common stock subject to options exercisable within 60 days of October 13, 2000.

(5) David G. Offensend, a managing member of Evercore Partners L.L.C., may be deemed to share beneficial ownership of any shares beneficially owned by Evercore Partners L.L.C., but hereby disclaims such beneficial ownership, except to the extent of his pecuniary interest in the Evercore Investors or Evercore Partners L.L.C. Ciara A. Burnham and Leonard Schutzman are director nominees and are executives of, or consultants to, Evercore Partners, Inc. Ms. Burnham and Mr. Schutzman each may be deemed to share beneficial ownership of any shares beneficially owned by Evercore Partners L.L.C., but hereby disclaims beneficial ownership of any shares beneficially owned by Evercore Partners L.L.C., except to the extent of his or her pecuniary interest in the Evercore Investors or Evercore Partners L.L.C. The address for Mr. Offensend, Ms. Burnham and Mr. Schutzman is c/o Evercore Partners L.L.C., 65 East 55th Street, 33rd Floor, New York, New York 10022

(6) Includes shares owned by Mr. Rosenfeld and shares beneficially owned by Mr. Rosenfeld in the Rosenfeld August 2000 GRAT.

(7) Mr. Shaw has been a director of Resources Connection since June 1999. Mr. Shaw has 7,500 shares of common stock subject to options exercisable within 60 days of October 13, 2000. Mr. Shaw's address is The Shaw Group LLC, P.O. Box 3369, Newport Beach, California 92659.

(8) Mr. Schnitt's address is c/o Ledgent, Inc., 1111 Knox Street, Torrance, California 90502.

(9) Shares shown as owned by Evercore Partners L.L.C. are the aggregate number of shares owned of record by Evercore Capital Partners L.P., Evercore Capital Partners (NQ) L.P., Evercore Capital Offshore Partners L.P. and Evercore Co-Investment Partnership L.P., or, collectively, the Evercore Investors. Evercore Partners L.L.C. is directly or indirectly the general partner of each of the Evercore Investors. The address for Evercore Partners L.L.C. is 65 East 55th Street, 33rd Floor, New York, New York 10022.

(10) BancBoston Investments Inc. has been a stockholder of Resources Connection since April 1999 and acquired its shares in connection with the management-led buyout. The address for BancBoston Investments Inc. is 175 Federal Street, Boston, Massachusetts 02110.

(11) Mainz Holdings has been a stockholder of Resources Connection since April 1999 and acquired its shares in connection with the management-led buyout. The address for Mainz Holdings is UMS Universal Management Services, 6 Rue du Nant, P.O. Box 6184, 1211 Geneva 6, Switzerland.

(12) Mr. Gersten has been a stockholder of Resources Connection since April 1999 and acquired his shares in connection with the management-led buyout. Mr. Gersten's address is c/o North Castle Partners, LLC, 60 Arch Street, Greenwich, Connecticut 06830.

(13) Mr. Lattanzio has been a stockholder of Resources Connection since April 1999 and acquired his shares in connection with the management-led buyout. Mr. Lattanzio's address is c/o TD Capital, 31 W. 52nd Street, New York, New York 10019.

DESCRIPTION OF CAPITAL STOCK

Prior to the closing of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock consists of 35,000,000 shares of common stock, $0.01 par value per share, and 5,000,000 shares of preferred stock, $0.01 par value per share. Our common stock is divided into three classes, Common Stock, of which there are 25,000,000 shares designated and 15,485,260 shares issued and outstanding; Class B Common Stock, of which there are 3,000,000 shares designated and 144,740 shares issued and outstanding; and Class C Common Stock, of which there are 7,000,000 shares designated and no shares issued and outstanding. We have issued options to purchase 2,082,500 shares of our Class C Common Stock. The rights of the holders of Common Stock and Class B Common Stock and Class C Common Stock are identical, except that each share of the Common Stock is entitled to one vote on all matters to be voted on by stockholders and each share of the Class B Common Stock and Class C Common Stock is non-voting. None of our authorized preferred stock has been designated and there are no shares of preferred stock issued and outstanding.

At the closing of this offering, all outstanding shares of our Class B Common Stock and Class C Common Stock will automatically convert to shares of our Common Stock. Immediately following the closing of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of 35,000,000 shares of common stock, $0.01 par value per share, and 5,000,000 shares of preferred stock, $0.01 par value per share. As of October 13, 2000, there were 15,630,000 shares of common stock outstanding, held of record by 118 stockholders, and options to purchase 2,082,500 shares of common stock.

Common Stock

Under the amended and restated certificate of incorporation, the holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. After payment of any dividends due and owing to the holders of preferred stock, holders of common stock are entitled to receive dividends declared by the board of directors out of funds legally available for dividends. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share in all assets remaining after payment of liabilities and liquidation preferences of outstanding shares of preferred stock. Holders of common stock have no preemptive, conversion, subscription or other rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Under the amended and restated certificate of incorporation, the board has the authority, without further action by stockholders, to issue up to 5,000,000 shares of preferred stock. The board may issue preferred stock in one or more series and may determine the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon the preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preferences and sinking fund terms, any or all of which may be greater than the rights of the common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and reduce the likelihood that common stockholders will receive dividend payments and payments upon liquidation. The issuance of preferred stock could also have the effect of decreasing the market price of the common stock and could delay, deter or prevent a change in control of our company. We have no present plans to issue any shares of preferred stock.

The Notes

In April 1999, Resources Connection issued notes in the aggregate amount of $22.0 million consisting of junior subordinated debt of Resources Connection, to certain investors. The notes consist of a general, unsecured promise by Resources Connection to pay the holder of the note the principal amount of the note plus interest which shall accrue at 12% per annum based on a 360-day year. The notes will mature on or about April 15, 2004. The interest is payable quarterly; however, Resources Connection may, at its option, add the

amount of interest payable to the unpaid principal amount of the notes. Our senior credit facility prohibits payment of interest on the notes while any amounts are outstanding under the senior credit facility and that interest on the notes is, in fact, only to be paid by adding the amount thereof to the principal amount of the notes.

We intend to use the proceeds of this offering to pay the outstanding aggregate principal amount under our senior credit facility and to prepay $26.3 million outstanding under the Notes as of September 30, 2000, which includes outstanding principal together with all accrued and unpaid interest on the notes.

The notes are junior subordinated debt, which means that the holders of senior indebtedness have priority in terms of payment and other rights over the holders of the notes. If we have funds that are insufficient to pay the holders of the notes in full, each holder is entitled to receive a pro rata payment based upon the aggregate unpaid principal amount held by each holder.

Registration Rights

If at any time after a public offering of our shares of common stock we propose to register our common stock under the Securities Act for our own account or the account of any of our stockholders or both, Evercore Partners, Richard Gersten, Paul Lattanzio, Gerald Rosenfeld, Mainz Holdings Ltd., DB Capital Partners, BancBoston Investments Inc., management stockholders and certain employee stockholders, are entitled to notice of the registration and to include registrable shares in that offering, provided that the underwriters of that offering do not limit the number of shares included in the registration. In addition, pursuant to a Stockholders Agreement between us, Evercore Partners, Donald B. Murray, Stephen J. Giusto, Karen M. Ferguson and Brent M. Longnecker at any time after a public offering of our shares of common stock, the stockholders party to the Stockholders Agreement can demand registration of their shares three times, subject to postponement by the company under certain circumstances. We have agreed to pay for one demand registration of each of Evercore Partners and the management stockholders. All holders with registration rights have agreed not to exercise their registration rights until 180 days following the date of this prospectus unless both Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. agree otherwise. The stockholders with these registration rights hold an aggregate of 8,312,660 shares, after deducting shares to be sold pursuant to this offering by selling stockholders. We are required to bear substantially all of the costs incurred in these registrations, other than underwriting discounts and commissions. The registration rights described above could result in future expenses for us and adversely affect any future equity or debt offerings.

Anti-Takeover Provisions

Delaware Law

We are governed by the provisions of Section 203 of the Delaware Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales or other transactions resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the company's voting stock. The statute could delay, defer or prevent a change in control of our company.

Certificate of Incorporation and Bylaw Provisions

Various provisions contained in our amended and restated certificate of incorporation and bylaws could delay or discourage some transactions involving an actual or potential change in control of us or our management and may limit the ability of stockholders to remove current management or approve transactions

that stockholders may deem to be in their best interests and could adversely affect the price of our common stock. 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. As 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 maintain the composition of the board of directors;

- prohibit cumulative voting in the election of directors unless required by applicable law. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors;

- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;

- state that special meetings of our stockholders may be called only by the Chairman of the board of directors, our Chief Executive Officer, by the board of directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10% of our outstanding voting stock;

- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;

- provide that certain provisions of our certificate of incorporation can be amended only by supermajority vote of the outstanding shares, and that our bylaws can be amended only by supermajority vote of the outstanding shares or our board of directors;

- allow our directors, not our stockholders, to fill vacancies on our board of directors; and

- provide that the authorized number of directors may be changed only by resolution of the board of directors.

The Nasdaq Stock Market's National Market

We have applied to list our common stock on The Nasdaq Stock Market's National Market under the trading symbol RECN.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock, and we cannot assure you that a significant public market for our common stock will develop or be sustained after this offering. As described below, no shares currently outstanding will be available for sale immediately after this offering due to certain contractual and securities law restrictions on resale. Sales of substantial amounts of our common stock in the public market after these restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have 20,630,000 outstanding shares of common stock, assuming no exercise of the outstanding options to purchase 2,380,000 shares of our common stock. Of these shares, the 6,500,000 shares offered for sale through the underwriters will be freely tradable without restriction under the Securities Act unless purchased by our affiliates or covered by a separate lock-up agreement with the underwriters.

The remaining 14,130,000 shares of common stock held by existing stockholders are restricted securities. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration described below under Rules 144, 144(k) or 701 promulgated under the Securities Act.

As a result of the lock-up agreements described in "Underwriting" and the provisions of Rules 144, 144(k) and 701 described below, these restricted shares will be available for sale in the public market as follows:

- no shares may be sold prior to 180 days from the date of this prospectus;

- 3,057,000 shares will have been held long enough to be sold under Rule 144 or Rule 701 beginning 181 days after the date of this prospectus; and

- the remaining shares may be sold under Rule 144 or 144(k) once they have been held for the required time.

Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. may agree to release shares subject to the lock-up agreements prior to the end of the 180-day lock-up period, although they have no current intention to do so. For further details, see "Underwriting."

Rule 144. In general, under Rule 144, a person who has beneficially owned restricted securities for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding that will equal approximately 206,300 shares immediately after this offering; or

- the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also limited by manner-of-sale provisions and notice requirements and to the availability of current public information about us.

Rule 144(k). Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years is entitled to sell these shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144 discussed above.

Rule 701. In general, under Rule 701, any of our employees, consultants or advisors who purchase or receive shares from us under a compensatory stock purchase plan or option plan or other written agreement will be eligible to resell their shares beginning 90 days after the date of this prospectus, subject to the 180-day

lockup agreements discussed in "Underwriting." Non-affiliates will be able to sell their shares subject only to the manner-of-sale provisions of Rule 144. Affiliates will be able to sell their shares without compliance with the holding period requirements of Rule 144.

Registration Rights. Upon completion of this offering, the holders of 8,312,660 shares of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. See "Description of Capital Stock--Registration Rights." Except for shares purchased by affiliates, registration of their shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. All holders with registration rights have agreed not to exercise their registration rights until 180 days following the date of this prospectus unless both Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. agree otherwise.

Stock Options. Immediately after this offering, we intend to file a registration statement under the Securities Act covering the shares of common stock reserved for issuance upon exercise of outstanding options. The registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market beginning 180 days after the effective date of the registrant statement of which this prospectus is a part, except with respect to Rule 144 volume limitations that apply to our affiliates.

U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of the principal U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a Non-U.S. Holder. As used in this prospectus, the term "Non-U.S. Holder" is a person that is not:

- a citizen or individual resident of the United States for U.S. federal income tax purposes;
- a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or of any political subdivision of the United States;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, in general, if it is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons.

An individual may, subject to some exceptions, be treated as a resident of the United States for U.S. federal income tax purposes, instead of a nonresident, by, among other things, being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year--counting for these purposes all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are subject to U.S. federal taxes as if they were U.S. citizens.

This discussion does not consider:

- U.S. state and local or non-U.S. tax consequences;
- specific facts and circumstances that may be relevant to a particular Non-U.S. Holder's tax position, including, if the Non-U.S. Holder is a partnership, that the U.S. tax consequences of holding and disposing of our common stock may be affected by determinations made at the partner level;
- the tax consequences for the shareholders, partners or beneficiaries of a Non-U.S. Holder;
- special tax rules that may apply to some Non-U.S. Holders, including without limitation, banks, insurance companies, dealers in securities and traders in securities; or
- special tax rules that may apply to a Non-U.S. Holder that holds our common stock as part of a straddle, hedge or conversion transaction.

The following discussion is based on provisions of the U.S. Internal Revenue Code of 1986, applicable Treasury regulations, and administrative and judicial interpretations, all as of the date of this prospectus, and all of which may change, retroactively or prospectively. The following summary is for general information. Accordingly, each Non-U.S. Holder should consult a tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences of acquiring, holding and disposing of shares of our common stock.

Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. In the event, however, that dividends are paid on shares of common stock, dividends paid to a Non-U.S. Holder of common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate, or a lower rate as may be provided by an applicable income tax treaty. Canadian holders of the common stock, for example, will generally be subject to a reduced rate of 15% under the Canada-U.S. Income Tax Treaty. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

Dividends that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States or, if an income tax treaty applies, attributable to a permanent establishment, or in the case of an

individual, a fixed base, in the United States, as provided in that treaty, referred to as U.S. trade or business income, are generally subject to U.S. federal income tax on a net income basis at regular graduated rates, but are not generally subject to the 30% withholding tax if the Non-U.S. Holder files the appropriate U.S. Internal Revenue Service form with the payor. Any U.S. trade or business income received by a Non-U.S. Holder that is a corporation may also, under some circumstances, be subject to an additional "branch profits tax" at a 30% rate or a lower rate as specified by an applicable income tax treaty.

Dividends paid prior to 2001 to an address in a foreign country are presumed, absent actual knowledge to the contrary, to be paid to a resident of that country for purposes of the withholding discussed above and for purposes of determining the applicability of a tax treaty rate. For dividends paid after December 31, 2000:

- a Non-U.S. Holder of common stock who claims the benefit of an applicable income tax treaty rate generally will be required to satisfy applicable certification and other requirements;

- in the case of common stock held by a foreign partnership, the certificate requirement will generally be applied to the partners of the partnership and the partnership will be required to provide certain information, including a U.S. taxpayer identification number; and

- look-through rules will apply for tiered partnerships.

A Non-U.S. Holder of common stock that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS.

Gain on Disposition of Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax in respect of gain recognized on a disposition of common stock unless:

- the gain is U.S. trade or business income, in which case, the branch profits tax described above may also apply to a corporate Non-U.S. Holder;

- the Non-U.S. Holder is an individual who holds the common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, is present in the United States for more than 182 days in the taxable year of the disposition and meets other requirements;

- the Non-U.S. Holder is subject to tax pursuant to the provisions of the U.S. tax law applicable to some U.S. expatriates; or

- we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or period that the Non-U.S. Holder held our common stock.

Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in trade or business. We believe that we have not been, are not currently, and do not anticipate becoming, a "U.S. real property holding corporation," and thus we believe that the effects which could arise if we were ever a "U.S. real property holding corporation" will not apply to a Non-U.S. Holder. Even if we were, or were to become, a "U.S. real property holding corporation," no adverse tax consequences would apply to a Non-U.S. Holder whose holdings, direct and indirect, at all times during the applicable period, constituted 5% or less of our common stock, provided that our common stock was regularly traded on an established securities market.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a Non-U.S. Holder at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

Information Reporting and Backup Withholding Tax

We must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to that holder and the tax withheld with respect to those dividends. Copies of the information returns reporting those dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or agreement.

Under some circumstances, U.S. Treasury Regulations require information reporting and backup withholding at a rate of 31% on certain payments on common stock. Under currently applicable law, Non-U.S. Holders of common stock generally will be exempt from these information reporting requirements and from backup withholding on dividends prior to 2001 to an address outside the United States. For dividends paid after December 31, 2000, however, a Non-U.S. Holder of common stock that fails to certify its Non-U.S. Holder status in accordance with applicable U.S. Treasury Regulations may be subject to backup withholding at a rate of 31% on payments of dividends.

The payment of the proceeds of the disposition of common stock by a holder to or through the U.S. office of a broker through a non-U.S. branch of a U.S. broker generally will be subject to information reporting and backup withholding at a rate of 31% unless the holder either certifies its status as a Non-U.S. Holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds of the disposition by a Non-U.S. Holder of common stock to or through a non-U.S. office of non-U.S. broker will not be subject to backup withholding or information reporting unless the non-U.S. broker is a "U.S. related person." In the case of the payment of proceeds from the disposition of common stock by or through a non-U.S. office of a broker that is a U.S. person or a "U.S. related person," information reporting, but currently not backup withholding, on the payment applies unless the broker receives a statement from the owner, signed under penalty of perjury, certifying its non-U.S. status or the broker has documentary evidence in its files that the holder is a Non-U.S. Holder and the broker has no actual knowledge to the contrary. For this purpose, a "U.S. related person" is:

- a "controlled foreign corporation" for U.S. federal income tax purposes;

- a foreign person, 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment, or for such part of the period that the broker has been in existence, is derived from activities that are effectively connected with the conduct of a U.S. trade or business; or

- effective after December 31, 2000, a foreign partnership if, at any time during the taxable year, (A) at least 50% of the capital or profits interest in the partnership is owned by U.S. persons or (B) the partnership is engaged in a U.S. trade or business.

Effective after December 31, 2000, backup withholding may apply to the payment of disposition proceeds by or through a non-U.S. office of a broker that is a U.S. person or a "U.S. related person" unless certification requirements are satisfied or an exemption is otherwise established and the broker has no actual knowledge that the holder is a U.S. person. Non-U.S. Holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them, including changes to these rules that will become effective after December 31, 2000. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded, or credited against the holder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated , 2000, we and the selling stockholders have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc., as joint bookrunners, and Robert W. Baird & Co. Incorporated are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse First Boston Corporation............................	
Deutsche Bank Securities Inc......................................	
Robert W. Baird & Co. Incorporated................................	
Total..	6,500,000

As joint bookrunners, Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. have equal responsibility for managing this offering. The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering, if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The selling stockholders have granted the underwriters a 30-day option to purchase from them on a pro rata basis up to 975,000 additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a concession of $ per share. The underwriters and the selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the public offering price and concession and discount to dealers may be changed by the representatives.

The following table summarizes the compensation and estimated expenses we and the selling stockholders will pay. The underwriting fee will be determined based on our negotiations with the underwriters at the time the initial public offering price of our common stock is determined. We do not expect the underwriting discount per share of common stock to exceed 7% of the initial public offering price per share of common stock.

	Per Share		Total	
	Without Over-Allotment	With Over-Allotment	Without Over-Allotment	With Over-Allotment
Underwriting Discounts and Commissions paid by us............	$	$	$	$
Underwriting Discounts and Commissions paid by the selling stockholders...........	$	$	$	$
Expenses payable by us..	$	$	$	$

The underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, unless both Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. agree otherwise, for a period of 180 days after the date of this prospectus, except issuances pursuant to the exercise of employee stock options outstanding on the date hereof.

Our officers, directors and all of our stockholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of common stock whether any of these transactions are to be settled by delivery of our common stock or other securities, in case or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any swap, hedge or other arrangement, unless, in each case, both Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. agree otherwise, for a period of 180 days after the date of this prospectus. Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. have no current intention to release any shares subject to these lock-up agreements. In considering whether to release any shares, Credit Suisse First Boston Corporation and Deutsche Bank Securities Inc. would consider, among other factors, the particular circumstances surrounding the request, including but not limited to, the number of shares requested to be released, the possible impact on the market for our common stock, the reasons for the request, and whether the holder of our shares requesting the release is an officer, director or other affiliates of ours.

The underwriters have reserved for sale, at the initial public offering price, up to 500,000 shares of common stock, or 10% of the shares offered by us in this offering, for employees, directors, consultants and other persons associated with us who have expressed an interest in purchasing common stock in this offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares. None of the reserved shares that are sold to employees, officers, directors, consultants or other persons associated with us will be subject to the terms of the lock-up agreements described in the preceding paragraph.

We and the selling stockholders have agreed to indemnify the underwriters against liabilities under the Securities Act of 1933, or contribute to payments which the underwriters may be required to make in that respect.

We have applied to have our common stock quoted on The Nasdaq Stock Market's National Market under the trading symbol RECN.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiation between us and the underwriters. The principal factors to be considered in determining the public offering price include the following:

- the information included in this prospectus and otherwise available to the representatives;
- market conditions for initial public offerings;
- the history and the prospects for the industry in which we will compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development and our current financial condition;
- the general condition of the securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies.

We cannot be sure that the initial public offering price will correspond to the price at which the common stock will trade in the public market following this offering or that an active trading market for the common stock will develop and continue after this offering.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-alloted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option--a naked short position--that position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely effect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that would otherwise exist in the open market. These transactions may be effected on The Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for the sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that will make internet distributions on the same basis as other allocations. Credit Suisse First Boston Corporation may effect an on-line distribution through its affiliate, DLJdirect Inc., an on-line broker/dealer, as a selling group member.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the common stock in Canada is being made only on a private placement basis exempt from the requirement that we and the selling stockholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are made. Any resale of the common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the common stock.

Representations of Purchasers

By purchasing common stock in Canada and accepting a purchase confirmation, a purchaser is representing to us, the selling stockholders and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the common stock without the benefit of a prospectus qualified under those securities laws,

- where required by law, the purchaser is purchasing as principal and not as agent, and

- the purchaser has reviewed the text above under "Resale Restrictions."

Rights of Action (Ontario Purchasers)

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by Ontario securities law. As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of the United States federal securities laws.

Enforcement of Legal Rights

All of the issuer's directors and officers as well as the experts named herein and the selling stockholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or such persons. All or a substantial portion of the assets of the issuer and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or such persons in Canada or to enforce a judgment obtained in Canadian courts against such issuer or persons outside of Canada.

Notice to British Columbia Residents

A purchaser of common stock to whom the Securities Act (British Columbia) applies is advised that the purchaser is required to file with the British Columbia Securities Commission a report within ten days of the sale of any common stock acquired by the purchaser pursuant to this offering. The report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from us. Only one report must be filed for common stock acquired on the same date and under the same prospectus exemption.

Taxation and Eligibility for Investment

Canadian purchasers of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and about the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

The validity of the shares of common stock offered in this prospectus will be passed upon for us by O'Melveny & Myers, LLP, Newport Beach, California. Latham & Watkins, Costa Mesa, California, will pass upon certain legal matters in connection with this offering for the underwriters.

EXPERTS

The consolidated financial statements of Resources Connection, Inc. and its subsidiaries as of May 31, 1999 and 2000 and for the period from inception, November 16, 1998, through May 31, 1999, and for the year ended May 31, 2000, included in this prospectus have been included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Resources Connection LLC for the period June 1, 1998 through March 31, 1999, and for the year ended May 31, 1998, included in this prospectus have been included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered by this prospectus. As permitted by the rules and regulations of the Commission, this prospectus, which is a part of the registration statement, omits certain information, exhibits, schedules and undertakings included in the registration statement. For further information pertaining to us and the common stock offered under this prospectus, reference is made to the registration statement and the attached exhibits and schedules. Although required material information has been presented in this prospectus, statements contained in this prospectus as to the contents or provisions of any contract or other document referred to in this prospectus may be summary in nature, and in each instance reference is made to the copy of this contract or other document filed as an exhibit to the registration statement, and each statement is qualified in all respects by this reference. A copy of the registration statement may be inspected without charge at the office of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Securities and Exchange Commission's regional offices located at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of all or any part of the registration statement may be obtained from the Securities and Exchange Commission's offices upon the payment of the fees prescribed by the Securities and Exchange Commission. In addition, registration statements and certain other filings made with the commission through its Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system, including our registration statement and all exhibits and amendments to our registration statement, are publicly available through the commission's website at http://www.sec.gov.

After this offering, we will have to provide the information and reports required by the Securities Exchange Act of 1934, as amended, and we will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. Upon approval of the common stock for listing on The Nasdaq Stock Market's National Market, these reports, proxy and information statements and other information may also be inspected at the offices of Nasdaq Operations, 1735 K Street, N.W., Washington, D.C. 20006.

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REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Resources Connection, Inc., formerly RC Transaction Corp., and its subsidiaries at May 31, 1999 and 2000, and the results of their operations and their cash flows for the period from inception, November 16, 1998 through May 31, 1999, and the year ended May 31, 2000 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Costa Mesa, California
July 17, 2000

RESOURCES CONNECTION, INC.

CONSOLIDATED BALANCE SHEETS

	May 31, 1999	May 31, 2000	August 31, 2000 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 875,836	$ 4,490,187	$ 5,724,145
Trade accounts receivable, net of allowance for doubtful accounts of $907,070, $1,586,215 and $1,586,289 as of May 31, 1999 and 2000 and August 31, 2000, respectively	11,913,015	18,166,413	18,942,091
Deferred income taxes	852,507	1,300,210	1,300,210
Prepaid expenses and other current assets	821,226	745,621	598,291
Total current assets	14,462,584	24,702,431	26,564,737
Intangible assets, net	43,859,369	41,582,699	40,938,980
Property and equipment, net	459,683	3,196,185	3,728,179
Other assets	171,944	624,778	741,148
Total assets	$58,953,580	$70,106,093	$71,973,044
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	$ 2,502,772	$ 2,519,289	$ 1,867,670
Accrued salaries and related obligations	2,728,409	7,450,190	8,099,684
Other liabilities	581,197	800,938	634,569
Current portion of term loan	1,500,000	6,268,158	6,240,183
Total current liabilities	7,312,378	17,038,575	16,842,106
Deferred income taxes		379,589	379,589
Term loan	16,500,000	10,231,842	9,259,817
Revolving line of credit	2,100,000		
Subordinated notes payable	22,430,834	25,270,750	26,019,008
Total liabilities	48,343,212	52,920,756	52,500,520
Commitments and contingencies (Note 13)			
Stockholders' equity:			
Preferred stock, $0.01 par value, 5,000,000 shares authorized; zero shares issued and outstanding			
Common stock, $0.01 par value, 35,000,000 shares authorized; 15,630,000 shares issued and outstanding	156,300	156,300	156,300
Additional paid-in capital	9,698,754	10,221,589	11,160,228
Deferred stock compensation	(36,879)	(499,074)	(1,374,927)
Accumulated other comprehensive loss		(31,548)	(31,472)
Retained earnings	792,193	7,338,070	9,562,395
Total stockholders' equity	10,610,368	17,185,337	19,472,524
Total liabilities and stockholders' equity	$58,953,580	$70,106,093	$71,973,044

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF INCOME

	For The Period From Inception, November 16, 1998, Through May 31, 1999	For The Year Ended May 31, 2000	Three Months Ended August 31, 1999	Three Months Ended August 31, 2000
			(unaudited)	
Revenue	$15,384,578	$126,332,155	$25,533,226	$39,155,349
Direct cost of services, primarily payroll and related taxes for professional services employees	8,618,234	73,541,194	14,491,042	22,749,626
Gross profit	6,766,344	52,790,961	11,042,184	16,405,723
Selling, general and administrative expenses	4,274,171	34,648,822	6,814,294	10,719,835
Amortization of intangible assets	370,661	2,230,633	509,893	578,125
Depreciation expense	30,029	284,737	51,663	191,561
Income from operations	2,091,483	15,626,769	3,666,334	4,916,202
Interest expense	733,903	4,716,974	1,155,355	1,208,993
Income before provision for income taxes	1,357,580	10,909,795	2,510,979	3,707,209
Provision for income taxes	565,387	4,363,918	1,004,376	1,482,884
Net income	$ 792,193	$ 6,545,877	$ 1,506,603	$ 2,224,325
Net income per common share:				
Basic	$ 0.09	$ 0.42	$ 0.10	$ 0.14
Diluted	$ 0.09	$ 0.42	$ 0.10	$ 0.13
Weighted average common shares outstanding:				
Basic	8,691,224	15,630,000	15,630,000	15,630,000
Diluted	8,691,224	15,714,241	15,630,000	16,818,860

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-In Capital	Deferred Stock Compensation	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount					
Issuance of common shares to founders for cash	5,630,000	$ 56,300	$ --	$ --	$ --	$ --	$ 56,300
Issuance of common shares for cash	9,855,260	98,553	9,756,707				9,855,260
Issuance of Class B common shares for cash	144,740	1,447	143,293				144,740
Issuance costs of common shares			(238,125)				(238,125)
Deferred stock compensation			36,879	(36,879)			
Net income for the period from inception, November 16, 1998, through May 31, 1999						792,193	792,193
Balances as of May 31, 1999	15,630,000	156,300	9,698,754	(36,879)		792,193	10,610,368
Deferred stock compensation			522,835	(522,835)			
Amortization of deferred stock compensation				60,640			60,640
Comprehensive income:							
Currency translation adjustment, net of tax					(31,548)		(31,548)
Net income for the year ended May 31, 2000						6,545,877	6,545,877
Total comprehensive income							6,514,329
Balances as of May 31, 2000	15,630,000	156,300	10,221,589	(499,074)	(31,548)	7,338,070	17,185,337
Deferred stock compensation (unaudited)			938,639	(938,639)			
Amortization of deferred stock compensation (unaudited)				62,786			62,786
Comprehensive income:							
Currency translation adjustment, net of tax (unaudited)					76		76
Net income for the three months ended August 31, 2000 (unaudited)						2,224,325	2,224,325
Total comprehensive income (unaudited)							2,224,401
Balances as of August 31, 2000 (unaudited)	15,630,000	$156,300	$11,160,228	$(1,374,927)	$(31,472)	$9,562,395	$19,472,524

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

RESOURCES CONNECTION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Period From Inception, November 16, 1998, Through May 31, 1999	For The Year Ended May 31, 2000	Three Months Ended August 31, 1999	Three Months Ended August 31, 2000
			(unaudited)	(unaudited)
Cash flows from operating activities				
Net income	$ 792,193	$ 6,545,877	$ 1,506,603	$ 2,224,325
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of acquisition of Resources Connection LLC in April, 1999:				
Depreciation and amortization	400,690	2,515,370	561,555	769,686
Amortization of debt issuance costs	12,420	298,458	75,000	65,594
Amortization of deferred stock compensation		60,640		62,786
Bad debt expense	200,000	1,048,502	1,048,502	468,429
Changes in operating assets and liabilities:				
Trade accounts receivable	(1,217,009)	(7,301,900)	(2,017,688)	(1,244,107)
Prepaid expenses and other current assets	(509,473)	75,605	158,013	351,312
Other assets	(167,338)	(484,382)	(61,594)	(116,294)
Accounts payable and accrued expenses	768,763	35,096	(961,373)	(651,626)
Accrued salaries and related obligations	(573,479)	4,721,781	2,243,740	649,494
Other liabilities	311,716	219,741	983,229	(370,344)
Accrued interest payable portion of notes payable	430,834	2,839,916	681,107	748,258
Deferred income taxes	559,288	(68,114)		
Net cash provided by operating activities	1,008,605	10,506,590	4,217,094	2,957,513
Cash flows from investing activities				
Purchase of Resources Connection LLC, net of cash acquired and including transaction costs	(50,866,539)	(271,000)	(27,496)	
Purchases of property and equipment	(21,066)	(3,021,239)	(58,962)	(723,555)
Net cash used in investing activities	(50,887,605)	(3,292,239)	(86,458)	(723,555)
Cash flows from financing activities				
Proceeds from issuance of subordinated notes payable	22,000,000			
Proceeds from term loan	18,000,000			
Payments on term loan		(1,500,000)	(375,000)	(1,000,000)
Net borrowings (repayments) on revolving loan	2,100,000	(2,100,000)	(2,100,000)	
Costs of debt				

issuances............	(1,163,339)			
Issuance of common stock................	10,056,300			
Costs of equity issuances............	(238,125)			
Net cash provided by (used in) financing activities.....	50,754,836	(3,600,000)	(2,475,000)	(1,000,000)
Net increase in cash..	875,836	3,614,351	1,655,636	1,233,958
Cash and cash equivalents at beginning of period..	--	875,836	875,836	4,490,187
Cash and cash equivalents at end of period...............	$ 875,836	$ 4,490,187	$ 2,531,472	$ 5,724,145

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

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

May 31, 1999 And 2000

1. Description of the Company and its Business

Resources Connection, Inc., formerly RC Transaction Corp.,was incorporated on November 16, 1998. The Company provides professional services to a variety of industries and enterprises through its subsidiary, Resources Connection LLC ("LLC"), and foreign subsidiaries (collectively the "Company"). Prior to its acquisition of LLC on April 1, 1999 (see Note 3), Resources Connection, Inc. had no substantial operations. LLC, which commenced operations in June 1996, provides clients with experienced professionals who specialize in accounting, finance, tax, information technology and human resources on a project-by-project basis. The Company operates in the United States, Canada, Hong Kong and Taiwan. The Company is a Delaware corporation. LLC is a Delaware organized limited liability company.

The Company's fiscal year consists of 52 or 53 weeks, ending on the Saturday nearest the last day of May in each year. For convenience, all references herein to years or periods are to years or periods ended May 31. The period ended May 31, 1999 consists of 28 weeks, which includes 8 weeks of operations of LLC. The fiscal year ending May 31, 2000 consists of 52 weeks.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Interim Financial Information

The financial information for the three month periods ended August 31, 1999 and 2000 is unaudited but includes all adjustments (consisting only of normal recurring adjustments) which the Company considers necessary for a fair presentation of the financial position at such date and the operating results and cash flows for those periods. Results of the August 31, 1999 and 2000 periods are not necessarily indicative of the results for the entire year.

Revenue Recognition

Revenues are recognized and billed when services are rendered by the Company's professionals. Non-refundable conversion fees are recognized when one of the Company's professionals accepts an offer of permanent employment from a client. Conversion fees were less than 4% of revenue for the period ended May 31, 1999 and for the year ended May 31, 2000. All costs of compensating the Company's professionals are the responsibility of the Company and are included in direct cost of services.

Foreign Currency Translation

The financial statements of subsidiaries outside the United States are generally 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 within stockholders' equity. Gains and losses from foreign currency transactions are included in the consolidated statements of income.

Per Share Information

The Company follows Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," which establishes standards for the computation, presentation and disclosure requirements for basic and

diluted earnings per share for entities with publicly held common shares and potential common shares. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. In computing diluted earnings per share, the weighted average number of shares outstanding is adjusted to reflect the effect of potentially dilutive securities.

Potential common shares totaling 750,500 were not included in the diluted earnings per share amounts for the period ended May 31, 2000 as their effect would have been anti-dilutive. For the year ended May 31, 2000, potentially dilutive securities consisted solely of stock options and resulted in potential common shares of 84,241.

All share and per share amounts have been adjusted to give retroactive effect to the 10-for-1 stock split (see Note 10) for all periods presented.

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.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets which range from 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter. 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

Goodwill represents the purchase price of LLC in excess of the fair market value of its net tangible assets at acquisition date, and is being amortized on a straight-line basis over 20 years. A noncompete agreement is stated at cost and amortized on a straight-line basis over the four-year life of the agreement. The costs related to the issuance of debt are capitalized and amortized to interest expense on a straight-line basis over the 4.5 year life of the related debt. Debt issuance costs of $12,420 and $298,458 were amortized to interest expense for the period ended May 31, 1999 and the year ended May 31, 2000, respectively. The carrying value of intangible assets is periodically reviewed by management and impairment adjustments are recognized when the expected undiscounted future operating cash flows to be derived from such intangible assets are less than their carrying value. If such assets are considered to be impaired the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the expected discounted future operating cash flows arising from the asset. The Company believes that no impairment of intangible assets has occurred.

Interest Rate Swap

The Company has entered into an interest rate swap to manage its term loan debt with the objective of minimizing the volatility of the Company's borrowing cost. At May 31, 2000, the Company held an interest rate swap to fix the interest rate on a notional amount of $12.6 million. Under this agreement, the Company will pay the counterparty interest at a fixed rate of 8.96% and the counterparty will pay the Company interest at a variable rate based upon the Eurodollar rate plus 3%. The counterparty to this instrument is a major financial

institution with credit ratings primarily of Aa3 and AA. At May 31, 2000, the variable rate applicable to this agreement was 9.69%. Net payments or receipts under the agreement are recorded in interest expense on a current basis. The related amount payable to, or receivable from, the counterparty is included in interest payable on the consolidated balance sheet. At May 31, 2000, the interest rate swap agreement had a positive fair value of approximately $176,000 based upon quoted market prices of comparable instruments.

Stock-Based Compensation

The Company has adopted the disclosure-only provision of SFAS No. 123, "Accounting for Stock-Based Compensation" for measurement and recognition of employee stock-based transactions. SFAS No. 123 defines a fair value based method of accounting for stock based compensation. Fair value of the stock based awards is determined considering factors such as the exercise price, the expected life of the award, the current price of the underlying stock and its volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the award. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period.

The Company continues to measure compensation cost under the intrinsic value method provided by Accounting Principles Board Opinion No. 25 ("APB 25") and to include the required pro forma disclosures. Under the intrinsic value method, compensation cost is measured at the grant date as the difference between the estimated market value of the underlying stock and the exercise price. Compensation cost is recognized ratably over the service period.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes are recognized for the estimated tax consequences in future years of differences between the tax bases 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.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which was later amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 133 established standards for the accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. This Statement generally requires recognition of gains and losses on hedging instruments, based on changes in fair value or the earnings effect of a forecasted transaction. SFAS No. 133, as amended by SFAS No. 137, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Management does not believe that SFAS No. 133, as amended by SFAS No. 137, will have a material impact on the Company's consolidated financial statements.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 (SAB 101) entitled "Revenue Recognition," which outlines the basic criteria that must be met to recognize revenue and provides guidance for the presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the SEC. The implementation date of SAB 101 has been deferred until no later than the fourth quarter of fiscal years beginning after December 31, 1999. Management believes that SAB 101 will not have a material impact on the Company's financial position or results of operations.

In March 2000, the FASB issued Interpretation No. 44, or FIN 44, entitled "Accounting for Certain Transactions Involving Stock Compensation," which is an interpretation of APB 25. This interpretation clarifies:

- the definition of an employee for purposes of applying APB 25;
- the criteria for determining whether a plan qualifies as a noncompensatory plan;
- the accounting consequences of various modifications to the terms of a previously fixed stock option or award; and
- the accounting for an exchange of stock compensation awards in a business combination.

This interpretation is effective July 1, 2000. Management believes that the adoption of FIN 44 will not have a material impact on the Company's consolidated financial statements.

Reclassifications

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

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. Resources Connection LLC Acquisition

On April 1, 1999, the Company completed the acquisition of all of the outstanding membership interests of LLC for approximately $55 million in cash, excluding cash acquired and transaction costs. The Company has accounted for this transaction under the purchase method of accounting. The purchase price exceeded the estimated fair value of LLC's net tangible assets by approximately $43.3 million, which was allocated to intangible assets, consisting of goodwill of $42.8 and a noncompete agreement of $500,000. The results of operations of LLC are included in the consolidated statements of income from the date of acquisition.

In connection with this acquisition, the Company entered into a transition services agreement ("Agreement") with the seller whereby the seller agreed to provide certain services (as defined in the Agreement) to the Company at negotiated terms during the period the Company maintained offices within the seller's locations. The use of the services may not necessarily have been provided at terms available from third parties. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the financial position and results that would have occurred if the Company had undertaken such transactions with third parties. Our management was unable to determine the availability and the cost of similar services had they been provided by third parties. Total expenses under the Agreement were approximately $300,000 and $1.3 million for the period from November 16, 1998 to May 31, 1999 and the year ended May 31, 2000, respectively. At May 31, 1999 and 2000, the Company maintained 25 and 5 offices, respectively, within the seller's locations. The Company expects to have completed all relocations by August 31, 2000.

The following are the Company's unaudited pro forma results for the year ended May 31, 1999 assuming the acquisition occurred on June 1, 1998:

Revenues	$70,822,000
Net income	$ 1,846,000
Net income per common share--Basic and Diluted	$ 0.21

These unaudited pro forma results have been prepared for comparative purposes only and include certain adjustments such as additional amortization expense as a result of goodwill and the noncompete agreement, and increased interest expense on acquisition debt. These pro forma amounts do not purport to be indicative of the results of operations that actually would have resulted had the combination occurred on June 1, 1998, or of future results of the Company.

4. Property and Equipment

Property and equipment consist of the following at May 31:

	1999	2000
Computers and equipment	$ 430,308	$ 2,440,297
Furniture	16,490	547,321
Leasehold improvements	42,914	523,333
	489,712	3,510,951
Less accumulated depreciation and amortization	(30,029)	(314,766)
	$ 459,683	$ 3,196,185

5. Intangible Assets

Intangible assets consist of the following at May 31:

	1999	2000
Noncompete agreement	$ 500,000	$ 500,000
Goodwill	42,579,111	42,831,532
Debt issuance costs	1,163,339	1,163,339
	44,242,450	44,494,871
Less accumulated amortization	(383,081)	(2,912,172)
	$43,859,369	$41,582,699

6. Income Taxes

The following table represents the current and deferred income tax provision for federal and state income taxes:

	For The Period From Inception, November 16, 1998, Through May 31, 1999	For The Year Ended May 31, 2000
Current		
Federal	$ --	$3,569,500
State	6,099	862,532
	6,099	4,432,032
Deferred		
Federal	438,668	(83,303)
State	120,620	15,189
	559,288	(68,114)
	$565,387	$4,363,918

The components of the provision for deferred income taxes are as follows:

	For The Period From Inception, November 16, 1998, Through May 31, 1999	For The Year Ended May 31, 2000
Allowance for doubtful accounts	$ 20,252	$(276,170)
Property and equipment	(417)	67,305
Goodwill and noncompete agreement	46,638	265,806
Accrued liabilities	535,898	4,034
State taxes	(43,083)	(129,089)
Net deferred income tax provision	$559,288	$ (68,114)

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

	For The Period From Inception, November 16, 1998, Through May 31, 1999	For The Year Ended May 31, 2000
Statutory tax rate	34.0%	34.0%
State taxes, net of federal benefit	6.1%	5.4%
Other, net	1.5%	0.6%
Effective tax rate	41.6%	40.0%

The components of the net deferred tax asset consist of the following as of May 31:

	1999	2000
Deferred tax assets:		
Allowance for doubtful accounts	$ 380,969	$ 657,139
Accrued expenses	588,423	584,389
State taxes		74,411
	969,392	1,315,939
Deferred tax liabilities:		
Property and equipment	(15,569)	(82,874)
Goodwill and noncompete agreement	(46,638)	(312,444)
State taxes	(54,678)	
	(116,885)	(395,318)
Net deferred tax asset	$ 852,507	$ 920,621

7. Accrued Salaries and Related Obligations

Accrued salaries and related obligations consist of the following as of May 31:

	1999	2000
Accrued salaries, bonuses and related obligations	$1,945,109	$5,837,762
Accrued vacation	783,300	1,612,428
	$2,728,409	$7,450,190

8. Long-Term Obligations (Term Loan, Revolving Credit and Subordinated Notes Payable)

In April 1999, in connection with the acquisition of LLC, the Company entered into a $28 million credit agreement with a group of banks which provides for an $18 million term loan facility and a $10 million revolving credit facility, including a standby letter of credit feature (the "Credit Agreement"). Principal payments on the term loan are due quarterly, and the Credit Agreement expires October 1, 2003. At May 31, 1999 and 2000, outstanding borrowings on the term loan are $18,000,000 and $16,500,000, respectively. At May 31, 1999 and 2000, outstanding borrowings on the revolving credit facility are $2,100,000 and zero, respectively. Borrowings under the Credit Agreement are collateralized by all of the Company's assets.

Prime rate plus 2% and a Eurodollar-based rate plus 3% interest rate options are available for borrowing under the Credit Agreement. On May 31, 1999 and 2000, the term loan bore interest at 8% and 9.69%, respectively. The weighted average interest rate on the outstanding borrowings under the revolving credit facility was 9.35% at May 31, 1999. No amounts were outstanding under the revolving credit facility at May 31, 2000. Interest is payable on both facilities at various intervals no less frequent than quarterly. In addition, an annual facility fee of 0.05% is payable on the unutilized portion of the $10 million revolving credit facility.

The Credit Agreement contains certain financial and other restrictive covenants. These covenants include, but are not limited to, a restriction on the amount of dividends that may be distributed to shareholders, and maintaining defined levels of earnings before interest, taxes, depreciation and amortization ("EBITDA"), a debt leverage ratio and an interest coverage ratio. The Company was in compliance with these covenants as of May 31, 1999 and 2000.

In April 1999, the Company issued $22,000,000 in 12% subordinated promissory notes (the "Notes") to certain investors. The Notes are subordinate to the facilities provided by the Credit Agreement. Interest accrues on the Notes at 12%. Interest is payable on the Notes on a quarterly basis; however, the Company may elect and has elected to defer payment of the interest and to add the balance due ($3,270,750 at May 31, 2000) to the outstanding principal balance. All principal, including accrued interest, is due on April 15, 2004.

The fair values of the Notes and the Company's debt under the Credit Agreement approximate their carrying amounts and have been estimated based on current rates offered to the Company for debt of the same remaining maturities.

Scheduled maturities of long-term obligations are as follows:

Years Ending May 31:	
2001	$ 6,268,158
2002	3,888,100
2003	4,297,372
2004	27,317,120
	$41,770,750

9. Concentrations of Credit Risk

The Company maintains cash and cash equivalent balances with a high credit quality financial institution. 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. To reduce credit risk, the Company performs credit checks on certain customers.

10. Stockholders' Equity

The Company has authorized for issuance 25,000,000 shares of common stock, in addition to 3,000,000 shares of Class B common stock and 7,000,000 shares of Class C common stock with a $0.01 par value. At May 31, 1999 and 2000, there are 15,485,260, 144,740 and zero shares outstanding of common stock, Class B common stock and Class C common stock, respectively. The 25,000,000 shares of common stock are voting while Class B and Class C common stock are nonvoting. Class B and Class C common stock are equal to the 25,000,000 shares of common stock with respect to all other rights and preferences.

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 are outstanding at May 31, 1999 and 2000.

The Company issued 5,630,000 shares of its common stock to founding shareholders at a price of $0.01 per share (see Note 14).

In April 1999, the Company issued 10,000,000 units at a price of $3.20 per unit, each unit consisting of one share of common stock at $1.00 per unit and a subordinate promissory note of $2.20 per unit (see Note 8).

On March 9, 2000, the Company's Board of Directors authorized a 10-for-1 split of its shares of common stock and shares under options. All share and per share amounts in the accompanying consolidated financial statements have been adjusted to give retroactive effect to the stock split for all periods presented.

11. Benefit Plan

The Company established a defined contribution 401(k) plan ("the plan") on April 1, 1999, which covers all employees who have completed three months of service and are age 21 or older. Participants may contribute up to 15% 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 salaries. 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 period from inception, November 16, 1998, through May 31, 1999 and the year ended May 31, 2000, the Company contributed approximately $101,000 and $427,000, respectively, to the plan.

12. Supplemental Disclosure Of Cash Flow Information

For the period and year ended May 31:

	1999	2000
Interest paid	$ --	$1,824,051
Income taxes paid	$ --	$4,155,900
Noncash investing and financing activities:		
Deferred stock compensation	$36,879	$ 522,835

Acquisition of LLC, net of $5,033,027 cash acquired and including transaction costs:

Fair values of noncash tangible assets acquired	$12,533,518
Liabilities assumed and incurred	(4,746,090)
Goodwill	42,579,111
Noncompete agreement	500,000
Cash paid	$50,866,539

During the year ended May 31, 2000, it was determined that the Company owed additional consideration of approximately $225,000 relating to the acquisition of LLC. Such amount has been allocated to the purchase price and is included in accrued expenses at May 31, 2000.

During the year ended May 31, 2000, the Company paid $271,000 in transaction costs related to the acquisition of LLC, of which $244,000 had been included in accrued liabilities at May 31, 1999.

13. Commitments and Contingencies

Lease Commitments

At May 31, 2000, the Company had operating leases, primarily for office premises, expiring at various dates. At May 31, 2000, the Company had no capital leases. Future minimum rental commitments under operating leases are as follows:

Years Ending May 31:	
2001	$ 3,052,023
2002	2,992,504
2003	2,826,407
2004	2,796,750
2005	2,076,471
Thereafter	1,116,393
Total	$14,860,548

Rent expense for the period ended May 31, 1999 and for the year ended May 31, 2000 totaled $305,749 and $2,368,187, respectively.

Employment Agreements

The Company has employment agreements with certain key members of management expiring between 2002 and 2004. These agreements provide the employees with a specified severance amount depending on whether the employee is terminated with or without good cause as defined in the agreement.

14. Incentive Stock Plans

1998 Restricted Stock Purchase Plan

Under the terms of the Resources Connection, Inc. 1998 Restricted Stock Purchase Plan (the "Purchase Plan"), a total of 5,630,000 shares of common stock may be issued. The Purchase Plan gives the administrator authority to grant awards to management-based employees at a price of at least 85% of the fair market value of the stock (100% of the fair market value of the stock in the case of an individual possessing more than 10% of the total outstanding stock of the Company) on the date the related award was granted. An award under the Purchase Plan gives the participant the right to acquire a specified number of shares of common stock, at a

specified price, for a limited period of time. Awards under the Purchase Plan are generally nontransferable. The stock purchased upon exercise of an award generally vests over five years. If the participant's employment terminates before the participant's stock is fully vested, the Company may repurchase the unvested stock for the price initially paid by the participant. The administrator may accelerate the vesting of stock acquired under the Purchase Plan in the event of a change in control.

In November 1998, management formed Resources Connection, Inc. (formerly RC Transaction Corp.). In December 1998, 5,243,000 awards were granted and exercised pursuant to the Purchase Plan at a price of $0.01 per share. In January 1999 and February 1999, 297,000 and 90,000 awards, respectively, were granted and exercised pursuant to the Purchase Plan at a price of $0.01 per share. Of such shares of common stock, 785,200 and 1,880,000, respectively, were vested as of May 31, 1999 and 2000. During May 1999 and the year ended May 31, 2000, repurchased unvested shares of common stock were sold to eligible employees pursuant to the terms of the 1998 Restricted Stock Purchase Plan. The per share weighted average grant date fair values of the unvested awards granted during the period from inception, November 16, 1998, through May 31, 1999, and for the year ended May 31, 2000 were $0.02 and $2.44, respectively. The amount of unearned compensation recognized for stock re-sold under the Purchase Plan totaled $36,879 during May 1999 and $375,981 during the year ended May 31, 2000. Related compensation expense totaled zero and $53,520 for the period and the year ended May 31, 1999 and 2000, respectively. The Company does not anticipate granting any additional awards under the Purchase Plan.

1999 Long-Term Incentive Plan

Under the terms of the Resources Connection, Inc. 1999 Long-Term Incentive Plan (the "Incentive Plan"), the Company is authorized to grant restricted stock awards, incentive stock options ("ISOs"), nonqualified stock options ("NQSOs"), stock appreciation rights and bonus awards to directors, officers, key employees, consultants and other agents. Under the terms of the Incentive Plan, the option price for the ISOs and NQSOs shall 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. Management's estimate of the fair market value of the shares of the Company's common stock is based upon a valuation of the Company obtained from an independent appraisal firm. The maximum number of shares of common stock available for grant is 2,340,000. Stock options granted under the Incentive Plan become exercisable generally over periods of one to five years and expire within a period of not more than ten years from the date of grant. There were no options exercisable at May 31, 1999 and 2000. There were 80,500 options exercisable at August 31, 2000 at a weighted-average exercise price of $3.00.

A summary of the option activity under the Incentive Plan is as follows:

	Number of Shares Under Option	Weighted Average Exercise Price	Weighted Average Fair Value
Options outstanding at May 31, 1999	--	$ --	$ --
Granted, above fair market value	1,495,500	$4.01	$3.11
Granted, below fair market value	330,000	$3.00	$3.44
Options outstanding at May 31, 2000	1,828,500	$3.82	
Granted, above fair market value	110,000	$5.00	$4.50
Granted, at fair market value	74,000	$6.40	$6.40
Granted, below fair market value	192,500	$4.84	$9.76
Cancelled	(115,000)	$3.26	
Options outstanding at August 31, 2000	2,090,000	$4.10	

As of May 31, 2000, options outstanding have a range of per share exercise prices between $3.00 and $5.00 and a weighted average remaining contractual life of 9.67 years.

As of May 31, 2000, the Company recorded deferred compensation related to options granted to employees of $146,854 representing the difference between the deemed fair market value of the common stock, as determined for accounting purposes, and the exercise price of the options at the date of grant. Of this amount, $7,120 in amortization has been recognized during the year ended May 31, 2000. The Company amortizes deferred compensation over the related service period of the underlying options.

The Company has adopted the disclosure-only provisions of SFAS No 123. Had compensation cost for the Company's Incentive Plan been determined based on the fair value at the grant date for awards and consistent with the provisions of SFAS No. 123, the Company's net income for the periods ended May 31, would have been adjusted to the pro forma amount indicated below:

	1999	2000
Net Income:		
As reported	$792,193	$6,545,877
Pro forma	$792,193	$5,947,457
Net Income Per Common Share--Basic and Diluted:		
As reported	$ 0.09	$ 0.42
Pro forma	$ 0.09	$ 0.38

For purposes of computing the pro forma amounts, the fair value of stock-based compensation was estimated using the Black-Scholes option-pricing model with the following assumptions:

	1999	2000
Weighted-average expected life (years)	7	7
Annual dividend per share	None	None
Risk-free interest rate	6.47%-6.98%	6.47%-8.07%
Expected volatility	75%	75%

Because the determination of the fair value of all options granted includes the factors described in the preceding paragraph, and because additional option grants are expected to be made each year, the above pro forma disclosures are not likely to be representative of the pro forma effect on reported net income for future years.

15. Segment Information and Enterprise Reporting

No single customer accounted for more than 4% of revenue during the period ended May 31, 1999 and for the year ended May 31, 2000.

The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company operates in one reportable segment as it provides experienced accounting and finance, human capital management and information technology professionals to clients on a project-by-project basis. Substantially all of the Company's assets are located within the United States. For the year ended May 31, 2000, the first year the Company had foreign operations, foreign revenue comprised less than 1% of the Company's consolidated revenue.

16. Related Party Transactions

In April 1999, the Company issued $22,000,000 in 12% subordinated promissory notes to certain investors (see Note 8).

On May 1, 1999, a member of management received a loan of $200,000 from the Company. The loan is interest free and matures on April 1, 2007. During the year ended May 31, 2000, $50,000 of this loan was forgiven. At May 31, 2000, $150,000 of the receivable was outstanding.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Members
of Resources Connection LLC

In our opinion, the accompanying statements of income and of cash flows of Resources Connection LLC, present fairly, in all material respects, the results of its operations and its cash flows for the year ended May 31, 1998 and for the period from June 1, 1998 through March 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether these statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits of these statements provide a reasonable basis for the opinion expressed above.

As discussed in Notes 1, 2, and 3 to these financial statements, the Company entered into significant related party transactions with its member, Deloitte & Touche LLP. The accompanying historical financial statements of the Company may not necessarily be indicative of the results that would have occurred if the Company had undertaken such transactions with an unrelated third party.

PricewaterhouseCoopers LLP

Costa Mesa, California
August 6, 1999

RESOURCES CONNECTION LLC

STATEMENTS OF INCOME

For The Year Ended May 31, 1998
And For The Period June 1, 1998 Through March 31, 1999

	For The Year Ended May 31, 1998	For The Period June 1, 1998 Through March 31, 1999
Revenue	$29,507,588	$55,437,836
Direct cost of services, primarily payroll and related taxes for professional services employees	16,670,680	31,252,773
Gross profit	12,836,908	24,185,063
Selling, general and administrative expenses	9,034,986	17,070,808
Depreciation and amortization expense	79,117	118,358
Net income	$ 3,722,805	$ 6,995,897

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

RESOURCES CONNECTION LLC

STATEMENTS OF CASH FLOWS

For The Year Ended May 31, 1998
And For The Period June 1, 1998 Through March 31, 1999

	For The Year Ended May 31, 1998	For The Period June 1, 1998 Through March 31, 1999
Cash flows from operating activities:		
Net income	$ 3,722,805	$ 6,995,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	79,117	118,358
Bad debt expense	278,760	533,000
Changes in operating assets and liabilities:		
Trade accounts receivable	(3,306,645)	(6,736,505)
Receivable from member	(2,500,000)	(10,500,000)
Payable to member	4,325,023	8,540,750
Prepaids and other assets	(18,850)	(297,509)
Accounts payable and accrued expenses	257,344	869,284
Accrued salaries and related obligations	682,867	2,322,972
Other liabilities	78,633	181,847
Net cash provided by operating activities	3,599,054	2,028,094
Cash flows from investing activities:		
Purchases of property and equipment	(431,014)	(163,107)
Net cash used in investing activities	(431,014)	(163,107)
Net increase in cash	3,168,040	1,864,987
Beginning cash balance	--	3,168,040
Ending cash balance	$ 3,168,040	$ 5,033,027

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

1. Description Of The Company And Its Business:

Resources Connection LLC (the "Company") is a Delaware organized limited liability company and provides high-end professional services to a variety of industries and enterprises throughout the United States. The Company provides clients with experienced professionals in accounting, finance, tax and information technology on a project-by project-basis.

The Company was formed in September 1996. The Company is 99% owned by Deloitte & Touche LLP ("D&T") and 1% owned by Deloitte & Touche Acquisition Company LLC (collectively referred to as the "Members"). The Members do not have any liability for the obligations or liabilities of the Company except to the extent provided for in the Delaware Limited Liability Company Act (the "Act"). The Company will dissolve upon the first to occur of, among others, the following: (a) the written consent of the Members; (b) the resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event under the Act which terminates the continued membership of a Member in the Company, unless the remaining Member agrees in writing within 90 days to continue the business of the Company; or (c) December 31, 2095.

In the normal course of business, the Company has been supplied with a variety of services by D&T as well as having supplied a variety of services to D&T that are substantial in amount. The accompanying financial statements have been prepared from the separate records maintained by the Company; however, the services supplied by and to D&T may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity.

The following table summarizes the approximate amount of services and related allocated expenses charged to the Company for services provided by D&T. Charges for such services are included in selling, general and administrative expenses in the accompanying statements of income:

	For The Year Ended May 31, 1998	For The Period June 1, 1998 Through March 31, 1999
Occupancy	$344,000	$ 767,000
Computer charges	80,000	155,000
Telephone	16,000	34,000
Administrative salaries	122,000	250,000
Other charges	153,000	203,000
Total allocated charges	$715,000	$1,409,000

The financial statements include all necessary personnel costs and pro rata allocations of overhead from D&T on a basis which management believes represents a reasonable allocation of such costs.

D&T processes and pays the Company's accounts payable, which obligation is offset by periodic sweeps of the Company's separately maintained bank account, resulting in a net receivable due from D&T and a net payable due to D&T. Interest is not charged for any such amounts due to or from D&T.

Revenue includes fees charged for services provided directly to D&T of approximately $3.1 million and $4.9 million for the year ended May 31, 1998 and for the approximate ten month period ended March 31, 1999, respectively.

The Company's fiscal year consists of 52 or 53 weeks, ending on the Saturday nearest the last day of May in each year. For convenience, all references herein to years or periods are to years or periods ended May 31. The year ended May 31, 1998 was 52 weeks long and the period ended March 31, 1999 was 44 weeks long.

2. Summary Of Significant Accounting Policies:

Revenue Recognition:

Revenues are recognized when services are rendered by the Company's professional staff. Conversion fees are recognized in certain circumstances when one of our Company's professional staff accepts an offer of permanent employment from a client. Conversion fees were less than 4% of revenues for the year ended May 31, 1998 and the period ended March 31, 1999. All costs of compensating the Company's professional staff are the responsibility of the Company and are included in direct cost of services.

Depreciation And Amortization:

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets which range from 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter. Costs for normal repairs and maintenance are expensed to operations as incurred, while renewals and major refurbishments are capitalized.

Taxes:

As a limited liability company, income taxes on any income or losses realized by the Company are the obligation of its Members and, accordingly, no provision for income taxes has been recorded in the financial statements.

Use Of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates and assumptions are adequate, actual results could differ from the estimates and assumptions used.

Reclassifications:

Certain reclassifications have been made to the prior year financial statements to conform with the current period presentation.

3. Related Party Transactions:

Lease Arrangements:

Specific amendments to D&T lease agreements were negotiated for separate office space in two of the Company's locations. The Company reimburses D&T for the rent incurred under these amended lease agreements. D&T allocates rent to the Company for all other locations, which may not necessarily reflect terms available from unrelated parties. Total rent expense, including allocations as included in Note 1, was approximately $480,000 and $828,000 for the year ended May 31, 1998 and for the approximate ten month period ended March 31, 1999, respectively.

Retirement Plan:

The Company participates in D&T's defined contribution 401(k) plan ("the plan"), which covers administrative employees who have completed one year of service and are age 21 or older. Participants may

contribute up to 15% of their annual salary up to the maximum allowed by statute. As defined in the plan agreement, the Company is obligated to match 10% of employee contributions to a maximum of 6% of individual employees' annual salaries; the Company may, at its discretion, match up to an additional 15% of employee contributions to a maximum of 6% of individual employees' annual salaries. For the year ended May 31, 1998 and for the approximate ten month period ended March 31, 1999, the Company contributed approximately $35,000 and $98,000, respectively, to the plan.

Other:

The Company has entered into other significant related party transactions with its Member, D&T. See Note 1 for further detail.

4. Subsequent Events:

On April 1, 1999, D&T sold the Company to management of the Company and a group of investors. All of the outstanding membership interests of the Company were sold for approximately $55 million in cash, excluding cash acquired and transaction costs.

[inside back cover]

[small logo]

THE PROFESSIONAL SERVICES FIRM OF THE FUTURE

[map depicting office locations and professional services lines delivered at each office location]

[colored dot] Finance and Accounting
[colored dot] Finance and Accounting & Information Technology
[colored dot] Finance and Accounting & Human Resources Management
[colored dot] Finance and Accounting, Information Technology & Human Resources Management

United States				International
Atlanta	Costa Mesa	Los Angeles	Princeton	Hong Kong
Austin	Dallas	Minneapolis	San Antonio	Taipei
Baltimore	Denver	New York	San Diego	Toronto
Boise	Detroit	Orlando	San Francisco	
Boston	Hartford	Parsippany	Santa Clara	
Charlotte	Honolulu	Philadelphia	Seattle	
Chicago (2)	Houston (2)	Phoenix	Stamford	
Cincinnati	Indianapolis	Pittsburgh	St. Louis	
Cleveland	Las Vegas	Portland	Washington, D.C.	

[LOGO OF RESOURCES CONNECTION]

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth all expenses payable by the Resources Connection, Inc. (the "Registrant") in connection with the sale of the common stock being registered. All of the amounts shown are estimates, except for the SEC registration fee, the NASD filing fee and The Nasdaq National Market application fee.

	Amount to Be Paid
Registration fee	$ 27,628
NASD filing fee	10,850
Nasdaq Stock Market Listing Application fee	95,000
Blue sky qualification fees and expenses	7,000*
Printing and engraving expenses	265,000*
Legal fees and expenses	400,000*
Accounting fees and expenses	322,000*
Transfer agent and registrar fees	12,500*
Miscellaneous	10,000*
Total	$1,149,978

- --------
* Estimated.

Item 14. Indemnification Of Officers And Directors

Under Section 145 of the Delaware General Corporation Law, the Registrant has broad powers to indemnify its directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

The Registrant's Second Restated Certificate of Incorporation and Amended and Restated Bylaws include provisions to (i) eliminate the personal liability of its directors and officers for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Section 102(b)(7) of the General Corporation Law of Delaware (the "Delaware Law") and (ii) require the Registrant to indemnify its directors and officers to the fullest extent permitted by Section 145 of the Delaware Law, including circumstances in which indemnification is otherwise discretionary. Pursuant to Section 145 of the Delaware Law, a corporation generally has the power to indemnify its present and former directors, officers, employees and agents against expenses incurred by them in connection with any suit to which they are or are threatened to be made, a party by reason of their serving in such positions so long as they acted in good faith and in a manner they reasonably believed to be in or not opposed to, the best interests of the corporation and with respect to any criminal action, they had no reasonable cause to believe their conduct was unlawful. The Registrant believes that these provisions are necessary to attract and retain qualified persons as directors and officers. These provisions do not eliminate the directors' duty of care, and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware Law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the Registrant, for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for acts or omissions that the director believes to be contrary to the best interests of the Registrant or its stockholders, for any transaction from which the director derived an improper personal benefit, for acts or omissions involving a reckless disregard for the director's duty to the Registrant or its stockholders when the director was aware or should have been aware of a risk of serious injury to the Registrant or its stockholders, for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the Registrant or its stockholders, for improper transactions between the director and the Registrant and for

improper distributions to stockholders and loans to directors and officers. The provision also does not affect a director's responsibilities under any other law, such as the federal securities law or state or federal environmental laws.

At present, there is no pending litigation or proceeding involving a director or officer of the Registrant as to which indemnification is being sought nor is the Registrant aware of any threatened litigation that may result in claims for indemnification by any officer or director.

The Registrant has applied for an insurance policy covering the officers and directors of the Registrant with respect to certain liabilities, including liabilities arising under the Securities Act or otherwise.

Item 15. Recent Sales Of Unregistered Securities

Appropriate legends were affixed to the stock certificates issued in the transactions described below. All recipients had adequate access, through employment or other relationships, to information about the Registrant.

(a) In November 1998, we formed RC Transaction Corp. (renamed Resources Connection, Inc.). In December 1998, we issued 5,243,000 shares of our common stock to certain members of our management pursuant to the 1998 Employee Stock Purchase Plan for an aggregate purchase price of $52,430. Between January 1999 and February 1999, we issued and sold the remaining 387,000 shares of common stock to certain members of our management for an aggregate purchase price of $3,870. Between February 1999 and August 2000, pursuant to the terms of the 1998 Employee Stock Purchase Plan we reacquired 388,000 shares of our common stock from employees whose employment was being terminated. We resold these reaquired shares to certain employees for an aggregate purchase price of $264,000. We relied on the exemption provided by Rule 701 of the General Regulations under the Securities Act of 1933, as amended.

(b) On and around April 1, 1999, in connection with the management-led buyout, we issued and sold 9,855,260 shares of our Common Stock and 144,740 shares of our Class B Common Stock for an aggregate purchase price of $10,000,000 to the following investors:

- Four entities affiliated with Evercore Partners L.L.C.;
- Richard Gersten;
- Paul Lattanzio;
- Gerald Rosenfeld;
- Mainz Holdings Ltd.;
- BT Capital Investors, L.P.;
- BancBoston Investments Inc.; and
- Resources Connection management and employees.

Simultaneously, we issued and sold subordinated notes, bearing 12% interest per annum with a maturity date of April 15, 2004, in an aggregate principal amount of $22,000,000 to the same group of investors. We relied on the exemption provided by Section 4(2) under the Securities Act and Regulation D promulgated thereunder. The recipients of the above-described securities represented their intention to acquire the securities for investment only and not with a view to distribution thereof.

(c) Between June 17, 1999 and August 26, 2000, we have granted stock options to certain of our employees pursuant to our 1999 Long-Term Incentive Plan. We relied on the exemption provided by Rule 701 of the General Regulations under the Securities Act of 1933, as amended.

Item 16. Exhibits and Financial Statement Schedule

(a) Exhibits.

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement.
3.1(a)***	Restated Certificate of Incorporation.
3.1(b)***	Amendment to Restated Certificate of Incorporation.
3.2***	Form of Second Restated Certificate of Incorporation, to be filed and become effective upon the closing of this offering.
3.3***	Bylaws, as currently in effect.
3.4***	Form of Amended and Restated Bylaws, as amended, to become effective upon closing of this offering.
4.1***	Stockholders Agreement, dated April 1, 1999, between Resources Connection, Inc. and certain stockholders of Resources Connection, Inc.
4.2*	Stockholders Agreement, dated November , 2000, between Resources Connection, Inc. and certain stockholders of Resources Connection, Inc.
4.3*	Specimen Stock Certificate.
4.4**	Form of 12.0% Junior Subordinated Promissory Note.
5.1**	Opinion of O'Melveny & Myers, LLP.
10.1***	Resources Connection, Inc. 1998 Employee Stock Purchase Plan.
10.2***	Resources Connection, Inc. 1999 Long-Term Incentive Plan.
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10.13**	Investment Agreement, dated April 1, 1999, between Resources Connection, Inc., certain entities affiliated with Evercore Partners, L.L.C. and certain other investors.

Exhibit Number	Description of Document
10.14**	Transition Services Agreement, dated April 1, 1999, between Deloitte & Touche LLP, Resources Connection, Inc. and Resources Connection LLC.
21.1**	List of Subsidiaries.
23.1**	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
23.2	Consent of O'Melveny & Myers LLP. Reference is made to Exhibit 5.1.
24.1***	Power of Attorney. Reference is made to page II-9.
27***	Financial Data Schedule.

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*   To be filed by amendment.
** Filed herewith.
*** Previously filed.

(b) Financial Statement Schedules.

Schedule II--Valuation and Qualifying Accounts.

All other schedules are omitted because they are not required, are not applicable or the information is included in our financial statements or notes thereto.

Item 17. Undertakings

The Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Exchange Act of 1934, as amended (the "Exchange Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to provisions described in Item 14 or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Exchange Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Exchange Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Exchange Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Exchange Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

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

Our audits of the consolidated financial statements of Resources Connection, Inc. referred to in our report dated July 17, 2000 appearing in this registration statement on Form S-1 also included an audit of the financial statement schedule listed in Item (16)(b) of this Form S-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Costa Mesa, California
July 17, 2000

RESOURCES CONNECTION, INC.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

	Beginning Balance	Charged to Operations	Write-offs	Purchase of Resources Connection LLC	Ending Balance
Allowance for Doubtful Accounts					
Period from November 16, 1998 (date of inception) to May 31, 1999.................	$ --	$ 200,000	$(248,220)	$955,290	$ 907,070
Year Ended May 31, 2000.................	$907,070	$1,048,502	$(369,357)	$	$1,586,215

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Members of Resources Connection LLC

Our audits of the financial statements of Resources Connection LLC referred to in our report dated August 6, 1999 appearing in this registration statement on Form S-1 also included an audit of the financial statement schedule listed in Item (16)(b) of this Form S-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements.

PricewaterhouseCoopers LLP

Costa Mesa, California
August 6, 1999

RESOURCES CONNECTION LLC

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

	Beginning Balance	Charged to Operations	Write-offs	Ending Balance
Allowance for Doubtful Accounts				
Year Ended May 31, 1998.............	$266,560	$278,760	$(123,030)	$422,290
Period from June 1, 1998 to March 31, 1999...........................	$422,290	$533,000	$	$955,290

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 2 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newport Beach, County of Orange, State of California, on November 13, 2000.

/s/ Stephen J. Giusto
By: ___________________________________
Stephen J. Giusto
Chief Financial Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* Donald B. Murray	Chief Executive Officer, President and Director (Principal Executive Officer)	November 13, 2000
* Stephen J. Giusto	Chief Financial Officer, Executive Vice President of Corporate Development, Secretary and Director (Principal Financial Officer)	November 13, 2000
* Karen M. Ferguson	Executive Vice President and Director	November 13, 2000
* David G. Offensend	Director	November 13, 2000
* Ciara A. Burnham	Director	November 13, 2000
* Gerald Rosenfeld	Director	November 13, 2000
* Leonard Schutzman	Director	November 13, 2000
* John C. Shaw	Director	November 13, 2000
* C. Stephen Mansfield	Director	November 13, 2000

*/s/ Stephen J. Giusto
____
Stephen J. Giusto
Attorney-In-Fact

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement.
3.1(a)***	Restated Certificate of Incorporation.
3.1(b)***	Amendment to Restated Certificate of Incorporation.
3.2***	Form of Second Restated Certificate of Incorporation, to be filed and become effective upon the closing of this offering.
3.3***	Bylaws, as currently in effect.
3.4***	Amended and Restated Bylaws, as amended, to be filed and become effective upon the closing of this offering.
4.1***	Stockholders Agreement, dated April 1, 1999, between Resources Connection, Inc. and certain stockholders of Resources Connection, Inc.
4.2*	Stockholders Agreement, dated November , 2000, between Resources Connection, Inc. and certain stockholders of Resources Connection, Inc.
4.3*	Specimen Stock Certificate.
4.4**	Form of 12.0% Junior Subordinated Promissory Note.
5.1**	Opinion of O'Melveny & Myers LLP.
10.1***	Resources Connection, Inc. 1998 Employee Stock Purchase Plan.
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*   To be filed by amendment.
** Filed herewith.
*** Previously filed.

EXHIBIT 4.4

EXHIBIT A

[FORM OF PROMISSORY NOTE]

12.0% JUNIOR SUBORDINATED PROMISSORY NOTE

$[AMOUNT] New York, New York
April 1, 1999

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD EXCEPT IN COMPLIANCE THEREWITH. THIS NOTE IS ALSO SUBJECT TO RESTRICTIONS ON TRANSFER SET FORTH IN THE STOCKHOLDERS AGREEMENT DATED APRIL 1, 1999.

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR THE PURPOSES OF SECTIONS 1271-1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. THE ISSUE PRICE, AMOUNT OF ORIGINAL DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THE NOTES MAY BE OBTAINED BY CONTACTING THE COMPANY'S CHIEF FINANCIAL OFFICER, TELEPHONE NO. (714) 433-6000.

FOR VALUE RECEIVED, the undersigned, RC TRANSACTION CORP., a Delaware corporation (the "<u>Company</u>"), promises to pay to [NAME] (the "<u>Investor</u>") in lawful money of the United States and in immediately available funds, the principal amount of $[AMOUNT] together with interest thereon calculated from the date hereof in accordance with the provisions of this Note.

This Note was issued pursuant to the Investment Agreement, dated as of April 1, 1999 (the "<u>Investment Agreement</u>"), among Evercore Capital Partners L.P., Evercore Capital Partners (NQ) L.P., Evercore Capital Offshore Partners L.P., Evercore Co-Investment Partnership L.P. and each of the investors named on the signature pages thereto. Unless the context otherwise requires, as used herein, "<u>Note</u>" means any of the Junior Subordinated Promissory Notes issued pursuant to the Investment Agreement and any other similar Junior Subordinated Promissory Notes issued by the Company and "<u>Notes</u>" means all such Notes in the aggregate.

1. <u>Accrual of Interest</u>. Except as otherwise expressly provided in Section 3 hereof, interest shall accrue at the rate of twelve percent (12.0%) per annum (based on a year of 360 days) on the unpaid principal amount of this Note outstanding from time to time. Any accrued interest which for any reason has not theretofore been paid when due shall be added

automatically to the then outstanding principal amount hereof and shall be paid in full in cash on the date on which the final principal payment on this Note is paid. Interest shall accrue on any principal payment due under this Note until such time as payment therefor in cash is actually received by the holder of this Note.

2. Payment of Principal and Interest on Note.

(a) Scheduled Payment of Principal. The Company shall pay the principal amount of $[AMOUNT] (or such greater or lesser principal amount then outstanding), together with all accrued and unpaid interest thereon, in cash to the holder of this Note on April 15, 2004.

(b) Payment of Interest. Subject to Section 2(c) and Section 8 below, the Company shall pay interest on this Note quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, or if any such day is not a business day, on the next succeeding business day (each an "Interest Payment Date"). Any interest payable on any Interest Payment Date may, at the option of the Company, be paid by adding an amount equal to the interest payable on such Interest Payment Date to the unpaid principal amount of this Note; provided that the Company may (i) after the payment in full in cash of the Senior Indebtedness (as defined below) under the Credit Agreement (as defined below) and so long as the Credit Agreement is no longer "in effect" (as defined below) or (ii) to the extent expressly permitted by the Credit Agreement, elect to pay all or a portion of the interest on this Note in cash and under such circumstances, the unpaid portion of the interest payable will be added to the unpaid principal amount of this Note as described above.

(c) Prepayments. Notwithstanding any other provision hereof, for so long as any principal, accrued interest, accrued fees or other amounts remains outstanding or unpaid, or any lending commitment or letter of credit or letter of credit guarantee remains outstanding ("in effect"), under the Credit Agreement, the Company shall not prepay, redeem, defease or acquire any of the principal amount hereof or interest hereon; provided that, notwithstanding the foregoing, the Company shall pay the principal amount outstanding under the Notes and all accrued and unpaid interest thereon (to the extent expressly permitted by the Credit Agreement) in cash concurrently with the consummation of a Strategic Transaction (as defined in that certain Stockholders Agreement, dated as of April 1, 1999, as amended from time to time (the "Stockholders Agreement"), among the Company and the stockholders listed on schedules I, II and III thereto) or a Qualified Public Offering (as defined in the Stockholders Agreement).

(d) Pro Rate Payment. The Company agrees that any payments to the holders of the Notes (including, without limitation, upon acceleration pursuant to Section 3) (whether for principal, interest or otherwise) shall be made pro rata among all such holders based upon the aggregate unpaid principal amount of the Notes held by each such holder. If any holder of a Note obtains any payment (whether voluntary, involuntary, by application of offset or otherwise) of principal or interest on such Note in excess of such holder's pro rata share of payments obtained by all holders of the Notes, such holder shall purchase from the other holders of the Notes such participation in the Notes held by them as is necessary to cause such holders to share the excess payment ratably among each of them as provided in this Section.

3. Events of Default.

(a) Definition. For purposes of this Note, an Event of Default shall be deemed to have occurred if:

i. the Company fails to pay when due the full amount of interest then accrued hereon or the full amount of any principal payment hereon;

ii. (A) the Company makes an assignment for the benefit of creditors, (B) an order, judgment or decree is entered adjudicating the Company bankrupt or insolvent, (C) any order for relief with respect to the Company is entered under the Bankruptcy Reform Act, Title 11 of the United States Code, (D) the Company petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Company or of any substantial part of the assets of the Company, or commences any proceeding relating to the Company under any bankruptcy reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, or (E) any such petition or application is filed, or any such proceeding is commenced, against the Company and either (1) the Company by any act indicates its approval thereof, consent thereto or acquiescence therein or (2) such petition, application or proceeding is not dismissed within 60 days;

iii. a judgment in excess of $500,000 is rendered against the Company and, within 60 days after entry thereof, such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged or paid;

iv. the Company defaults in the performance of any indebtedness if the effect of such default is to cause an amount exceeding $500,000 to become due prior to its stated maturity; or

v. for any reason the indebtedness under the Credit Agreement shall have become due prior to its stated maturity.

Notwithstanding the foregoing, no Event of Default under clauses (i), (iii), (iv) or (v) above shall occur or shall be deemed to have occurred (unless the indebtedness under the Credit Agreement shall have become due prior to its stated maturity and such acceleration shall not have been rescinded or annulled within 30 days thereafter) so long as any Senior Indebtedness remains outstanding or the Credit Agreement is otherwise "in effect." Nothing in this Section 3 shall prevent a holder of Senior Indebtedness from exercising its right to enforce the applicable provisions of this Note against the holder of this Note in any proceeding of a type described in Section 3(a)(ii) above or any similar proceeding.

(b) Consequences of Events of Default.

i. If an Event of Default of the type described in subsection 3(a)(i) has occurred and continued for 15 days or any other Event of Default has occurred, the holder or holders of the Notes representing a majority of the aggregate principal amount then outstanding

of the Notes may declare all or any portion of the outstanding principal amount of the Notes due and payable and demand immediate payment of all or any portion of the outstanding principal amount of the Notes owned by such holder or holders, provided that in an Event of Default specified in subsection 3(a)(ii), all of the outstanding principal amount of the Notes shall immediately become due and payable. The Company shall give prompt written notice of any such demand to the other holders, if any, of any portion of the Notes, each of which may demand immediate payment of all or any portion of such holder's portion of the Notes. If any holder or holders of the Notes demand immediate payment of all or any portion of such holder's portion of the Notes, the Company shall, subject to the other provisions of this Note (including Section 8), immediately pay in cash to such holder or holders the principal amount of the Notes requested to be paid plus accrued interest thereon.

ii. Subject to the other provisions of this Note (including Section 8), each holder of any portion of this Note shall also have, upon the occurrence and continuance of an Event of Default, any other rights which such holder may have pursuant to applicable law.

4. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Note may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of at least a majority of the aggregate principal amount then outstanding of the Notes and, for so long as any Senior Indebtedness remains outstanding or the Credit Agreement is "in effect," the consent of the holders of at least a majority of the aggregate principal amount then outstanding under the Credit Agreement (if the Credit Agreement is "in effect") or their agent or representative; provided that no such action shall change (i) the rate at which or the manner in which interest accrues on the Notes or is payable or the times at which such interest becomes payable, or (ii) any provision relating to the scheduled payment of principal on the Notes without the consent of the applicable holder if such change is adverse to such holder.

5. Place of Payment. Payments of principal and interest and all notices and other communications to the Investor hereunder or with respect hereto are to be delivered to the Investor at the following address:

____

____

Attn:________________

or to such other address or to the attention of such other person as specified by prior written notice to the Company.

6. Costs of Collection. In the event that the Company fails to pay when due (including, without limitation upon acceleration in connection with an Event of Default) the full amount of principal and/or interest hereunder, the Company shall indemnify and hold harmless the holder of any portion of this Note from and against all reasonable costs and expenses incurred

in connection with the enforcement or collection of such principal and interest, including, without limitation, reasonable attorneys' fees and expenses.

7. Waivers. The Company hereby waives presentment, demand, notice, protest and all other demand and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note.

8. Subordination. The Company agrees, and by the acceptance hereof each holder agrees, as follows:

(a) Subordination of Liabilities. The Company, for itself, its successors and assigns, covenants and agrees, and each holder of this Note (together with its successors and assigns, the "holder of this Note") by its acceptance hereof likewise covenants and agrees, that the payment of the principal of, interest on, and all other amounts owing in respect of, this Note (the "Subordinated Indebtedness") is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, to the prior payment in full in cash of all Senior Indebtedness. The provisions of this Section 8, and the provisions of Sections 2 and 3 of this Note, each shall constitute a continuing offer to all persons or other entities who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are hereby made obligees hereunder the same as if their names were written herein as such and they and/or each of them may proceed to enforce such provisions.

(b) Company Not to Make Payments with Respect to Subordinated Indebtedness in Certain Circumstances. (i) Upon the maturity of any Senior Indebtedness (including interest thereon or fees or any other amounts owing in respect thereof), whether at stated maturity, by acceleration or otherwise, all Obligations (as defined in Section 8(g)) owing in respect thereof shall first be paid in full in cash, before any payment of any kind or character (whether in cash, property, securities or otherwise) is made on account of the Subordinated Indebtedness.

(ii) The Company may not, directly or indirectly, make any payment of any kind or character of any Subordinated Indebtedness and may not acquire any Subordinated Indebtedness for cash or property until all Senior Indebtedness has been paid in full in cash if such payment is prohibited by the terms of any Senior Indebtedness or if any default or event of default under any Senior Indebtedness is then in existence or would result therefrom.

(iii) In the event that, notwithstanding the other provisions of this Section 8(b), the Company shall make (or any other person or entity on behalf of the Company shall make) any payment on account of the Subordinated Indebtedness or shall acquire any Subordinated Indebtedness for cash or property at a time when payment is not permitted by such provisions, such payment shall be held by the holder of this Note, in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of Senior Indebtedness or their representative, agent or trustee under the loan agreement, indenture or other agreement pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, for application pro rata to the payment of all Senior

Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in cash in accordance with the terms of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness. Without in any way modifying the provisions of this Section 8 or affecting the subordination effected hereby, if notice has not been previously given, the Company shall give the holder of this Note prompt written notice of any event which would prevent payments under this Section 8(b).

(c) Subordination to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of the Company. Upon any payment or distribution of assets of the Company of any kind or character (whether in cash, properties or securities) upon any total or partial dissolution, winding up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency, receivership or similar proceedings or upon an assignment for the benefit of creditors, marshaling of assets of the Company or otherwise):

(i) the holders of all Senior Indebtedness shall first be entitled to receive payment in full in cash of all Senior Indebtedness (including, without limitation, post-petition interest at the rate provided in the documentation with respect to such Senior Indebtedness, whether or not such post-petition interest is an allowed claim against the debtor in any bankruptcy or similar proceeding) before the holder of this Note is entitled to receive any payment of any kind or character on account of the Subordinated Indebtedness;

(ii) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities to which the holder of this Note would be entitled except for the provisions of this Section 8, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to the holders of Senior Indebtedness or their representative, agent or trustee under any loan agreement, indenture or other agreement under which any instruments evidencing any such Senior Indebtedness may have been issued, to the extent necessary to make payment in full in cash of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(iii) in the event that, notwithstanding the foregoing provisions of this Section 8(c), any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by the holder of this Note on account of Subordinated Indebtedness before all Senior Indebtedness is paid in full in cash, such payment or distribution shall be received and held in trust for and shall be paid over to the holders of the Senior Indebtedness remaining unpaid or their representative, agent or trustee under any loan agreement, indenture or other agreement under which any instruments evidencing any of such Senior Indebtedness may have been issued, for application to the payment of such Senior Indebtedness until all such Senior Indebtedness shall have been paid in full in cash after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

To the extent any payment of Senior Indebtedness (whether by or on behalf of the Company, as proceeds of security or enforcement of any right of setoff or otherwise) is declared

to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then, if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment has not occurred. If the holder of this Note does not file a proper claim or proof of debt in the form required in any bankruptcy, insolvency, receivership, reorganization or similar proceeding prior to 30 days before the expiration of the time to file such claim or claims, then any of the holders of the Senior Indebtedness or their representative, agent or trustee is hereby authorized to file an appropriate claim for and on behalf of the holder of this Note.

(d) Subrogation. Subject to the prior payment in full in cash of all Senior Indebtedness, the holder of this Note shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness until all amounts owing on this Note shall be paid in full, and for the purpose of such subrogation no payments or distributions to the holders of the Senior Indebtedness by or on behalf of the Company or by or on behalf of the holder of this Note by virtue of this Section 8 which otherwise would have been made to the holder of this Note shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the holder of this Note, be deemed to be payment by the Company to or on account of the Senior Indebtedness, it being understood that the provisions of this Section 8 are and are intended solely for the purpose of defining the relative rights of the holder of this Note, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

(e) Obligation of the Company Unconditional. Nothing contained in this Section 8 or in this Note is intended to or shall impair, as between the Company and the holder of this Note, the obligation of the Company, which is absolute and unconditional, to pay to the holder of this Note the principal of and interest on this Note as and when the same shall become due and payable in accordance with its terms, or is intended to or shall affect the relative rights of the holder of this Note and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the holder of this Note from exercising all remedies otherwise permitted by applicable law upon an event of default under this Note, subject to the provisions of this Section 8 and Section 3 of this Note, including the rights of the holders of Senior Indebtedness in respect of assets of the Company received upon the exercise of any such remedy. Upon any distribution of assets of the Company referred to in this Section 8, the holder of this Note shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the liquidating trustee or agent or other person making any distribution to the holder of this Note, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 8.

(f) <u>Subordination Rights Not Impaired by Acts or Omissions of Company or Holders of Senior Indebtedness</u>. No right of any present or future holders of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any noncompliance by the Company with the terms and provisions of this Note, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. The holders of the Senior Indebtedness may, without in any way affecting the obligations of the holder of this Note with respect hereto, at any time or from time to time and in their absolute discretion, change the manner, place or terms of payment of, change or extend the time of payment of, or renew, alter or increase, any Senior Indebtedness or amend, modify or supplement any agreement or instrument governing or evidencing such Senior Indebtedness or any other document referred to therein, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness including, without limitation, the waiver of default thereunder and the release or impairment of any collateral securing such Senior Indebtedness, all without notice to or assent from the holder of the Note.

(g) <u>Senior Indebtedness</u>. The term "<u>Senior Indebtedness</u>" shall mean all Obligations (i) of the Company under, or in respect of, the Credit Agreement (as amended, modified, supplemented, extended, restated, refinanced, replaced or refunded from time to time, the "<u>Credit Agreement</u>"), dated as of April 1, 1999, among the Company, RCLLC Acquisition Corp., Re:sources Connection LLC, the lenders from time to time party thereto, BankBoston, N.A., as Syndication Agent, U.S. Bank National Association, as Documentation Agent, and Bankers Trust Company, as Administrative Agent, and the other Credit Documents (as defined in the Credit Agreement), and any renewal, extension, restatement, refinancing or refunding of any thereof, (ii) of the Company under, or in respect of, any Interest Rate Protection Agreements (as defined in the Credit Agreement) or Other Hedging Agreements (as defined in the Credit Agreement) entered into at a time when the Credit Agreement is in "effect" and (iii) of the Company under, or in respect of, any other indebtedness, whether outstanding on the date hereof or hereafter created, incurred or assumed, unless, in the case of any indebtedness to any Lender (as defined in the Credit Agreement) or any of its affiliates under this clause (iii), such indebtedness expressly provides that it shall not be "Senior Indebtedness" for purposes of this Note and, in the case of any other indebtedness referred to in this clause (iii), which the Company specifically designates in writing as "Senior Indebtedness" for purposes of this Note; provided, however, that no such other Senior Indebtedness described in this clause (iii) shall by its terms prohibit the repayment of the principal amount outstanding under this Note and accrued interest thereon at maturity unless an event of default has occurred and is continuing thereunder. As used herein, the term "<u>Obligation</u>" shall mean any principal, interest, premium, penalties, fees, expenses, indemnities, reimbursements and other liabilities and obligations (including any guaranties of the foregoing liabilities and obligations) payable under the documentation governing any indebtedness (including interest after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided for in the respective issue of Senior Indebtedness, whether or not such interest is an allowed claim against the debtor in any such proceeding).

(h) Amendments. As long as any Senior Indebtedness is outstanding or any amounts are owing in respect thereof, the provisions of this Section 8 shall not be amended or modified without the written consent of the holders of such Senior Indebtedness.

9. Governing Law. This Note shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, the Company has executed and delivered this Note on ___________________ ___, 1999.

RC TRANSACTION CORP

By:________________________________
Name:
Title:

EXHIBIT 5.1

[LETTERHEAD OF O'MELVENY & MYERS LLP]

November __, 2000

Resources Connection, Inc.
695 Town Center Drive, Suite 600
Costa Mesa, California 92626

RE: Registration Statement on Form S-1

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-1 filed by you with the Securities and Exchange Commission ("SEC") on September 1, 2000 (Registration No. 333-45000, as amended) (the "Registration Statement"), in connection with the Securities Act of 1933, as amended, of up to 6,500,000 shares of your Common Stock, par value $0.01 and an over-allotment option granted to the underwriters of the offering to purchase up to 975,000 shares from you (collectively, the "Shares"). We understand that the Shares are to be sold to the underwriters of the offering for resale to the public as described in the Registration Statement.

We have examined all instruments, documents and records that we deemed relevant and necessary for the basis of our opinion hereinafter expressed. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

Based on such examination, we are of the opinion that the Shares, when issued and sold in the manner described in the Registration Statement and in accordance with the resolutions adopted by the Board of Directors of the Company, will be legally and validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the use of our name wherever appearing in the Registration Statement, including the Prospectus constituting a part thereof and any amendments thereto.

Very truly yours,

/s/ O'MELVENY & MYERS LLP

O'MELVENY & MYERS LLP

EXHIBIT 10.11

RESOURCES CONNECTION, INC.
EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the Resources Connection, Inc. Employee Stock Purchase Plan (the "Plan").

1. PURPOSE

The purpose of this Plan is to assist Eligible Employees in acquiring a stock ownership interest in the Corporation, at a favorable price and upon favorable terms, pursuant to a plan which is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. This Plan is also intended to encourage Eligible Employees to remain in the employ of the Corporation (or a Subsidiary which may be designated by the Committee as "Participating Subsidiary") and to provide them with an additional incentive to advance the best interests of the Corporation.

2. DEFINITIONS

Capitalized terms used herein which are not otherwise defined shall have the following meanings.

"Account" means the bookkeeping account maintained by the Corporation, or by a recordkeeper on behalf of the Corporation, for a Participant pursuant to Section 7(a).

"Board" means the Board of Directors of the Corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the committee appointed by the Board to administer this Plan pursuant to Section 12.

"Common Stock" means the Common Stock, par value $.01 per share, of the Corporation, and such other securities or property as may become the subject of Options pursuant to an adjustment made under Section 17.

"Company" means, collectively, the Corporation, its Parent and its Subsidiaries (if any).

"Compensation" means an Eligible Employee's regular gross pay. Compensation includes any amounts contributed as salary reduction contributions to a plan qualifying under Section 401(k), 125 or 129 of the Code. Any other form of remuneration is excluded from Compensation, including (but not limited to) the following: overtime payments, commissions, prizes, awards, relocation or housing allowances, stock option exercises, stock appreciation rights, restricted stock exercises, performance awards, auto allowances, tuition reimbursement and other forms of imputed income, bonuses, incentive compensation, special

payments, fees and allowances. Notwithstanding the foregoing, Compensation shall not include any amounts deferred under or paid from any nonqualified deferred compensation plan maintained by the Company.

"Contributions" means all bookkeeping amounts credited to the Account of a Participant pursuant to Section 7(a).

"Corporation" means Resources Connection, Inc., a Delaware corporation, and its successors.

"Effective Date" means October 17, 2000, the date this Plan was adopted by the Board.

"Eligible Employee" means any employee of the Corporation, or of any Subsidiary which has been designated in writing by the Committee as a "Participating Subsidiary" (including any Subsidiaries which have become such after the date that this Plan is approved by the stockholders of the Corporation). Notwithstanding the foregoing, "Eligible Employee" shall not include any employee:

(a) who has been employed by the Corporation or a Subsidiary for less than 90 days;

(b) whose customary employment is for 10 hours or less per week; or

(c) whose customary employment is for not more than five months in a calendar year.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Exercise Date" means, with respect to an Offering Period, the last day of that Offering Period.

"Fair Market Value" on any date means:

(a) if the Common Stock is listed or admitted to trade on a national securities exchange, the closing price of a Share on the Composite Tape, as published in the Western Edition of The Wall Street Journal, of the principal national securities exchange on which such stock is so listed or admitted to trade, on such date, or, if there is no trading of the Common Stock on such date, then the closing price of a Share as quoted on such Composite Tape on the next preceding date on which there was trading in the Shares;

(b) if the Common Stock is not listed or admitted to trade on a national securities exchange, the last/closing price for a Share on such date, as furnished by the National Association of Securities Dealers, Inc.

("NASD") through the NASDAQ National Market Reporting System or a similar organization if the NASD is no longer reporting such information;

(c) if the Common Stock is not listed or admitted to trade on a national securities exchange and is not reported on the National Market Reporting System, the mean between the bid and asked price for a Share on such date, as furnished by the NASD or a similar organization; or

(d) if the Common Stock is not listed or admitted to trade on a national securities exchange, is not reported on the National Market Reporting System and if bid and asked prices for the Common Stock are not furnished by the NASD or a similar organization, the value as established by the Committee at such time for purposes of this Plan.

"Grant Date" means the first day of each Offering Period, as determined by the Committee and announced to potential Eligible Employees.

"Offering Period" means the six-consecutive month period commencing on each Grant Date; provided, however, that the Committee may declare, as it deems appropriate and in advance of the applicable Offering Period, a shorter (not to be less than three months) Offering Period or a longer (not to exceed 27 months) Offering Period; provided further that the Grant Date for an Offering Period may not occur on or before the Exercise Date for the immediately preceding Offering Period.

"Option" means the stock option to acquire Shares granted to a Participant pursuant to Section 8.

"Option Price" means the per share exercise price of an Option as determined in accordance with Section 8(b).

"Parent" means any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation in which each corporation (other than the Corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

"Participant" means an Eligible Employee who has elected to participate in this Plan and who has filed a valid and effective Subscription Agreement to make Contributions pursuant to Section 6.

"Plan" means this Resources Connection, Inc. Employee Stock Purchase Plan, as amended from time to time.

"Rule 16b-3" means Rule 16b-3 as promulgated by the Commission under Section 16, as amended from time to time.

"Share" means a share of Common Stock.

"Subscription Agreement" means the written agreement filed by an Eligible Employee with the Corporation pursuant to Section 6 to participate in this Plan.

"Subsidiary" means any corporation (other than the Corporation) in an unbroken chain of corporations (beginning with the Corporation) in which each corporation (other than the last corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

3. ELIGIBILITY

Any person employed as an Eligible Employee as of a Grant Date shall be eligible to participate in this Plan during the Offering Period in which such Grant Date occurs, subject to the Eligible Employee satisfying the requirements of Section 6.

4. STOCK SUBJECT TO THIS PLAN; SHARE LIMITATIONS

(a) Subject to the provisions of Section 17, the capital stock that may be delivered under this Plan will be shares of the Corporation's authorized but unissued Common Stock and any of its shares of Common Stock held as treasury shares. The maximum number of Shares that may be delivered pursuant to Options granted under this Plan is 1,200,000 Shares, subject to adjustments pursuant to Section 17.

In the event that all of the Shares made available under this Plan are subscribed prior to the expiration of this Plan, this Plan shall terminate at the end of that Offering Period and the Shares available shall be allocated for purchase by Participants in that Offering Period on a pro-rata basis determined with respect to Participants' Account balances.

(b) The maximum number of Shares that any one individual may acquire upon exercise of his or her Option with respect to any one Offering Period is 3,000, subject to adjustments pursuant to Section 17 (the "Individual Limit"); provided, however, that the Committee may amend such Individual Limit, effective no earlier than the first Offering Period commencing after the adoption of such amendment, without stockholder approval. The Individual Limit shall be proportionately adjusted for any Offering Period of less than twelve months, and may, at the discretion of the Committee, be proportionately increased for any Offering Period of greater than twelve months.

5. OFFERING PERIODS

During the term of this Plan, the Corporation will offer Options to purchase Shares in each Offering Period to all Participants in that Offering Period. Unless otherwise specified by the Committee in advance of the Offering Period, an Offering Period that commences on or about July 1 will end the following December 31 and an Offering Period that commences on or about January 1 will end the following June 30. Each Option shall become effective on the Grant Date. The term of each Option shall be the

duration of the related Offering Period and shall end on the Exercise Date. The first Offering Period shall commence no earlier than the Effective Date. Offering Periods shall continue until this Plan is terminated in accordance with Section 18 or 19, or, if earlier, until no Shares remain available for Options pursuant to Section 4.

6. PARTICIPATION

(a) An Eligible Employee may become a participant in this Plan by completing a Subscription Agreement on a form approved by and in a manner prescribed by the Committee (or its delegate). To become effective, a Subscription Agreement must be signed by the Eligible Person and filed with the Corporation at the time specified by the Committee, but in all cases prior to the start of the Offering Period with respect to which it is to become effective, and must set forth a whole percentage (or, if the Committee so provides, a stated amount) of the Eligible Employee's Compensation to be credited to the Participant's Account as Contributions each pay period.

(b) Notwithstanding the foregoing, a Participant's Contribution election shall be subject to the following limitations:

(i) the $25,000 annual limitation set forth in Section 8(c);

(ii) a Participant may not elect to contribute more than fifteen percent (15%) of his or her Compensation each pay period as Plan Contributions; and

(iii) such other limits, rules, or procedures as the Committee may prescribe.

(c) Subscription Agreements shall contain the Eligible Employee's authorization and consent to the Corporation's withholding from his or her Compensation the amount of his or her Contributions. An Eligible Employee's Subscription Agreement, and his or her participation election and withholding consent thereon, shall remain valid for all Offering Periods until (i) the Eligible Employee's participation terminates pursuant to the terms hereof, (ii) the Eligible Employee files a new Subscription Agreement that becomes effective, or (iii) the Committee requires that a new Subscription Agreement be executed and filed with the Corporation.

7. METHOD OF PAYMENT OF CONTRIBUTIONS

(a) The Corporation shall maintain on its books, or cause to be maintained by a recordkeeper, an Account in the name of each Participant. The percentage of Compensation elected to be applied as Contributions by a Participant shall be deducted from such Participant's Compensation on each payday during the period for payroll deductions set forth below and such payroll deductions shall be credited to that Participant's Account as soon as administratively practicable after such date. A Participant may not make any additional payments to his or her Account. A Participant's Account shall be reduced by any amounts used to pay

the Option Price of Shares acquired, or by any other amounts distributed pursuant to the terms hereof.

(b) Payroll deductions with respect to an Offering Period shall commence as of the first day of the payroll period which coincides with or immediately follows the applicable Grant Date and shall end on the last day of the payroll period which coincides with or immediately precedes the applicable Exercise Date, unless sooner terminated by the Participant as provided in this Section 7 or until his or her Plan participation terminates pursuant to Section 11.

(c) A Participant may terminate his or her Contributions during an Offering Period (and receive a distribution of the balance of his or her Account in accordance with Section 11) by completing and filing with the Corporation, in such form and on such terms as the Committee (or its delegate) may prescribe, a written withdrawal form which shall be signed by the Participant. Such termination shall be effective as soon as administratively practicable after its receipt by the Corporation. A withdrawal election pursuant to this Section 7(c) with respect to an Offering Period shall only be effective, however, if it is received by the Corporation prior to the Exercise Date of that Offering Period. Partial withdrawals of Accounts, and other modifications or suspensions of Subscription Agreements, except as provided in Section 7(e) or 7(f), are not permitted.

(d) During leaves of absence approved by the Corporation and meeting the requirements of Regulation Section 1.421-7(h)(2) under the Code, a Participant may continue participation in this Plan by cash payments to the Corporation on his normal paydays equal to the reduction in his Plan Contributions caused by his leave.

(e) A Participant may discontinue, increase, or decrease the level of his or her Contributions (within Plan limits) by completing and filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. Subject to any additional timing requirements that the Committee may impose, an election pursuant to this Section 7(e) shall be effective with the first Offering Period that commences after the Corporation's receipt of such election.

(f) A Participant may discontinue (but not increase or otherwise decrease) the level of his or her Contributions, by filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. An election pursuant to this Section 7(f) shall be effective no earlier than the first payroll period that starts after the Corporation's receipt of such election.

8. GRANT OF OPTION

(a) On each Grant Date, each Eligible Employee who is a participant during that Offering Period shall be granted an Option to purchase a number of Shares. The

Option shall be exercised on the Exercise Date. The number of Shares subject to the Option shall be determined by dividing the Participant's Account balance as of the applicable Exercise Date by the Option Price.

(b) The Option Price per Share of the Shares subject to an Option for an Offering Period shall be the lesser of: (i) 85% of the Fair Market Value of a Share on the applicable Grant Date; or (ii) 85% of the Fair Market Value of a Share on the applicable Exercise Date.

(c) Notwithstanding anything else contained herein, a person who is otherwise an Eligible Employee shall not be granted any Option (or any Option granted shall be subject to compliance with the following limitations) or other right to purchase Shares under this Plan to the extent:

(i) it would, if exercised, cause the person to own "stock" (as such term is defined for purposes of Section 423(b)(3) of the Code) possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation, or of any Parent, or of any Subsidiary; or

(ii) such Option causes such individual to have rights to purchase stock under this Plan and any other plan of the Corporation, any Parent, or any Subsidiary which is qualified under Section 423 of the Code which accrue at a rate which exceeds $25,000 of the fair market value of the stock of the Corporation, of any Parent, or of any Subsidiary (determined at the time the right to purchase such Stock is granted, before giving effect to any discounted purchase price under any such plan) for each calendar year in which such right is outstanding at any time.

For purposes of the foregoing, a right to purchase stock accrues when it first become exercisable during the calendar year. In determining whether the stock ownership of an Eligible Employee equals or exceeds the 5% limit set forth above, the rules of Section 424(d) of the Code (relating to attribution of stock ownership) shall apply, and stock which the Eligible Employee may purchase under outstanding options shall be treated as stock owned by the Eligible Employee.

9. EXERCISE OF OPTION

Unless a Participant's Plan participation is terminated as provided in Section 11, his or her Option for the purchase of Shares shall be exercised automatically on the Exercise Date for that Offering Period, without any further action on the Participant's part, and the maximum number of whole Shares subject to such Option (subject to the Individual Limit set forth in Section 4(b) and the limitations contained in Section 8(c)) shall be purchased at the Option Price with the balance of such Participant's Account.

If any amount which is not sufficient to purchase a whole Share remains in a Participant's Account after the exercise of his or her Option on the Exercise Date: (i) such amount shall be credited to such Participant's Account for the next Offering Period, if he or she is

then a Participant; or (ii) if such Participant is not a Participant in the next Offering Period, or if the Committee so elects, such amount shall be refunded to such Participant as soon as administratively practicable after such date.

If the Share limit of Section 4(a) is reached, any amount that remains in a Participant's Account after the exercise of his or her Option on the Exercise Date to purchase the number of Shares that he or she is allocated shall be refunded to the Participant as soon as administratively practicable after such date.

If any amount which exceeds the Individual Limit set forth in Section 4(b) or one of the limitations set forth in Section 8(c) remains in a Participant's Account after the exercise of his or her Option on the Exercise Date, such amount shall be refunded to the Participant as soon as administratively practicable after such date.

10. DELIVERY

As soon as administratively practicable after the Exercise Date, the Corporation shall deliver to each Participant a certificate representing the Shares purchased upon exercise of his or her Option. The Corporation may make available an alternative arrangement for delivery of Shares to a recordkeeping service. The Committee (or its delegate), in its discretion, may either require or permit Participants to elect that such certificates representing the Shares purchased or to be purchased under the Plan be delivered to such recordkeeping service. In the event the Corporation is required to obtain from any commission or agency authority to issue any such certificate, the Corporation will seek to obtain such authority. If the Corporation is unable to obtain from any such commission or agency authority which counsel for the Corporation deems necessary for the lawful issuance of any such certificate, or if for any other reason the Corporation can not issue or deliver Shares and satisfy Section 21, the Corporation shall be relieved from liability to any Participant except that the Corporation shall return to each Participant the amount of the balance credited to his or her Account.

11. TERMINATION OF EMPLOYMENT; CHANGE IN ELIGIBLE STATUS

(a) Except as provided in the next paragraph, if a Participant ceases to be an Eligible Employee for any reason, or if the Participant elects to terminate Contributions pursuant to Section 7(c), at any time prior to the last day of an Offering Period in which he or she participates, such Participant's Account shall be paid to him or her or in cash (or, in the event of the Participant's death, to the person or persons entitled thereto under Section 13 in cash), and such Participant's Option and participation in the Plan shall be automatically terminated.

If a Participant (i) ceases to be an Eligible Employee during an Offering Period but remains an employee of the Company through the Exercise Date, or (ii) during an Offering Period commences a sick leave, military leave, or other leave of absence approved by the Company, and the leave meets the requirements of Treasury Regulation Section 1.421-7(h)(2) and the Participant is an employee of the Company or on such leave as of the applicable Exercise Date, such

Participant's Contributions shall cease (subject to Section 7(d)), and the Contributions previously credited to the Participant's Account for that Offering Period shall be used to exercise the Participant's Option as of the applicable Exercise Date in accordance with Section 9 (unless the Participant makes a timely election to terminate Contributions in accordance with Section 7(c), in which case such Participant's Account shall be paid to him or her in cash in accordance with the foregoing paragraph).

(b) A Participant's termination from Plan participation precludes the Participant from again participating in this Plan during that Offering Period. However, such termination shall not have any effect upon his or her ability to participate in any succeeding Offering Period, provided that the applicable eligibility and participation requirements are again then met. A Participant's termination from Plan participation shall be deemed to be a revocation of that Participant's Subscription Agreement and such Participant must file a new Subscription Agreement to resume Plan participation in any succeeding Offering Period.

(c) For purposes of this Plan, if a Participating Subsidiary ceases to be a Subsidiary, each person employed by that Subsidiary will be deemed to have terminated employment for purposes of this Plan and will no longer be an Eligible Employee, unless the person continues as an Eligible Employee in respect of another Company entity.

12. ADMINISTRATION

(a) The Board shall appoint the Committee, which shall be composed of not less than two members of the Board. Each member of the Committee, in respect of any transaction at a time when an affected Participant may be subject to Section 16 of the Exchange Act, shall be a "non-employee director" within the meaning of Rule 16b-3. The Board may, at any time, increase or decrease the number of members of the Committee, may remove from membership on the Committee all or any portion of its members, and may appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation, or otherwise. The Board may also, at any time, assume or change the administration of this Plan.

(b) The Committee shall supervise and administer this Plan and shall have full power and discretion to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of this Plan and not inconsistent with the terms of this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. The Committee shall act by majority vote or by unanimous written consent. No member of the Committee shall be entitled to act on or decide any matter relating solely to himself or herself or solely to any of his or her rights or benefits under this Plan. The Committee shall have full power and discretionary authority to construe and interpret the terms and conditions of this Plan, which construction or interpretation shall be final and binding on all parties including the Company, Participants and beneficiaries. The Committee may

delegate ministerial non-discretionary functions to third parties, including individuals who are officers or employees of the Corporation.

(c) Subject only to compliance with the express provisions hereof, the Board and Committee may act in their absolute discretion in matters within their authority related to this Plan. Any action taken by, or inaction of, the Corporation, any Participating Subsidiary, the Board or the Committee relating or pursuant to this Plan shall be within the absolute discretion of that entity or body and will be conclusive and binding upon all persons. In making any determination or in taking or not taking any action under this Plan, the Board or Committee, as the case may be, may obtain and may rely on the advice of experts, including professional advisors to the Corporation. No member of the Board or Committee, or officer or agent of the Company, will be liable for any action, omission or decision under the Plan taken, made or omitted in good faith.

13. DESIGNATION OF BENEFICIARY

(a) A Participant may file, on a form and in a manner prescribed by the Committee (or its delegate), a written designation of a beneficiary who is to receive any Shares or cash from such Participant's Account under this Plan in the event of such Participant's death. If a Participant's death occurs subsequent to the end of an Offering Period but prior to the delivery to him or her of any Shares deliverable under the terms of this Plan, such Shares and any remaining balance of such Participant's Account shall be paid to such beneficiary (or such other person as set forth in Section 13(b)) as soon as administratively practicable after the Corporation receives notice of such Participant's death and any outstanding unexercised Option shall terminate. If a Participant's death occurs at any other time, the balance of such Participant's Account shall be paid to such beneficiary (or such other person as set forth in Section 13(b)) in cash as soon as administratively practicable after the Corporation receives notice of such Participant's death and such Participant's Option shall terminate. If a Participant is married and the designated beneficiary is not his or her spouse, spousal consent shall be required for such designation to be effective unless it is established (to the satisfaction of the Committee or its delegate) that there is no spouse or that the spouse cannot be located. The Committee may rely on the last designation of a beneficiary filed by a Participant in accordance with this Plan.

(b) Beneficiary designations may be changed by the Participant (and his or her spouse, if required) at any time on forms provided and in the manner prescribed by the Committee (or its delegate). If a Participant dies with no validly designated beneficiary under this Plan who is living at the time of such Participant's death, the Corporation shall deliver all Shares and/or cash payable pursuant to the terms hereof to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed, the Corporation, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse,

dependent or relative is known to the Corporation, then to such other person as the Corporation may designate.

14. TRANSFERABILITY

Neither Contributions credited to a Participant's Account nor any Options or rights with respect to the exercise of Options or right to receive Shares under this Plan may be anticipated, alienated, encumbered, assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 13) by the Participant. Any such attempt at anticipation, alienation, encumbrance, assignment, transfer, pledge or other disposition shall be without effect and all amounts shall be paid and all Shares shall be delivered in accordance with the provisions of this Plan. Amounts payable or Shares deliverable pursuant to this Plan shall be paid or delivered only to the Participant or, in the event of the Participant's death, to the Participant's beneficiary pursuant to Section 13.

15. USE OF FUNDS; INTEREST

All Contributions received or held by the Corporation under this Plan will be included in the general assets of the Corporation and may be used for any corporate purpose. Notwithstanding anything else contained herein to the contrary, no interest will be paid to any Participant or credited to his or her Account under this Plan (in respect of Account balances, refunds of Account balances, or otherwise).

16. REPORTS

Statements shall be provided to Participants as soon as administratively practicable following each Exercise Date. Each Participant's statement shall set forth, as of such Exercise Date, that Participant's Account balance immediately prior to the exercise of his or her Option, the Option Price, the number of whole Shares purchased and his or her remaining Account balance, if any.

17. ADJUSTMENTS OF AND CHANGES IN THE STOCK

Upon or in contemplation of any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend), or reverse stock split; any merger, combination, consolidation, or other reorganization; split-up, spin-off, or any similar extraordinary dividend distribution in respect of the Common Stock (whether in the form of securities or property); any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; or a sale of substantially all the assets of the Corporation as an entirety occurs; then the Committee shall, in such manner, to such extent (if any) and at such time as it deems appropriate and equitable in the circumstances:

(a) proportionately adjust any or all of (i) the number and type of Shares or the number and type of other securities that thereafter may be made the subject of Options (including the specific maxima and numbers of Shares set forth elsewhere in this Plan), (ii) the number, amount and type of Shares (or other securities or

property) subject to any or all outstanding Options, (iii) the Option Price of any or all outstanding Options, or (iv) the securities, cash or other property deliverable upon exercise of any outstanding Options; or

(b) make provision for a cash payment in settlement of, or for the substitution or exchange of, any or all outstanding Options or the cash, securities or property deliverable to the holder of any or all outstanding Options based upon the distribution or consideration payable to holders of the Common Stock upon or in respect of such event.

The Committee may adopt such valuation methodologies for outstanding Options as it deems reasonable in the event of a cash or property settlement and, without limitation on other methodologies, may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise or strike price of the Option.

In any of such events, the Committee may take such action sufficiently prior to such event to the extent that the Committee deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to stockholders generally.

18. POSSIBLE EARLY TERMINATION OF PLAN AND OPTIONS

Upon a dissolution of the Corporation, or any other event described in Section 17 that the Corporation does not survive, the Plan and, if prior to the last day of an Offering Period, any outstanding Option granted with respect to that Offering Period shall terminate, subject to any provision that has been expressly made by the Board for the survival, substitution, assumption, exchange or other settlement of the Plan and Options. In the event a Participant's Option is terminated pursuant to this Section 18 without a provision having been made by the Board for a substitution, exchange or other settlement of the Option, such Participant's Account shall be paid to him or her in cash without interest.

19. TERM OF PLAN; AMENDMENT OR TERMINATION

(a) This Plan shall become effective as of the Effective Date. No new Offering Periods shall commence on or after the day before the tenth anniversary of the Effective Date and this Plan shall terminate as of the Exercise Date on or immediately following such date unless sooner terminated pursuant to Section 4, Section 18, or this Section 19.

(b) The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part, without notice. Stockholder approval for any amendment or modification shall not be required, except to the extent required by Section 423 of the Code or other applicable law, or deemed necessary or advisable by the Board. No Options may be granted during any suspension of this Plan or after the termination of this Plan, but the Committee will retain jurisdiction as to Options then outstanding in accordance with the terms of this Plan. No amendment, modification, or termination pursuant to this Section 19(b)

shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of such Participant or obligations of the Corporation under any Option granted under this Plan prior to the effective date of such change. Changes contemplated by Section 17 or Section 18 shall not be deemed to constitute changes or amendments requiring Participant consent. Notwithstanding the foregoing, the Committee shall have the right to designate from time to time the Subsidiaries whose employees may be eligible to participate in this Plan and such designation shall not constitute any amendment to this Plan requiring stockholder approval.

20. NOTICES

All notices or other communications by a Participant to the Corporation contemplated by this Plan shall be deemed to have been duly given when received in the form and manner specified by the Committee (or its delegate) at the location, or by the person, designated by the Committee (or its delegate) for that purpose.

21. CONDITIONS UPON ISSUANCE OF SHARES

This Plan, the granting of Options under this Plan and the offer, issuance and delivery of Shares are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation and as a condition precedent to the exercise of his or her Option, provide such assurances and representations to the Corporation as the Committee may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

22. PLAN CONSTRUCTION

(a) It is the intent of the Corporation that transactions involving Options under this Plan in the case of Participants who are or may be subject to the prohibitions of Section 16 of the Exchange Act satisfy the requirements for applicable exemptions under Rule 16 promulgated by the Commission under Section 16 of the Exchange Act so that such persons (unless they otherwise agree) will be entitled to the exemptive relief of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act in respect of those transactions and will not be subject to avoidable liability thereunder.

(b) This Plan and Options are intended to qualify under Section 423 of the Code.

(c) If any provision of this Plan or of any Option would otherwise frustrate or conflict with the intents expressed above, that provision to the extent possible shall be interpreted so as to avoid such conflict. If the conflict remains irreconcilable, the Committee may disregard the provision if it concludes that to do so furthers the interest of the Corporation and is consistent with the purposes of this Plan as to such persons in the circumstances.

23. EMPLOYEES' RIGHTS

(a) Nothing in this Plan (or in any other documents related to this Plan) will confer upon any Eligible Employee or Participant any right to continue in the employ or other service of the Company, constitute any contract or agreement of employment or other service or effect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company to change such person's compensation or other benefits or to terminate his or her employment or other service with or without cause. Nothing contained in this Section 23(a), however, is intended to adversely affect any express independent right of any such person under a separate employment or service contract other than a Subscription Agreement.

(b) No Participant or other person will have any right, title or interest in any fund or in any specific asset (including Shares) of the Company by reason of any Option hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any Participant or other person. To the extent that a Participant or other person acquires a right to receive payment pursuant to this Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation. No special or separate reserve, fund or deposit will be made to assure any such payment.

(c) A Participant will not be entitled to any privilege of stock ownership as to any Shares not actually delivered to and held of record by the Participant. No adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

24. MISCELLANEOUS

(a) This Plan, the Options, and related documents shall be governed by, and construed in accordance with, the laws of the State of Delaware. If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

(b) Captions and headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such captions and headings shall not be deemed in any way material or relevant to the construction of interpretation of this Plan or any provision hereof.

(c) The adoption of this Plan shall not affect any other Company compensation or incentive plans in effect. Nothing in this Plan will limit or be deemed to limit the authority of the Board or Committee (i) to establish any other forms of incentives or compensation for employees of the Company (with or without reference to the Common Stock), or (ii) to grant or assume options (outside the scope of and in

addition to those contemplated by this Plan) in connection with any proper corporate purpose; to the extent consistent with any other plan or authority.

(d) Benefits received by a Participant under an Option granted pursuant to this Plan shall not be deemed a part of the Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company, except where the Committee or the Board expressly otherwise provides or authorizes in writing.

25. EFFECTIVE DATE

Notwithstanding anything else contained herein to the contrary, the effectiveness of this Plan is subject to the approval of this Plan by the stockholders of the Corporation within twelve months after the Effective Date. Notwithstanding anything else contained herein to the contrary, no Shares shall be issued or delivered under this Plan until such stockholder approval is obtained and, if such stockholder approval is not obtained within such twelve-month period of time, all Contributions credited to a Participant's Account hereunder shall be refunded to such Participant (without interest) as soon as practicable after the end of such twelve-month period.

26. TAX WITHHOLDING

Notwithstanding anything else contained in this Plan herein to the contrary, the Company may deduct from a Participant's Account balance as of an Exercise Date, before the exercise of the Participant's Option is given effect on such date, the amount of any taxes which the Company reasonably determines it may be required to withhold with respect to such exercise. In such event, the maximum number of whole Shares subject to such Option (subject to the other limits set forth in this Plan) shall be purchased at the Option Price with the balance of the Participant's Account (after reduction for the tax withholding amount).

Should the Company for any reason be unable, or elect not to, satisfy its tax withholding obligations in the manner described in the preceding paragraph with respect to a Participant's exercise of an Option, or should the Company reasonably determine that it has a tax withholding obligation with respect to a disposition of Shares acquired pursuant to the exercise of an Option prior to satisfaction of the holding period requirements of Section 423 of the Code, the Company shall have the right at its option to (i) require the Participant to pay or provide for payment of the amount of any taxes which the Company reasonably determines that it is required to withhold with respect to such event or (ii) deduct from any amount otherwise payable to or for the account of the Participant the amount of any taxes which the Company reasonably determines that it is required to withhold with respect to such event.

27. NOTICE OF SALE

Any person who has acquired Shares under this Plan shall give prompt written notice to the Corporation of any sale or other transfer of the Shares if such sale or transfer occurs (i) within the two-year period after the Grant Date of the Offering Period with respect to which such Shares were acquired, or (ii) within the twelve-month period after the Exercise Date of the Offering Period with respect to which such Shares were acquired.

EXHBIT 10.12

EXECUTION COPY

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PURCHASE AGREEMENT

among

DELOITTE & TOUCHE LLP,

DELOITTE & TOUCHE ACQUISITION COMPANY LLC,

RE:SOURCES CONNECTION LLC

and

RC TRANSACTION CORP.

Dated as of April 1, 1999

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Exhibit A - Form of Tax Affidavit
Exhibit B - Form of Transition Services Agreement
Exhibit C - Form of Second Amended and Restated Operating Agreement

PURCHASE AGREEMENT (this "Agreement"), dated as of April 1, 1999, among DELOITTE & TOUCHE LLP, a Delaware limited liability partnership ("Seller"), DELOITTE & TOUCHE ACQUISITION COMPANY LLC, a Delaware limited liability company ("DTAC"), RE:SOURCES CONNECTION LLC, a Delaware limited liability company (the "Company") and RC TRANSACTION CORP., a Delaware corporation ("Buyer").

WITNESSETH

WHEREAS, Seller owns 99% of the limited liability company interests of the Company and DTAC owns 1% of the limited liability company interests of the Company (collectively, the "Membership Interests");

WHEREAS, the Company is engaged in the Business (as defined in Section 6.10(b)); and

WHEREAS, upon and subject to the terms set forth herein, Buyer desires to buy and Seller and DTAC desire to sell the Membership Interests, all as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants of the parties hereto, it is hereby agreed as follows:

1. Purchase and Sale of Membership Interests.

1.1. Purchase and Sale of the Membership Interests. On the basis of the representations, warranties, covenants and agreements set forth in this Agreement, Seller and DTAC on the date hereof hereby sell, convey, assign, transfer and deliver to Buyer, and Buyer hereby purchases and acquires from Seller and DTAC, the Membership Interests. In consideration for the sale by Seller and DTAC of the Membership Interests, Buyer shall pay to Seller the Purchase Price (as defined below).

1.2. Calculation of Purchase Price. In consideration for the Membership Interests, Buyer shall pay or cause to be paid to Seller and DTAC on the Closing Date (as defined herein) the sum of: $45.7 million plus $7,181,793 (representing the amount calculated in accordance with Annex A attached hereto) plus the Adjustment Amount (collectively, the "Purchase Price"). The Estimated Adjustment Amount (as defined below) is $1,922,207 and therefore the total payment to be paid to Seller and DTAC on the Closing Date will be $54,804,000.

(A) For purposes of the payment on the Closing Date required by Section 2.1, the Adjustment Amount shall be based on the good faith estimate of the Seller and the Buyer (the "Estimated Adjustment Amount").

(B) The final Adjustment Amount shall be determined and a payment reflecting any Reconciliation Payment (as defined below) shall be paid following the Closing Date as provided in Section 2.3.

(C) The "Adjustment Amount" shall equal the Net Deloitte Advance as reflected on the Closing Date Balance Sheet (as defined below) minus the Net Deloitte Advance as reflected on the balance sheet of the Company as of December 12, 1998 included in Annex C (the "December 12 Balance Sheet"). The Adjustment Amount may be a positive or negative number.

(D) The Net Deloitte Advance shall equal the amount properly characterized as "Net Payable to Member" less the amount properly characterized as "Advances due from Member" on the December 12 Balance Sheet or the Closing Date Balance Sheet, as the case may be. In the event that such amount of the Net Payable to Member exceeds such amount of the Advances due from Member, the Net Deloitte Advance shall be positive. In the event that such amount of the Advances due from Member exceeds such amount of the Net Payable to Member, the Net Deloitte Advance shall be negative.

Seller and Buyer agree that upon the Closing Date for tax purposes (x) if the amounts owed to Seller and DTAC (as reflected on the line item entitled "Net Payable to Member" on the December 12 Balance Sheet) exceed the amounts owed by Seller and DTAC (as reflected on the line item entitled "Advances due from Member" on the December 12 Balance Sheet), such excess shall be deemed to be a capital contribution by Seller and DTAC to the Company; and (y) if the amounts owed by Seller and DTAC exceed the amounts owed to Seller and DTAC, such excess shall be deemed to be a distribution to Seller and DTAC by the Company. Such deemed contribution or distribution shall not be deemed to have occurred until after the calculation and payment of the Adjustment Amount, at which time the amounts reflected by the "Net Payable to Member" and "Advances due from Member" shall be reduced to zero. In the event that any amounts owed by the Company at December 12, 1998 in respect of ordinary course payables are not reflected on the December 12 Balance Sheet, either because documentation in respect thereof was not received prior to the preparation of the December 12 Balance Sheet or because such payables were inadvertently omitted therefrom, Seller, shall reimburse Buyer for the amount of such payables promptly on demand after the Closing Date.

2. Closing; Payment of Purchase Price; Tax Distribution.

2.1. Purchase Price and Payment. In consideration for the Membership Interests, and subject to the terms and provisions of this Agreement, on the date hereof (the "Closing Date") (a) Buyer shall deliver to Seller the Purchase Price, by wire transfer in immediately available funds to such bank account as Seller shall have notified Buyer in writing at least two business days prior to the Closing Date, against delivery by Seller of the Membership Interests and (b) Seller and DTAC shall deliver to Buyer, against delivery by Buyer of the Purchase Price, the Membership Interests by amending and restating the Operating Agreement of the Company in the form attached hereto as Exhibit C.

2.2. Tax Distribution. Immediately prior to the Closing Date, the Company shall make a distribution to Seller and DTAC equal to the product of (x) the Company's estimated taxable income ("Estimated Taxable Income") for the period beginning on December 13, 1998 and ending on the Closing Date (assuming a closing of the books on December 12,

1998) and (y) 46% (the "Tax Distribution"). To the extent that the Company does not have sufficient cash to make the Tax Distribution, such amount shall be deemed to be advanced by D&T to the Company (and reflected on the Closing Date Balance Sheet as amount "Net Payable to Member") and distributed and owed to Seller for itself and DTAC. The Tax Distribution shall be treated for tax purposes as a distribution from the Company and not as additional Purchase Price. The Estimated Taxable Income shall be based on the good faith estimate of the Seller and the Buyer. The final taxable income of the Company for such period shall be determined and a payment reflecting any Tax Reconciliation Payment (as defined below) shall be paid following the Closing as provided in Section 2.3.

2.3. Closing Date Balance Sheet; Reconciliation Payer; Tax Reconciliation Payment. (a) Buyer shall, as soon as reasonably practicable, but in no event later than 30 days after the Closing Date, prepare and deliver to Seller a statement of its determination as of the Closing Date of (i) the balance sheet of the Company as of the Closing Date (the "Closing Date Balance Sheet"), (ii) the taxable income of the Company for the period beginning on December 13, 1998 and ending on the Closing Date (assuming a closing of the books on December 12, 1998) (the "Closing Period Taxable Income"), (iii) the Adjustment Amount, (iv) the Reconciliation Payment required, if any, and (v) the Tax Reconciliation Payment required, if any ("Buyer's Post Closing Statement"). The Closing Date Balance Sheet shall be calculated in accordance with generally accepted accounting principles as in effect on the Closing Date and, in any event, consistent with the past accounting practices of the Company as reflected in the December 12 Balance Sheet and the financial statements described in Section 3.1(d). The Closing Period Taxable Income shall be calculated in a manner consistent with the past practices of the Seller and applicable laws and regulations. Buyer's Post Closing Statement shall describe, in reasonable detail, the calculation by Buyer of the Closing Period Taxable Income, the Adjustment Amount, the Reconciliation Payment and the Tax Reconciliation Payment. Buyer shall provide Seller with copies of the work papers relating to the Closing Date Balance Sheet, the Closing Period Taxable Income and any other information reasonably requested by Seller in connection with Seller's evaluation of Buyer's Post Closing Statement.

(b) If Seller disagrees with any matter set forth in Buyer's Post Closing Statement in any respect, Seller shall provide Buyer with a written notice of such disagreement setting forth in reasonable detail the nature and basis of such disagreement, and Seller's proposed adjustment(s) (a "Dispute Notice") within 20 days after Seller's receipt thereof. If Buyer does not receive a Dispute Notice within such 20-day period, Seller and DTAC shall be deemed to have agreed with the matters set forth in Buyer's Post Closing Statement, including the determination of the Reconciliation Payment and Tax Reconciliation Payment set forth therein. If Seller timely provides a Dispute Notice to Buyer, the representatives of Buyer and Seller shall meet promptly and attempt in good faith to resolve any differences. If Buyer and Seller cannot mutually resolve such disagreement within 10 days after the date of Seller's Dispute Notice, such dispute promptly shall be submitted for resolution to a recognizable and reputable certified public accounting firm that is mutually acceptable to Buyer and Seller. Such accounting firm promptly shall resolve the matters that are in disagreement between the parties with respect to Buyer's Post Closing Statement as set forth in the Dispute Notice in accordance with the terms of this Agreement, and promptly shall deliver its determination in writing to Buyer and Seller. The

fees and expenses of such firm shall be borne by Buyer and Seller pro rata based on the difference between the adjustment that is awarded by such accounting firm from the adjustment set forth in the Buyer's Post Closing Statement as to the portion to be borne by Buyer and the difference between the adjustment that is awarded by such accounting firm from the adjustment set forth in the Dispute Notice as to the portion to be borne by Seller. The determination of such accounting firm shall be final and binding upon Buyer, Seller and DTAC.

(c) The Reconciliation Payment shall be equal to (x) the Purchase Price as determined after determination of the Closing Date Balance Sheet using the Adjustment Amount minus (y) the Purchase Price as determined on the Closing Date using the Estimated Adjustment Amount. If such amount is positive, the Reconciliation Payment shall be paid promptly by Buyer to Seller and DTAC. If such amount is negative, the Reconciliation Payment shall be paid promptly by Seller to Buyer.

(d) The Tax Reconciliation Payment shall be equal to (x) the Closing Period Taxable Income multiplied by 46% minus (y) the Tax Distribution. If such amount is positive, the Tax Reconciliation Payment shall be paid promptly by the Company to Seller and DTAC. If such amount is negative, the Tax Reconciliation Payment shall be paid promptly by Seller to Buyer and the Company.

(e) In the event that any amounts owed by the Company to Seller at the Closing Date in respect of ordinary course payables of the Company funded by Seller are not reflected on the Closing Date Balance Sheet, either because documentation in respect thereof was not received prior to the completion of the procedure described in this Section 2.3 or because such payables were inadvertently omitted therefrom, Buyer shall reimburse Seller for the amount of such payables promptly on demand after the Closing Date.

2.4. Allocation of Purchase Price. The Purchase Price shall be allocated among the assets of the Company as set forth on Annex B hereto. Buyer, the Company, DTAC and Seller agree to each file all Tax Returns (as defined below) (including amended returns and claims for refund) and information reports in a manner consistent with such allocation.

3. Representations and Warranties

3.1. Representations and Warranties of Seller. Each representation and warranty contained in this Section 3.1 is qualified by the disclosures made in the corresponding disclosure schedules attached hereto as Schedules 1 through 14 which have been prepared by the Buyer Associated Representatives (as defined herein) (collectively, the "Disclosure Schedules"). This Section 3.1 and the Disclosure Schedules shall be read together as an integrated provision. The Company has been managed by Donald B. Murray ("Murray") and Stephen J. Giusto ("Giusto") who have been working with Buyer while acting in their capacities as partners of Seller and managing the Business and who are expected to resign from Seller and to work exclusively for Buyer following the Closing Date (together with Karen Ferguson, John Bower, Brad Miller, Dee Dinelly and other personnel reporting to Murray and Giusto who have direct and substantive involvement in the Business, the "Buyer Associated Representatives"). When representations and warranties set forth in this Agreement are qualified by the "Knowledge of

Seller," (i) with respect to any representations and warranties as of a date on or prior to December 12, 1998, such representations and warranties are given by Seller only to the extent of the actual knowledge after the Seller's Inquiry (as defined below) of the senior management of Seller consisting of Alan S. Bernikow, James Copeland, William Fowler, Harvey Braun and any partner or professional employee of Seller who has had direct and substantive involvement in the supply of services to the Company by Seller (but excluding the Buyer Associated Representatives) (the "Seller Representatives"), and (ii) with respect to any representations and warranties as of a date after December 12, 1998, such representations and warranties are given by Seller only to the extent of the actual knowledge of the Seller Representatives. As used herein, "Seller's Inquiry" means only a single inquiry by telephone by a Seller Representative with prior notice to Buyer in which Murray and Giusto participate and in which the Seller Representative inquires of Murray and Giusto as to whether the representations and warranties in this Section 3.1 as modified by the Disclosure Schedules are to their knowledge true and accurate. Seller shall have no further obligation of inquiry or other investigation of facts and no knowledge of a person other than the actual knowledge of a Seller Representative (whether such person is a partner or employee of Seller or in Seller's control or otherwise) shall be imputed to Seller. Subject to the foregoing, Seller represents and warrants to Buyer that:

(a) Due Organization; Power; Capacity; Good Standing. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite partnership or limited liability company power and authority to own, lease and operate its properties and assets and to conduct its business as now conducted by it. Seller and DTAC have all requisite partnership or limited liability company power, as the case may be, and authority to enter into this Agreement and any other agreement contemplated hereby and to perform their obligations hereunder and thereunder. The Company is duly authorized, qualified or licensed to do business, and is in good standing, in each of the jurisdictions in which its right, title or interest in or to any of the assets held by it, or the conduct of its business, requires such authorization, qualification or licensing, except where the failure to so qualify or to be in good standing would not reasonably be expected to have a material adverse effect on the condition (financial or other), results of operations, assets, properties or business of the Company, other than any change arising out of general economic conditions in the United States, or have a material adverse effect on the Seller's ability to perform its obligations hereunder or under any other agreement contemplated hereby (each of such effects is herein called a "Material Adverse Effect").

(b) Authorization and Validity. The execution, delivery and performance by Seller and DTAC of this Agreement and any other agreements contemplated hereby and the consummation by them of the transactions contemplated hereby and thereby have been duly authorized by Seller and DTAC. No other partnership, limited liability company or securityholder action is necessary for the authorization, execution, delivery and performance by Seller or DTAC of this Agreement and any other agreements contemplated hereby and the consummation by Seller and DTAC of the transactions contemplated hereby or thereby except as have been obtained. This Agreement has been duly executed and delivered by Seller and DTAC and constitutes a valid and legally binding obligation of Seller and DTAC enforceable against them in accordance with its terms, except as enforceability may be limited by bankruptcy,

insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or by an implied covenant of good faith and fair dealing.

(c) No Governmental Approvals or Notices Required; No Conflict. Except as set forth in Schedule 1, the execution, delivery and performance of this Agreement and any other agreements contemplated hereby by Seller and DTAC and the consummation by Seller and DTAC of the transactions contemplated hereby and thereby (i) will not violate (with or without the giving of notice or the lapse of time or both), or require any consent, approval, filing or notice under, any provision of any law, rule or regulation, court or administrative order, writ, judgment or decree applicable to Seller, DTAC or, to the Knowledge of Seller, the Company, except for such violations the occurrence of which, and such consents, approvals, filings or notices the failure of which to obtain or make, would not reasonably be expected to have a Material Adverse Effect, and (ii) will not (with or without the giving of notice or the lapse of time or both) (x) violate or conflict with, or result in the breach, suspension or termination of any provision of or constitute a default under, or result in the acceleration of the performance of the obligations of Seller, DTAC or, to the Knowledge of Seller, the Company under, or (y) result in the creation of any lien, mortgage, pledge, security interest, claim, charge or encumbrance or other restriction of any kind or nature (collectively, "Liens") upon all or any portion of the properties, assets or business of Seller, DTAC or, to the Knowledge of Seller, the Company pursuant to, the charter or by-laws or similar organizational document of Seller, DTAC or the Company, or, any indenture, mortgage, deed of trust, lease, agreement, contract or instrument to which Seller, DTAC or, to the Knowledge of Seller, the Company is a party or by which Seller, DTAC or, to the Knowledge of Seller, the Company or any of its properties, assets or business is bound, except for such violations, conflicts, breaches, suspensions, terminations, defaults, accelerations or Liens which would not reasonably be expected to have a Material Adverse Effect.

(d) Financier Information; Liabilities. (i) The audited balance sheets of the Company as of May 31, 1998, and as of December 12, 1998, and the related statements of income and retained earnings and statements of cash flows for the fiscal year ended May 31, 1998 and the period from June 1, 1998 to December 12, 1998, copies of which have been furnished to Buyer and are attached hereto as Annex C, present fairly in all material respects the financial condition of the Company as at such dates, and the results of its operations for the fiscal year or period then ended, each to the extent set forth therein or except as set forth in Schedule 2. All such financial statements (except as set forth in Schedule 2 or to the extent set forth in such financial statements), including the related schedules and notes thereto, have been prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time, applied consistently throughout the periods involved ("GAAP"), each to the extent set forth in such financial statements or except as noted in Schedule 2. The Company did not have at the date of the most recent balance sheet referred to above, any material contingent obligation, contingent liability or liability for taxes, or any long-term lease required under GAAP to be reflected therein or in a footnote thereto which is not so reflected. All such financial statements, including the related schedules and notes thereto are sometimes hereinafter referred

to as the "Financial information." All trade accounts receivable of the Company reflected on the December 12 Balance Sheet (other than the Seller December 12 Receivables (as defined below)) are being purchased by Buyer for net book value on an as-is, where-is basis. An agreed upon reserve for bad debts has been debited from the amount of such accounts receivable to account for uncollectible receivables. No adjustment will be made through an indemnification claim, the procedure described in Section 2.3 or otherwise, as a result of any such receivable proving to be uncollectible in whole or in part or as a result of the aggregate collections in respect of such accounts receivable being in excess of the net amount recorded in respect thereof on the December 12 Balance Sheet.

(ii) To the Knowledge of Seller, since December 12, 1998, the Company has not incurred any material liabilities or material obligations (known or unknown, absolute, accrued, contingent or otherwise), whether due or to become due other than those incurred in the ordinary course of the Business or not exceeding $50,000.

(e) Capitalization; Ownership of Membership Interests. (i) The Membership Interests represent 100% of the limited liability company interests of the Company. There are no preemptive rights, whether at law or otherwise, to purchase any securities of the Company and there are no outstanding options, warrants, subscriptions, agreements, plans, rights or other commitments pursuant to which the Company is or may become obligated to sell or issue any limited liability company interests or any other debt or equity security, and there are no outstanding securities convertible into such limited liability company interests or any other debt or equity security.

(ii) Seller and DTAC are the record and beneficial owners of the Membership Interests. The delivery of the Membership Interests pursuant to this Agreement will transfer to Buyer good and valid title to such Membership Interests, free and clear of all Liens other than those placed thereon by Buyer.

(f) Title and Condition of Assets; Absence of Liens. To the Knowledge of Seller, the Company has sufficient title to the assets of the Company used by the Company in and necessary for the operation of the Business (the "Assets"), free and clear of all Liens, except (a) such imperfections of title, easements, pledges, charges and encumbrances, if any, as do not in the aggregate materially detract from the value or materially interfere with the present use of the Assets or otherwise materially impair or interfere with the Business; (b) any lien or encumbrance for taxes which are not yet due or which are being contested in good faith by appropriate proceedings diligently prosecuted; (c) any carrier's, warehousemen's, mechanic's, materialman's, repairman's, landlord's or any other statutory or inchoate lien or encumbrance incidental to the ordinary conduct of the Business which involves an obligation that is not past due or which is being contested in good faith by appropriate proceedings diligently prosecuted; or (d) any interest of a governmental agency or instrumentality in any lawfully made pledge or deposit under workers' compensation, unemployment insurance or other social security statutes ("Permitted Liens"). Except as set forth in Schedule 3, to the Knowledge of Seller, by virtue of the execution of the Transition Agreement (as defined below) dated the date hereof, a copy of which is attached as Exhibit B hereto, Buyer is obtaining (subject to the terms and limitations

provided in the Transition Agreement) use of all of the tangible assets owned or leased by Seller or with respect to which Seller otherwise has an interest (other than through ownership of the Membership Interests) and used by the Company in and necessary for the operation by the Company of the Business as presently operated, other than such assets which in the aggregate if not available for Buyer's use would not be reasonably expected to have a Material Adverse Effect. To the Knowledge of Seller, the Company does not, directly or indirectly, own any real property.

(g) List of Properties, Contracts, Permits and Other Data. The following Schedules set forth certain information with respect to the Assets and the Company as of December 12, 1998:

(i) excluding each employee benefit plan, or any other plan, agreement, program, policy or other arrangement of a type described in the first sentence of Section 3.1(m)(i) without regard to whether it is material and without regard to clauses (A) and (B) of such sentence, to the Knowledge of Seller, other than those identified on Schedule 4 prepared by the Buyer Associated Representatives, as of December 12, 1998 there were no material written operating, non-competition, acquisition, shareholder, marketing and servicing, loan, partnership, advertising, distribution, solicitation and hardware/software agreements, notes, guarantees, purchase commitments, promotional, lease and other contracts or agreements to which the Company is a party or by which any of its assets or properties is bound and which do not involve the annual payment or receipt of less than $50,000 or which are not cancelable on thirty days or less notice (unless such cancellation would result in a penalty or liability to Buyer) ("Contracts");

(ii) other than those identified on Schedule 5 prepared by the Buyer Associated Representatives, as of December 12, 1998 to the Knowledge of Seller there were no leases of real property under which the Company is a lessee ("Leases");

(iii) to the Knowledge of Seller, other than those identified on Schedule 6 prepared by the Buyer Associated Representatives, as of December 12, 1998 there were no licenses, permits and franchises issued by foreign or domestic governmental authorities or other third parties and held by the Company ("Permits"), other than such licenses, permits and franchises the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect.

To the Knowledge of Seller, except as set forth in Schedules 4, 5 and 6 respectively, since December 12, 1998, the Company has not entered into, acquired or become obligated with respect to, any material Contracts, Leases or Permits. Except as set forth in Schedules 4, 5 and 6, true and complete copies of all documents (including all amendments thereto) referred to in the foregoing Schedules have been delivered or made available to Buyer (to the Knowledge of Seller as to Contracts, Leases and Permits the existence of which is represented to the Knowledge of

Seller above). To the Knowledge of Seller, except as set forth in Schedules 4, 5 and 6, all Permits, Leases and Contracts referred to in such Schedules are in full force and effect and are valid and enforceable in accordance with their respective terms against the parties thereto, except where the failure to be in full force and effect and valid and enforceable would not reasonably be expected to have a Material Adverse Effect and except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or by an implied covenant of good faith and fair dealing. To the Knowledge of Seller, the Company is not and each other party thereto is not in breach or default in the performance of any obligation under the Contracts, Leases or Permits, and, to the Knowledge of Seller, no event has occurred or has failed to occur whereby, with or without the giving of notice or the lapse of time or both, a default or breach will be deemed to have occurred thereunder or any of the other parties thereto have been or will be released therefrom or will be entitled to refuse to perform thereunder, except for such breaches, defaults and events which would not reasonably be expected to have a Material Adverse Effect.

(h) Legal Proceedings. (i) Except as set forth in Schedule 7, as of December 12, 1998 there was no litigation, proceeding or governmental investigation to which the Company was a party pending or, to the Knowledge of Seller, threatened against the Company or Seller and relating to the Company or the transactions contemplated by this Agreement which in any case would reasonably be expected to result in any Material Adverse Effect or which seeks to restrain or enjoin the consummation of any of the transactions contemplated hereby. As of December 12, 1998, neither Seller nor the Company was in violation of any term of any judgment, writ, decree, injunction or order entered by any court or governmental authority (domestic or foreign) and outstanding against the Company or Seller with respect to the Company or the transactions contemplated by this Agreement which violation would reasonably be expected to have a Material Adverse Effect.

(ii) To the Knowledge of Seller, since December 12, 1998, there has not been any litigation, proceeding or governmental investigation to which Seller or the Company was a party pending or threatened against the Company or Seller and relating to the Company or the transactions contemplated by this Agreement which in any case would reasonably be expected to result in any Material Adverse Effect or which seeks to restrain or enjoin the consummation of any of the transactions contemplated hereby. To the Knowledge of Seller, neither Seller nor the Company is in violation of any term of any judgment, writ, decree, injunction or order entered by any court or governmental authority (domestic or foreign) and outstanding against the Company or Seller with respect to the Company or the transactions contemplated by this Agreement which violation would reasonably be expected to have a Material Adverse Effect.

(i) Insurance. To the Knowledge of Seller, Schedule 8 is a true and correct list of the Company's insurance maintained on its properties and assets, except any such insurance the absence of which would not reasonably be expected to have a Material Adverse Effect.

(j) Intellectual Property. To the Knowledge of Seller, no written or material oral claims have been asserted, except as set forth on Schedule 9, that the use of the "Re:sources Connection" name by the Company infringes on the rights of any person. To the Knowledge of Seller, no claims have been asserted that the use of any other intellectual property by the Company infringes on the rights of any person, other than claims which would not reasonably be expected to have a Material Adverse Effect.

(k) Government Licenses, Permits and Related Approvals. To the Knowledge of Seller, except as set forth in Schedule 7, the Company has all licenses, permits, consents, approvals, authorizations, qualifications and orders of governmental authorities required for the conduct of the Business as presently conducted, except where the failure to have such licenses, permits, consents, approvals, authorizations, qualifications and orders would not reasonably be expected to have a Material Adverse Effect.

(l) Compliance with Law and Requirements. Except as disclosed on Schedule 7, to the Knowledge of Seller, since June 1, 1997 the Company has conducted the Business in compliance in all material respects with all laws, ordinances and regulations applicable to the Company, except those the failure to comply with would not reasonably be expected to have a Material Adverse Effect.

(m) Employee Benefit Programs. (i) Schedule 10 lists each material "Covered Plan," where such term means each "employee benefit plan" (within the meaning of section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (including, without limitation, multiemployer plans within the meaning of ERISA section 3(37)), stock purchase, stock option, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA (including any funding mechanism related thereto), whether formal or informal, oral or written, legally binding or not which (A) (x) is maintained, administered, or contributed to by Seller or any other person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with Seller (an "Affiliate") other than the Company or, to the Knowledge of Seller, maintained, administered or contributed to by the Company, and (y) covers any current or former employee or associate, of the Company (the "Covered Individuals") or (B) to the Knowledge of Seller with respect to which the Company otherwise has any current or is reasonably likely to have any future liability in either case for which it would not be entitled to indemnification under Section 5.1 hereof.

(ii) With respect to each material Covered Plan maintained, contributed to or administered by Seller or an Affiliate of Seller other than a Covered Plan maintained, contributed to or administered solely by the Company (each such Covered Plan, whether or not material, a "Seller Covered Plan"), Seller has delivered to Buyer a current, accurate and complete copy (or, to the extent no such copy exists, an accurate description) thereof and with respect to each material Covered Plan maintained, contributed to or administered solely by the Company (each such Covered Plan, whether or not material, a "Company Covered Plan"), to the Knowledge of Seller, the Company has delivered to Buyer a current accurate and complete copy (or to the

extent that no such copy exists, an accurate description) thereof (except that with respect to any material Covered Plan that is a welfare plan, fringe benefit plan, payroll, practice or similar arrangement (other than a severance arrangement), the Seller or to the Knowledge of Seller the Company may have elected to deliver to Buyer, in lieu of a plan document or summary plan description (as described below), a summary of material terms) and, to the extent applicable, (A) the most recent determination letter; and (B) any summary plan description and other material written communications (or a description of any material oral communications) by the Seller or an Affiliate of Seller other than the Company or, to the Knowledge of Seller, by the Company to Covered Individuals concerning the extent of the benefits provided under a material Covered Plan that are materially inconsistent with any plan document, summary, or summary plan description provided to Buyer hereunder.

(iii) (A) Each material Seller Covered Plan has been, and each material Company Covered Plan has, to the Knowledge of Seller, been established and administered in accordance with its terms, and in compliance with the applicable provisions of ERISA, the Internal Revenue Code of 1986, as amended (the "Code"), and other applicable laws, rules and regulations except insofar as a failure to so administer the material Covered Plans would not reasonably be expected to have a Material Adverse Effect; and (B) except as set forth on Schedule 11, each material Covered Plan which is intended to be qualified within the meaning of Code section 401(a) has received a favorable determination letter as to its qualification and nothing has occurred, whether by action or failure to act, which would be reasonably likely to cause the loss of such qualification of such material Covered Plan and would reasonably be expected to have a Material Adverse Effect.

(iv) Except as disclosed on Schedule 12 or as reflected on the December 12 Balance Sheet, no material Covered Plan exists which is reasonably likely to result in the payment to any current or former Covered Individual or director of the Company of any money or other property or rights or accelerate or provide any other rights or benefits to any current or former Covered Individual or director of the Company for which the Company would have any liability, in either case, for which it would not be entitled to indemnification under Section 5.1 hereof as a result of the transactions contemplated by this Agreement, whether or not such payment would constitute a parachute payment within the meaning of Code section 2806 and whether or not some other subsequent action or event would be required to trigger such payment, acceleration or provision.

(v) The Pension Benefit Guaranty Corporation has not informed Seller or an Affiliate of Seller other than the Company that it is taking any action to terminate any employee benefit plan maintained by Seller or any "ERISA Affiliate" (as defined below) that is subject to Title IV of ERISA. No condition exists that presents a material risk of a withdrawal by Seller or any ERISA Affiliate from any multiemployer plan (as defined in Section 3(37) of ERISA) which will result in any liability to the Company that will have a Material Adverse Effect. For purposes of this Agreement, "ERISA Affiliate" means (A) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Company; (B) any partnership, trade or business (whether or not incorporated) which is under common control (within the meaning of Section 414(c) of the Code) with the, Company; and (C)

any entity which is a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as either the Company, any corporation described in clause (A) or any partnership, trade or business described in clause (B).

(n) Certain Fees. Neither Seller nor any of its officers, directors or employees or Affiliates has employed any broker or finder or incurred any other liability that would be due and payable by the Company for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby, other than any broker or finder employed, or any other such liability incurred, as a result of any action by a Buyer Associated Representative.

(o) Absence of Certain Changes or Events. To the Knowledge of Seller, since December 12, 1998 and except as otherwise specifically disclosed herein or set forth in Schedule 13, there has not been (i) any material adverse change in the Assets or in the condition (financial or other), results of operations or business of the Company other than any change arising out of general economic conditions in the United States or the industry in which the Company operates and other than as set forth in the Financial Information, or (ii) any material damage, destruction or loss relating to the Company, whether or not insured.

(p) Tax Matters. For purposes of this Agreement, (i) "Taxes" shall mean all United States federal, state, provincial, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, excise, value added, estimated, stamp, alternative or add-on minimum, environmental, withholding and any other taxes, duties or assessments, together with all interest, penalties and additions imposed with respect to such amounts; and (ii) "Tax Return" shall mean any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof. All material Tax Returns required to be filed by the Company on or before the Closing Date have been or shall be timely filed and all Taxes which are due have been or shall be paid within the prescribed period or any extension thereof. Except as set forth on Schedule 14, there are no Tax liens upon any of the Assets except for Liens for current Taxes not yet due and payable. Neither Seller nor DTAC is a "foreign person" within the meaning of section 1445 of the Code, and Seller and DTAC will furnish Buyer with an affidavit that satisfies the requirements of section 1445(b)(2) of the Code, in the form attached as Exhibit A.

(q) Affiliate Transactions. To the Knowledge of Seller, as of the Closing Date, the only arrangements or agreements between the Company and Seller or any of Seller's subsidiaries, are this Agreement, the Transition Services Agreement dated the date hereof, in the form attached as Exhibit B hereto (the "Transition Agreement"), the arrangements contemplated hereby and thereby and the accounts receivable owed by the Seller and its subsidiaries to the Company in the ordinary course of business (other than the Seller December 12 Receivables which have all been paid).

3.2. Representations and Warranties of Buyer. Buyer represents and warrants to Seller as follows:

(a) Due Organization; Good Standing and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite corporate power and authority to enter into this Agreement and any other agreement contemplated hereby and to perform its obligations hereunder and thereunder. Buyer is duly authorized, qualified or licensed to do business as a foreign corporation, and is in good standing, in each of the jurisdictions in which its right, title or interest in or to any asset held by it, or the conduct of its business, requires such authorization, qualification or licensing, except where the failure to so qualify or to be in good standing would not reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations hereunder or under any other agreement contemplated hereby or have a material adverse effect on the condition (financial or other), results of operations, assets, properties or business of Buyer, other than any change arising out of general economic conditions in the United States (each of such effects is herein called a "Buyer Material Adverse Effect").

(b) Authorization and Validity. The execution, delivery and performance by Buyer of this Agreement and any other agreements contemplated hereby and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by its Board of Directors. No other corporate or stockholder action is necessary for the authorization, execution, delivery and performance by Buyer of this Agreement and any other agreement contemplated hereby and the consummation by Buyer o f the transactions contemplated hereby or thereby except as have been obtained. This Agreement has been duly executed and delivered by Buyer and constitutes a valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or by an implied covenant of good faith and fair dealing.

(c) No Governmental Approvals or Notices; No Conflict. The execution, delivery and performance of this Agreement and any other agreements contemplated hereby by Buyer and the consummation by it of the transactions contemplated hereby and thereby (i) will not violate (with or without the giving of notice or the lapse of time or both), or require any consent, approval, filing or notice under any provision of any law, rule or regulation, court or administrative order, writ, judgment or decree applicable to Buyer or its assets or properties, except for such violations the occurrence of which, and such consents, approvals, filings or notices the failure of which to obtain or make, would not reasonably be expected to have a Buyer Material Adverse Effect, and (ii) will not (with or without the giving of notice or the lapse of time or both) violate or conflict with, or result in the breach, suspension or termination of any provision of, or constitute a default under, or result in the acceleration of the performance of the obligations of Buyer under, or in the creation of any Liens pursuant to, the charter or by-laws of Buyer or any indenture, mortgage, deed of trust, lease, agreement, contract or instrument to which Buyer is a party or by which Buyer or any of its assets or properties is' bound, except for such violations, conflicts, breaches, suspensions, terminations, defaults, accelerations or Liens which would not reasonably be expected to have a Buyer Material Adverse Effect.

(d) Brokers' Fees. With the exception of fees and expenses payable to Evercore Advisors, Inc., which will be paid by Buyer following the Closing, neither Buyer nor any of its officers, directors or employees, on behalf of Buyer, has employed any broker or finder or incurred any other liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

(e) Legal Proceedings. There is no litigation, proceeding or governmental investigation to which Buyer is a party pending or, to the knowledge of Buyer, threatened against it or relating to the transactions contemplated by this Agreement which would reasonably be expected to result in a Buyer Material Adverse Effect or which seeks to restrain or enjoin the consummation of any of the transactions contemplated hereby. Buyer is not in violation of any term of any judgment, writ, decree, injunction or order entered by any court or governmental authority (domestic or foreign) and outstanding against Buyer which violation would reasonably be expected to have a Buyer Material Adverse Effect.

(f) HSR Act. With respect to the analysis of whether a filing in connection with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), is required in connection with the incorporation and organization of Buyer or the purchase of the Membership Interests by Buyer hereunder, as of the date of formation of Buyer within the meaning of Section 801.40 of the rules promulgated pursuant to the HSR Act (the "HSR Rules") and the date hereof prior to the consummation of the transactions contemplated hereby (i) as determined in accordance with Section 801.40(c) of the HSR Rules, Buyer does not have total assets of $100 million or more, (ii) no person (as defined in the HSR Rules) holds 50% or more of the outstanding voting securities of Buyer, (iii) no person (as defined in the HSR Rules) has the contractual power to designate 50% or more of the members of the board of directors of Buyer, (iv) no person (as defined in the HSR Rules), which includes any stockholder of Buyer, together with any of such stockholder's Affiliates, holds, in the aggregate, voting securities of Buyer valued in excess of $15 million, (v) Buyer does not have a regularly prepared balance sheet within the meaning of Section 801.11 of the HSR Rules and (vi) all assets held by Buyer less all cash to be used by Buyer as consideration for the purchase of the Membership Interests have an aggregate fair market value of less than $10 million.

(g) Securities Act. Buyer acknowledges that it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the prospective investment in the Membership Interests and of making an informed investment decision with respect thereto. Buyer is purchasing the Membership Interests for its own account, for investment, and is not purchasing the Membership Interests (i) in connection with the offer or sale of the Membership Interests to others, (ii) with a view to the distribution of the Membership Interests within the meaning of the Securities Act of 1933, as amended (the, "Securities Act"), (iii) with a view to underwriting any such distribution, or (iv) with a view to engaging in conduct which may violate the registration requirements of the Securities Act or any state securities laws. Buyer understands that the Membership Interests have not been registered under the Securities Act, or any state securities laws, and the Membership Interests may not be transferred or sold unless registration is then effective or an exemption from registration is then available.

3.3. Survival of Representations. The representations, warranties, covenants and agreements contained in this Agreement, and in any agreements, certificates or other instruments delivered pursuant to this Agreement, shall survive the Closing Date and shall remain in full force and effect for the applicable periods of time specified in subsection 5.4(a).

4. Agreements.

4.1. Use of Seller's Name. Neither Buyer nor the Company nor any of their subsidiaries have any right, title or interest in or to the names "Deloitte", "Touche" and "Deloitte & Touche" and any variant thereof. Buyer acknowledges that the "Deloitte & Touche LLP" name has been used to market and promote services of the Company to date and will be unavailable for that purpose after the Closing Date, with the limited exceptions set forth below. Buyer acknowledges that the inability to use such name for such purpose could negatively impact the Business. Neither Buyer nor the Company nor any of their subsidiaries shall use such names in any manner, except that:

(i) Buyer or the Company may make the factual statements contained in Annex D in the following contexts: oral communications with actual or potential clients, associates or employees or professional organizations or written communications with such persons limited to individually addressed letters, e-mail messages, presentations and proposals and employee communications; so long as, in each case:

(A) such statement remains factually correct at the time made;

(B) such statement is presented as a statement of fact in text and neither the presentation nor the context of the statement lends prominence to the "Deloitte & Touche LLP" name (by highlighting, placement in a headline, or otherwise) over the general textual presentation in which it appears; and

(C) the statements indicated with an asterisk in Annex D are accompanied by equally prominent recitation of the disclaimer set forth in such Annex; and

(ii) Buyer or the Company may request the consent of Seller for the following:

(A) use of the factual statements contained in Annex D in a context other than those described in clause (i) above;

(B) use of the "Deloitte & Touche LLP" name in print, broadcast or internet advertising; or

(C) use of the "Deloitte & Touche LLP" name in documents relating to financings or the offering of securities;

by written request to Ellen Ringel at Deloitte & Touche LLP, 10 Westport Road, P.O. Box 820, Wilton, Connecticut, 06897-0820 (telephone: 203-761-3522; telecopy: 203-761-3596) (or such successor as Seller may specify by notice to Buyer),

which request shall include a description of the proposed use, the context in which it will appear and other relevant information; Seller shall: (x) use its commercially reasonable efforts to respond to such request within 5 business days; (y) not unreasonably withhold its consent to a request described in (A) and (C) above; and (z) be deemed to have consented to such request if it does not inform Buyer or the Company of its refusal to grant such request within 10 business days of receipt of the written notice requesting such consent provided that at least two business days prior to such deemed consent, a representative of Buyer shall inform Ms. Ringel (or her successor) and the General Counsel of Seller by telephone that such request has not been granted or refused to date and that such request will be deemed granted pursuant to this Section 4.1 in two business days unless previously refused;

provided that neither Buyer nor the Company shall make any use of the "Deloitte & Touche LLP" name pursuant to (i) or (ii) above as a trademark or service mark.

4.2. Certain Receivables from Seller. The accounts receivable owed by Seller to the Company, reflected on the December 12 Balance Sheet and unpaid at the Closing Date are set forth on Annex A (the "Seller December 12 Receivables"). The amount of the Seller December 12 Receivables has been deducted from the Purchase Price pursuant to Annex A and such receivables shall be deemed to be zero upon consummation of the transactions contemplated hereby. In the event that the Company receives payment in respect of any Seller December 12 Receivable after the Closing Date, it shall notify Seller and pay over the amount of any such payment to Seller.

4.3. Covered Plans. As of the Closing Date, the Company shall cease to be a participating employer in, and the Company's employees and associates shall cease to be participants in or accrue further benefits under, the Seller Covered Plans. The transactions contemplated hereby shall not result in any division of any of the Covered Plans among the Seller or an Affiliate of Seller other than the Company and the Company or otherwise or any division of any of the assets related to any such plan. Buyer shall not be liable for, and Seller or an Affiliate of Seller other than the Company hereby expressly retains and assumes liability for, (i) any severance benefits and any other termination benefits resulting from the termination of employment with the Company of any employee or associate of the Company prior to or as of December 12, 1998, except to the extent that the benefits are reflected on the December 12 Balance Sheet and (ii) all obligations and liabilities arising under, or in respect of, any Seller Covered Plans, regardless of when incurred, or any Company Covered Plans that are incurred on or before December 12, 1998, in either case except to the extent reflected on the December 12 Balance Sheet. With respect to each Seller Covered Plan, the Company shall be required to remit to Seller or to the appropriate Affiliate or to the trustee of any trust related to any such Seller Covered Plan any amounts required to be paid or contributed in respect of such Seller Covered Plan by the Company or any participants who are current or former employees or associates of the Company that have not been paid as of the Closing Date, except to the extent such amounts are shown on the December 12 Balance Sheet or the Closing Date Balance Sheet. Neither the Company nor the Buyer shall have any right to or interest in any Seller Covered Plan or any assets related thereto and the Company and Buyer hereby assign to Seller and the Affiliates of

Seller (other than the Company) any such right or interest the Company or the Buyer otherwise may have been deemed to have. Neither Seller nor its Affiliates (other than the Company) shall have any liability whatsoever, and the Buyer and the Company shall be solely responsible, for any and all liabilities arising under or with respect to (i) any Company Covered Plans that are incurred after December 12, 1998 or reflected on the December 12 Balance Sheet, (ii) any Seller Covered Plans that are reflected on the December 12 Balance Sheet or (iii) any employee benefit plans maintained, contributed to or administered by the Company which are not Covered Plans.

4.4. [Intentionally Omitted].

4.5. Opportunity to Inspect. Buyer acknowledges that it has had ample opportunity to inspect, investigate and review the Assets, the Business and the Company's and Seller's books and records relating thereto.

4.6. Association with Seller. (a) Buyer represents and warrants to and covenants with Seller that it will not hold itself, its Affiliates, directors, officers, employees or agents or the Buyer Associated Representatives out as partners, principals, employees, agents or associates of Seller or any of its Affiliates, including, without limitation, in connection with the transactions contemplated by this Agreement or any other agreement contemplated hereby.

(b) Buyer acknowledges and agrees that the Buyer Associated Representatives have not acted and will not act on behalf of Seller or any of its Affiliates (as partners, principals, employees, agents, associates or otherwise) in connection with the transactions contemplated by this Agreement or any other agreement contemplated hereby, and that the Buyer Associated Representatives have acted and will act on behalf of Buyer in connection with the foregoing transactions, except that the Buyer Associated Representatives have, at Seller's request, prepared the Disclosure Schedules on behalf of Seller.

4.7. Financing Materials. Buyer acknowledges and agrees that Seller (other than the Buyer Associated Representatives) did not participate in any manner in the preparation or provision of any memorandum, prospectus or other documentation or any financial or operating information or data provided to any person or entity in connection with the financing of the Purchase Price by Buyer or any contemporaneous securities offering in connection with the transactions contemplated hereby, that the participation by the Buyer Associated Representatives was solely on behalf of Buyer and that Seller shall have no liability whatsoever to any person or entity with respect to any such documentation, information or data.

4.8. Consents. Buyer acknowledges that certain consents and waivers with respect to the transactions contemplated by this Agreement which may be required (a) from parties to any contracts and agreements, operating, non-competition, acquisition, shareholder, marketing and servicing, loan, partnership, advertising, distribution, solicitation and hardware/software agreements, notes, guarantees, purchase commitments, promotional, lease and other agreements to which the Company is a party ("Agreements") or (b) pursuant to any license, permit or franchise issued by any foreign or domestic governmental authority or third party and held by the Company ("Licenses") may not be obtained. Buyer agrees that Seller shall not have any liability whatsoever to Buyer arising out of or relating to the failure to obtain any consents or

waivers that may be required in connection with the transactions contemplated by this Agreement or because of the termination of any Agreement or License as a result thereof. Buyer further agrees that no representation, warranty or covenant of Seller contained herein shall be breached or deemed breached as a result of (i) the failure to obtain any such consent or waiver, (ii) any such termination or (iii) any lawsuit, action, proceeding or investigation commenced or threatened by or on behalf of any person or entity arising out of or relating to the failure to obtain any such consent or waiver or any such termination. If any consent or waiver with respect to an Agreement or License is not obtained, Seller will cooperate with Buyer in any reasonable arrangement necessary to provide that Buyer shall receive substantially all beneficial interest and benefits in, to and under such Agreement or License.

4.9. Cooperation; Records. (a) After the Closing Date, upon reasonable written notice, Buyer and the Company, on the one hand, and Seller, on the other, shall furnish or cause to be furnished to the other and their respective employees, counsel, auditors and representatives access, during normal business hours, such information and assistance relating to the Company as is reasonably necessary for financial reporting and accounting matters, the preparation and filing of any tax returns, reports or forms or the defense of any tax claim or assessment or in connection with any claim or proceeding arising out of the Business prior to the Closing Date. None of Buyer, the Company or Seller shall be required by this Section 4.9 to take any action that would unreasonably disrupt the normal operations of Seller, Buyer or the Company.

(b) Seller shall have the right to retain copies of financial books, records and information in its possession related to the Business or the Company, provided that the use by Seller of such financial books, records and information shall be subject to Section 6.10(e).

5. Indemnification.

5.1. Seller Indemnity. Seller agrees to indemnify and hold Buyer and the Company and their respective directors, officers, employees and agents (the "Buyer Indemnified Parties") harmless against and in respect of (i) any claim, cost, loss, liability or damage incurred or sustained by the Buyer Indemnified Parties as a result of (A) any misrepresentation or breach of warranty by Seller contained herein or (B) a breach by Seller of any covenant or other agreement contained herein; (ii) any third party claim or liability to which the Company was subject or damage to a third party for which the Company was liable, in each case, prior to the opening of business on December 13, 1998 (whether asserted or unasserted, known or unknown, or discovered or undiscovered) as a result of the operation of the Business prior to the opening of business on December 13, 1998, except to the extent such claim, liability or damage is reflected on the December 12 Balance Sheet and other than any such claim, liability or damage disclosed herein or actually known by Buyer and except with respect to any employee benefit liabilities allocated to Buyer under Section 4.3; and (iii) all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Buyer or its Affiliates in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 5.1. Notwithstanding any provision of this Section 5.1 to the contrary, Seller and its successors, assigns and Affiliates (other than the Company) shall have no obligation or liability with respect to any act, omission or conduct of any of the Buyer Associated

Representatives on and after the open of business on December 13, 1998 in connection with the transactions contemplated by this Agreement or any other agreement contemplated hereby, other than the preparation of the Disclosure Schedules ("Buyer Associated Representatives' Conduct").

5.2. Buyer Indemnity. Buyer and the Company, jointly and severally agree to indemnify and hold Seller and its Affiliates (other than the Company) and the partners, principals, officers, employees and agents of Seller and such Affiliates of Seller (the "Seller Indemnified Parties") harmless against and in respect of (i) any claim, cost, loss, liability or damage incurred or sustained by the Seller Indemnified Parties as a result of (A) any misrepresentation or breach of warranty by Buyer contained herein or (B) a breach by Buyer or the Company of any covenant or other agreement contained herein; (ii) any third party claim or, liability or damage to a third party incurred or sustained by Seller Indemnified Parties as a result of the operation of the Business following the opening of business on December 13, 1998 except with respect to any employee benefits liabilities allocated to Seller under Section 4.3; (iii) any and all Buyer Associated Representatives' Conduct at any time on and after the open of business on December 13, 1998; (iv) any claim, liability or damage incurred or sustained by any Seller Indemnified Parties arising out of any of the documentation, information or data referred to in Section 4.7; and (v) all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Seller or its Affiliates in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 5.2.

5.3. Procedures for Indemnification. Promptly after receipt by an indemnified party under this Section 5 of notice of any claim, the commencement of any action, or the discovery of any facts or circumstances which could reasonably result in, if not attended to, a claim or commencement of any action, the indemnified party shall, if a claim in respect thereof is to be or may be made against the indemnifying party under this Section 5, notify the indemnifying party in writing of the claim, the commencement of that action or state of facts or circumstances; provided that the failure to notify the indemnifying party shall not affect the indemnified party's rights to indemnification hereunder unless such failure to notify has materially prejudiced the indemnifying party. If any such claim shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall have the right to assume the defense of any such action or proceeding at its expense, provided that the selection of counsel is approved by the indemnified party (which approval will not be unreasonably withheld). The indemnified party shall have the right to participate in (but not control) the defense of an action or proceeding defended by the indemnifying party hereunder. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 5 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof; provided, however, that the indemnified patty shall have the right to employ counsel to represent it if, in the indemnified party's reasonable judgment, it is advisable for the indemnified party to be represented by separate counsel, and in that event the fees and expenses of such separate counsel shall be paid by the indemnified party. An indemnifying party shall not be liable under Section 5.1 or 5.2 for any settlement effected without its written consent, which consent will not be unreasonably

withheld, of any claim, action or proceeding in respect of which indemnity may be sought hereunder. The parties each agree to render to the other parties such assistance as may reasonably be requested in order to insure the proper and adequate defense of any such claim or proceeding.

5.4. Additional Agreements. (a) The indemnities provided in this Section 5 shall survive the Closing Date, except that: (i) Seller shall not be liable for any indemnification claim hereunder with respect to a misrepresentation or a breach of any warranty contained in (A) subsection 3.1(m), unless notice of such claim shall have been delivered in accordance with this Section 5 on or before 30 days after the expiration of the longest statute of limitations applicable to the relevant claim against Seller or its Affiliates for matters described in subsection 3.1(m), (B) subsection 3.1(p), unless notice of such claim shall have been delivered in accordance with this Section 5 on or before 30 days after the expiration of the longest statute of limitations applicable to the relevant claim against Seller or its Affiliates by the relevant taxing authority for matters described in Section 3.1(p) and (C) any subsection of Section 3.1 (other than subsections 3.1(m) and (p)), unless notice of such claim shall have been delivered in accordance with this Section 5 on or before the date that is 12 months after the Closing Date; and (ii) Buyer shall not be liable for any indemnification claim hereunder with respect to a misrepresentation or a breach of any warranty contained in (A) subsection 3.2(f), unless notice of such claim shall have been delivered in accordance with this Section 5 on or before 30 days after the expiration of the longest statute of limitations applicable to the relevant claim against Buyer or Seller under the HSR Act or the HSR Rules in connection with the transactions contemplated herein and the matters described in Section 3.2(f) and (B) any subsection of Section 3.2 (other than subsection 3.2(f)), unless notice of such claim shall have been delivered in accordance with this Section 5 on or before the date that is 12 months after the Closing Date.

(b) The amount of any loss, liability, claim, damage, expense or Tax (collectively, a "Loss") for which indemnification is provided under this Section 5 shall not be (i) increased to take account of any net Tax cost incurred by the indemnified party arising from the receipt of indemnity payments hereunder or (ii) reduced to take account of any net Tax benefit realized by the indemnified party arising from the incurrence or payment of any such Loss. Any indemnity payment under this Agreement shall be treated as an adjustment to the Purchase Price for United States federal income tax purposes.

(c) The aggregate indemnification obligations of Seller pursuant to subsection 5.1(i)(A) hereunder shall not exceed $10 million. The aggregate indemnification obligations of Buyer pursuant to subsection 5.2(i)(A) hereunder shall not exceed $10 million.

(d) Seller, on the one hand, and Buyer and the Company, on the other hand, shall not be liable pursuant to Section 5.1(i)(A), in the case of Seller, and 5.2(i)(A), in the case of Buyer and the Company, for any losses or claims resulting from a misrepresentation or breach of warranty until the aggregate amount of all such losses and claims exceeds $200,000, at which time such parties shall be liable in respect of all such losses and claims, including such $200,000.

(e) Buyer, the Company and Seller acknowledge and agree that their sole and exclusive remedy with respect to any and all claims relating to this Agreement, the transactions contemplated hereby, the Company and its assets, liabilities and business shall be pursuant to the indemnification provisions set forth in this Section 5 (except for remedies with respect to the Transition Agreement which shall be governed thereby). In furtherance of the foregoing, Buyer, the Company and Seller hereby waive, to the fullest extent permitted under applicable law, any and all rights, claims and causes of action Buyer or the Company may have against Seller, on the one hand, and any and all rights, claims and causes of action Seller may have against Buyer or the Company on the other hand, arising under or based upon any Federal, state, local or foreign statute, law, ordinance, rule or regulation or otherwise (except pursuant to the indemnification provisions set forth in this Section 5). Notwithstanding the foregoing, Buyer, the Company and Seller agree that the limitation on remedies described in the first sentence of this Section 5.4(f) and the waiver of rights, claims and causes of action described in the second sentence of this Section 5.4(f) shall not apply to the extent that the other party has engaged in criminal, fraudulent or willful misconduct.

6. Miscellaneous.

6.1. Public Announcements. No party may, or may permit its Affiliates to, issue or cause the publication of any press release or other public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of Buyer and Seller, except that, (i) Buyer and Seller may each make such communications with employees, customers, suppliers, lenders, lessors, shareholders, partners, principals and advisors to the extent necessary to carry out the ordinary business of Buyer and Seller, respectively, (ii) Buyer and Seller may each make such disclosures that are required by applicable law, rule, regulation, professional standard or responsibility, court order or other legal process, provided that, in any such case, the party proposing to make such disclosure shall consult in good faith with the other party as far in advance as practicable to such disclosure and (iii) Seller and Buyer may advise their clients, prospective clients, vendors, suppliers and lessors of this Agreement and the transactions contemplated hereby as required by applicable law, rule, regulation, professional standard or responsibility or contractual obligation or to avoid marketplace confusion.

6.2. Expenses. Subject to Section 6.3, each of the parties hereto shall pay the fees and expenses incurred by it in connection with the negotiation, preparation, execution and performance of this Agreement, including, without limitation, attorneys' and accountants' fees. The foregoing shall not affect the legal right, if any, that any party hereto may have to recover expenses from any other party that breaches its obligations hereunder.

6.3. Transfer Taxes and Recording Expenses. All taxes (other than income or similar taxes), recording, registration and other similar fees payable in connection with the transfer of the Membership Interests and the assets of the Company will be paid half by Buyer and half by Seller. Neither Buyer nor Seller makes any representations regarding the tax consequences of the transactions contemplated by this Agreement or the other agreements contemplated hereby. Buyer and Seller shall cooperate in the preparation, execution and filing of all required returns and related documents.

6.4. Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing (including by facsimile transmission) and shall be deemed to have been duly given (a) when delivered by hand (b) three business days after it is mailed, via certified or registered mail, return receipt requested with postage prepaid, (c) when sent by telex, telegram or facsimile (with receipt confirmed) or (d) one business day after its is sent by a nationally recognized overnight delivery service as follows:

(a) If to Seller:

Deloitte & Touche LLP
1633 Broadway
New York, NY 10019
Tel: (212) 492-4136
Fax: (212) 492-4995
Attention: Mr. Alan S. Bernikow

with copies to:

Deloitte & Touche LLP
1633 Broadway
New York, NY 10019
Attention: Office of the General Counsel
Tel: (212) 489-1600
Fax: (212) 492-4201

and

Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, NY 10022
Tel: (212) 715-9100
Fax: (212) 715-8000
Attention: Thomas E. Molner, Esq.

(b) If to Buyer or the Company:

RC Transaction Corp.
c/o Re:sources Connection LLC
Three Imperial Promenade
Santa Ana, CA 92707-5092
Tel.: (714) 433-6000
Fax: (714) 433-6100
Attention: Mr. Donald B. Murray

with copies to:

O'Melveny & Myers
610 Newport Center Drive
Newport Beach, CA 92660
Tel.: (949) 760-9600
Fax: (949) 823-6994
Attention: David A. Krinsky, Esq.

Evercore Capital Partners L.P.
65 East 55th Street, 33rd floor
New York, NY 10022
Tel.: (212) 857-3100
Fax: (212) 857-3101
Attention: Mr. David G. Offensend

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telephone No. (212) 455-2000
Telecopy No. (212) 455-2502
Attention: Mario A. Ponce, Esq.

or to such other address or to the attention of such other person as any party shall have specified by notice in writing to the other parties.

6.5. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement between the parties hereto and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

6.6. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

6.7. Assignability. This Agreement shall not be assignable, in whole or in part, by any party hereto without the prior written consent of the other parties hereto, except that Buyer and the Company may, without the prior written consent of any party, assign in whole, but not in part, all of their rights, interests and obligations hereunder and under the Transition Agreement to any lender providing financing for the transactions contemplated hereby in the event of a foreclosure by any such lender or a sale of collateral after foreclosure by any such lender; provided, however, that no such assignment by Buyer and the Company pursuant to this sentence shall relieve Buyer and the Company of any of their respective obligations under this Agreement or the Transition Agreement; provided, further, that Buyer and the Company may assign, in whole or in part, any rights to receive money due, or money to become due, under this Agreement.

6.8. No Third Party Beneficiaries. Nothing herein expressed or implied shall confer upon any of the employees of the Company, Seller, Buyer, or any of their Affiliates, any

rights or remedies, including, without limitation, any right to employment, or continued employment for any specified period, of any nature or kind under or by reason of the Agreement. Nothing in this Agreement will confer upon any person or entity not a party to this Agreement, or the legal representatives of such person or entity, any rights or remedies of any nature or kind whatsoever under or by reason of this Agreement, except as provided in Section 5 with respect to indemnified persons.

6.9. Amendment; Waiver. This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the parties hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

6.10. Covenants Relating to Competition.

(a) Background. Seller acknowledges and agrees that, subject to the terms of, and in accordance with, this Agreement, Seller and DTAC are selling to Buyer all of the Membership Interests together with the goodwill of the Company and the Business, and that after the Closing Date, Buyer shall be entitled to protect and preserve the same to the maximum extent permitted by law. For these and other reasons, and as an inducement to Buyer to enter into this Agreement, Seller is making the covenants set forth in this Section 6.10.

(b) Covenant Not to Compete. Seller agrees that for a period of four years after the Closing Date neither Seller nor any of its subsidiaries or any member firm of Deloitte Touche Tohmatsu (the "Member Firms") will, for its own benefit or as agent for another, engage directly, or through a joint venture with, any present or future, foreign or domestic enterprise in the Business (as defined below) anywhere in the United States. For purposes hereof, "Business" means the business of providing contract staffing services which have all of the following characteristics: (i) provided employees are hired by the provider solely for the purpose of filling positions at clients of the provider on a temporary basis in the areas of accounting, finance or information technology (the "Provided Employees"), (ii) any Provided Employees work under the direct supervision of the provider's clients, (iii) no written assurances relating to the work performed by the Provided Employees are given by the provider to its clients and (iv) no reports are supplied or issued by the provider on its letterhead or signed by any of its officers or partners to its clients with respect to the work performed by the Provided Employees.

Without limitation, nothing in this Section 6.10(b) shall preclude Seller or its subsidiaries or any Member Firm from (x) using their personnel in a loaned staff capacity or (y) allowing their personnel to work on a less than full time basis in accordance with the human resource policies of Seller, its subsidiaries and any Member Firm, as such policies may be amended from time to time. "Loaned staff capacity" means the lending of employees of Seller, its subsidiaries or any Member Firm on an interim basis from time to time as an ancillary service to Seller's, any subsidiary's or any Member Firm's business to clients in order to provide support and services to such clients.

Further, without limitation, nothing in this Section 6.10(b) shall preclude Seller, its subsidiaries or any Member Firm from entering into any business after the Closing Date which does not have all of the characteristics described in clauses (i) through (iv) of the first paragraph of this Section 6.10(b). Seller acknowledges that as of the Closing Date the only business unit of Seller and its subsidiaries organized to provide services which meet the definition of the "Business" is the Company. In the event that the immediately preceding sentence is untrue, no actions or consequences shall result therefrom if such circumstance has been remedied by Seller within six months of written notification thereof by Buyer or the Company.

If Seller or any of its subsidiaries intends to directly or indirectly acquire any business or entity which includes a business unit or entity that would compete with Buyer or the Company by providing services which would otherwise be in breach of this Section 6.10(b) (such business unit or entity, a "Competing Business"), Seller shall give Buyer written notice of such acquisition. Seller shall use its commercially reasonable best efforts to dispose, or cause its subsidiary to dispose, of such Competing Business as soon as practicable after the consummation of the acquisition and, in any event, Seller shall consummate the disposition of such Competing Business within 12 months after its acquisition.

Notwithstanding the foregoing, the provisions of this Section 6.10(b) shall not apply following a Big Five Merger to activities of Seller, its subsidiaries or a Member Firm which result from the continuation of existing operations of the Big Five Accounting Firm with which such Big Five Merger is consummated, as such operations are continued or expanded after such consummation. As used herein, "Big Five Accounting Firm" shall mean Seller, Arthur Andersen LLP, PricewaterhouseCoopers, Ernst & Young LLP and KPMG Peat Marwick and their respective successors. "Big Five Merger" means a merger, acquisition or other business combination involving a Big Five Accounting Firm and Seller.

(c) Non-Solicitation of Employees. (i) Seller agrees that for a period of one year following the Closing Date neither Seller nor any of its subsidiaries will hire or solicit to hire any Buyer Professional; provided, however, that nothing in this subsection (c) (i) shall prohibit Seller or any of its subsidiaries from hiring an individual who has approached Seller or any of its subsidiaries (x) on his or her own initiative and without encouragement or solicitation by Seller or any of its subsidiaries, or (y) as a result of published advertisements or a general public solicitation.

(ii) Buyer and the Company agree that for a period of one year following the Closing Date neither Buyer nor the Company nor any of their subsidiaries will hire or solicit to hire any Seller Professional; provided, however, that nothing in this subsection (c)(ii) shall prohibit Buyer or the Company or any of their subsidiaries from hiring an individual who has approached Buyer or the Company or any of their subsidiaries (x) on his or her own initiative and without encouragement or solicitation by Buyer or the Company or any of their subsidiaries or (y) as a result of published advertisements or a general public solicitation.

(d) <u>Non-Solicitation of Customers.</u> (i) Seller agrees that for a period of 18 months following the Closing Date, neither Seller nor any of its subsidiaries will directly solicit any client of the Company as of December 12, 1998 to cease purchasing services that constitute the Business from the Company, by disparaging the Company, provided that this subsection (d) shall not apply to activities of Seller or any of its subsidiaries in connection with marketing or rendering services not prohibited under subsection (b) above.

(ii) Buyer and the Company agree that for a period of 18 months following the Closing Date, neither they nor any of their subsidiaries will directly solicit any client of Seller as of December 12, 1998 to cease purchasing services from Seller by disparaging Seller, provided that this subsection (d) shall not apply to activities of Buyer or the Company or any of their respective subsidiaries in connection with marketing or rendering services.

Notwithstanding the foregoing, violations of Sections 6.10(b), (c) or (d) by Seller or its subsidiaries or any Member Firm will not constitute a breach of this Agreement unless such violation continues unremedied for a period of 6 months after Seller's receipt of written notice of such violation from Buyer or the Company. Seller hereby undertakes to use its commercially reasonable efforts to monitor the compliance with the covenants contained in Sections 6.10(b), (c) or (d) by its officers, employees and agents and to provide prompt notice to Buyer and the Company of any violation hereof.

(e) <u>Non-Disclosure.</u> Seller agrees, after the Closing Date, that neither Seller nor any of its subsidiaries shall, at any time, make use of, divulge or otherwise disclose, directly or indirectly, any trade secret or other proprietary or confidential information (including, but not limited to, any customer list, record or financial information) of the Company; provided, however, that this subsection (e) shall not prohibit (i) disclosure of any such information to Buyer or (ii) use of any such information by Seller as is reasonably necessary for financial reporting and accounting matters, including, without limitation, the preparation of tax returns and other filings; provided however, this subsection (e) shall not apply to information that (A) was in the public domain before the date of this Agreement or subsequently came into the public domain other than as a result of disclosure by Seller or any of its subsidiaries in breach of this Agreement, (B) was lawfully received by Seller or any of its subsidiaries from a third party free of any obligation of confidence of or to such third party, (C) is required to be disclosed in a judicial or administrative proceeding or by law, (D) is independently developed by employees, consultants or agents of the Seller or any of its subsidiaries without reference to the information, (E) is disclosed in connection with any judicial or administrative proceeding involving Seller, on the one hand, and Buyer and/or the Company, on the other hand, relating to this Agreement and the transactions contemplated hereby or (F) is permitted to be disclosed by this Agreement.

(f) <u>Use of "Re:sources Connection" Name.</u> Seller agrees that, pursuant to the purchase and sale of the Membership Interests in accordance with this Agreement, Buyer is acquiring, among other things, all rights, title and interest of Seller in and to the "Re:sources Connection" name and any and all variants or derivatives thereof. Seller agrees that following the Closing Date, Seller shall not, and Seller shall cause each of its subsidiaries and the Member Firms not to, use the "Re:sources Connection" name or mark or any confusingly similar variant

or derivative thereof in connection with the advertisement, marketing, sale or provision of any of their respective goods or services anywhere in the world in the case of Seller and its subsidiaries, and anywhere in the United States, in the case of the Member Firms; provided, that Seller may refer to the name "Re:sources Connection," with the approval of Buyer, such approval not to be unreasonably withheld, to carry out its legal and contractual obligations in a public offering or private placement of Seller's or its Affiliates securities, in biographies of persons associated with Seller or its Affiliates who were formerly associated with the Company or in historical, factual descriptions of the evolution of the Seller.

(g) Section 6.10 Definitions. For the purposes of this Section 6.10, (i) "Buyer Professional" means a professional employee as of the Closing Date of Buyer or any of its controlled Affiliates or subsidiaries; and (ii) "Seller Professional" means a professional employee as of the Closing Date of Seller or any of its Affiliates or subsidiaries (other than the Company).

(h) Enforcement. (i) Seller recognizes and agrees that a breach by Seller or any of its subsidiaries or any Member Firm of any of the covenants of such Persons set forth in this Section 6.10 could cause irreparable harm to Buyer, that Buyer's remedies at law in the event of such breach may be inadequate, and that, accordingly, in the event of such breach a restraining order or injunction or both may be issued against Seller or any of its subsidiaries, in addition to any other rights and remedies which are available to Buyer.

(ii) Buyer and the Company recognize and agree that a breach by Buyer, the Company or any of their subsidiaries of any of the covenants of such Persons set forth in this Section 6.10 could cause irreparable harm to Seller, that Seller's remedies at law in the event of such breach may be inadequate, and that, accordingly, in the event of such breach a restraining order or injunction or both may be issued against Buyer, the Company or any of their subsidiaries in addition to any other rights or remedies which may be available to Seller.

(iii) If this Section 6.10 is more restrictive than permitted by the laws of any jurisdiction in which Buyer or Seller seeks enforcement hereof, this Section 6.10 shall be limited to the extent required to permit enforcement under such laws. If, in any proceeding, a court or arbitrator shall refuse to enforce any covenant contained in this Section 6.10, then such unenforceable covenant shall be deemed eliminated from this Section 6.10 solely for the purpose of those proceedings to the extent necessary to permit the remaining covenants to be enforced. If any provision of this Section 6.10 shall ever be deemed to exceed the duration or geographic limitations or scope permitted by applicable law, then such provision shall be reformed to the maximum time or geographic limitations or scope, as the case may be, permitted by applicable law.

6.11. Section Headings; Table of Contents. The section headings contained in this Agreement and the Table of Contents to this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

6.12. Severability. Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be declared by any court of competent jurisdiction to be illegal, void or unenforceable such provision shall be enforced to the maximum

extent permitted by law, all other provisions of this Agreement shall not be affected and shall remain in full force and effect.

6.13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

6.14. APPLICABLE LAW; JURISDICTION; VENUE. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR TO THE TRANSACTIONS CONTEMPLATED HEREBY ("PROCEEDINGS"), EACH PARTY IRREVOCABLY (I) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY; AND (II) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY PROCEEDINGS BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT SUCH PROCEEDINGS HAVE BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH PROCEEDINGS, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

DELOITTE & TOUCHE LLP

By:

Name:
Title:

DELOITTE & TOUCHE ACQUISITION COMPANY LLC

By:

Name:
Title:

RC TRANSACTION CORP.

By:

Name:
Title:

RE:SOURCES CONNECTION

By:

Name:
Title:

EXHIBIT 10.13
EXECUTION COPY

INVESTMENT AGREEMENT

This INVESTMENT AGREEMENT (this "Agreement") is entered into between RC TRANSACTION CORP., a Delaware corporation (the "Company"), EVERCORE CAPITAL PARTNERS L.P., a Delaware limited partnership, EVERCORE CAPITAL PARTNERS (NQ) L.P., a Delaware limited partnership, EVERCORE CAPITAL OFFSHORE PARTNERS L.P., a Cayman Islands exempted limited partnership, EVERCORE CO-INVESTMENT PARTNERSHIP L.P., a Delaware limited partnership (collectively, the "Evercore Funds") and each of the investors named on the signature pages hereto (each, an "Investor" and collectively, the "Investors") as of the 1st day of April, 1999.

W I T N E S S E T H:

WHEREAS, the Company is a newly formed corporation with 3,500,000 authorized shares of Common Stock, par value $.01 per share, and 2,500,000 of such shares are designated as Class A Common Stock, par value $.01 per share, 300,000 of such shares are designated as Class B Common Stock, par value $.01 per share, and 700,000 of such shares are designated as Class C Common Stock, par value $.01 per share;

WHEREAS, the Company, Deloitte & Touche LLP, Deloitte & Touche Acquisition Company LLC and Re:sources Connection LLC intend to enter into a Purchase Agreement providing, among other things, for the purchase by the Company of all the limited liability company interests of Re:sources Connection LLC (the "Purchase Agreement"); and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, the Evercore Funds and the Investors desire to subscribe for an aggregate of 861,528 shares of the Company's Class A Common Stock and an aggregate of 76,473 shares of the Company's Class B Common Stock, (collectively, the "Common Shares") and an aggregate principal amount of $20,636,022 of the Company's 12% Junior Subordinated Promissory Notes (the "Notes," and together with the Common Shares, the "Securities") and the Company desires to accept the subscription offer of the Evercore Funds and the Investors.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company, the Evercore Funds and the Investors hereby agree as follows:

1. Sale and Purchase of the Securities; the Closing. On the terms and subject to the conditions set forth in this Agreement, on the date hereof (the "Closing Date") (i) the Company shall issue a stock certificate or certificates to each Evercore Fund and each Investor representing the number of shares of the Company's Class A Common Stock and Class B Common Stock set forth with respect to each Evercore Fund and each Investor on Schedule I, against delivery by the Evercore Funds and the Investors of an aggregate of $9,379,995 (the

"Common Share Purchase Price," with the Common Share Purchase Price contributed by each Evercore Fund and each Investor in the amounts set forth on Schedule I), (ii) the Company shall issue a promissory note in the form attached hereto as Exhibit A to each Evercore Fund and each Investor representing the principal amount to be invested in the Notes by each Evercore Fund and Investor set forth with respect to each Evercore Fund and each Investor on Schedule I, against delivery by the Evercore Funds and the Investors of an aggregate of $20,636,022 (the "Note Purchase Price," and together with the Common Share Purchase Price, the "Purchase Price," with the Note Purchase Price contributed by each Evercore Fund and each Investor in the amounts set forth on Schedule I), and (iii) the Evercore Funds and the Investors shall deliver to the Company, against issuance by the Company of the Securities, the Purchase Price by wire transfer in immediately available funds.

2. Representations of the Company. The Company represents and warrants to the Evercore Funds and the Investors that: (a) the Company is duly organized, validly existing and in good standing under the laws of the State of Delaware; (b) neither the execution and delivery of this Agreement by the Company (including the issuance of the Securities) nor the consummation by the Company of the transactions contemplated herein will require any consent, approval or notice under, constitute a violation of, or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind by which the Company is bound; (c) the execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby (including the issuance of the Securities) have been approved by all necessary corporate action required on the part of the Company; (d) each of this Agreement and each of the Notes has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms; (e) the delivery to the Evercore Funds and the Investors hereunder of their respective Securities in exchange for the Purhcase Price will transfer to each of the Evercore Funds and the Investors, respectively, good, valid and marketable title to such Securities, free and clear of all claims, liens, encumbrances, restrictions, security interests and charges of any nature whatsoever; (f) on the date hereof, after giving effect to the transactions contemplated hereby, (i) the authorized capital stock of the Company shall consist of (A) 3,500,000 Common Shares, of which 1,424,528 shares of Class A Common Stock, 76,473 shares of Class B Common Stock and no shares of Class C Common Stock shall be issued and outstanding and (B) 500,000 shares of preferred stock, par value $.01 per share, of which no shares shall be issued and outstanding and (ii) the aggregate principal amount of Notes outstanding shall be $20,636,022; and (g) following consummation of the additional offering of Common Shares and Notes to certain employees of the Company on or before July 1, 1999, (i) the Company expects that 1,548,526 shares of Class A Common Stock, 14,474 shares of Class B Common Stock and no shares of Class C Common Stock shall be issued and outstanding and (ii) the aggregate principal amount of Notes outstanding shall be $22,000,000.

3. Representations of the Evercore Funds and the Investors. Each Evercore Fund and each Investor severally (and not jointly) represents and warrants to the Company that: (a) such Evercore Fund and, if such Investor is not an individual, such Investor, is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) neither the execution and delivery of this Agreement by such Evercore Fund or such Investor nor

the consummation by such Evercore Fund or such Investor of the transactions contemplated herein will require any consent, approval or notice under, constitute a violation of, or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind by which such Evercore Fund or such Investor, as the case may be, is bound; (c) the execution and delivery of this Agreement by such Evercore Fund and such Investor and the consummation by it of the transactions contemplated hereby have been approved by all necessary partnership or, if such Investor is not a partnership, other action required on the part of such Evercore Fund and such Investor, as the case may be; (d) if such Investor is an individual, such Investor has the legal capacity and authority to enter into this Agreement; and (e) this Agreement has been duly executed and delivered by such Evercore Fund and such Investor and constitutes a legal, valid and binding obligation of such Evercore Fund and such Investor, as the case may be, enforceable against such Evercore Fund and such Investor, as the case may be, in accordance with its terms.

4. Investment Representations. Each Evercore Fund and each Investor severally (and not jointly) represents and warrants to the Company that: (i) he, she or it understands and agrees that (A) the Securities will be subject to a Stockholders Agreement in substantially the form attached hereto as Exhibit B, (B) the Securities may not be transferred except in accordance with such Stockholders Agreement, (C) the certificates evidencing the Common Shares and each Note will bear restrictive legends in accordance with such Stockholders Agreement, (D) the Securities have not been registered under the Securities Act of 1933, as amended ("the Act") or registered or qualified under the securities laws of any state or other jurisdiction, are characterized as "restricted securities" under the Act, and cannot be sold or otherwise transferred except in compliance with the registration requirements of the Act and the registration or qualification requirements of all applicable securities laws of states and other jurisdictions, or in compliance with applicable exemptions therefrom, and (E) there is no market, and no market may exist in the future, for the resale of the Securities, and he, she or it may be required to hold the Securities indefinitely; (ii) he, she or it is not an underwriter within the meaning of the Act, and is acquiring the Securities for investment purposes only, for his, her or its own account and not with a view to or for resale in connection with any distribution thereof within the meaning of the Act; (iii) he, she or it is able to bear the economic risk of his, her or its investment in the Securities and has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of an investment in the Shares; and (iv) except as set forth on Schedule II, he, she or it is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Act.

5. Amendments. No amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in a writing and signed by or on behalf of the Company and by or on behalf of the Evercore Funds, provided that if any such amendment or waiver shall adversely affect any Investor or all of the Investors as such in a manner in which the Evercore Funds are not similarly affected, such amendment or waiver shall not be effective unless signed by such Investor or Investors.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

7. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and supersedes any prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof.

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

RC TRANSACTION CORP.

By: ____
Name:
Title:

EVERCORE CAPITAL PARTNERS L.P.
By: Evercore Partners L.L.C., its General Partner

By: ____
Name:
Title:

EVERCORE CAPITAL PARTNERS (NQ) L.P.
By: Evercore Partners L.L.C., its General Partner

By: ____
Name:
Title:

EVERCORE CAPITAL OFFSHORE PARTNERS L.P.
By: Evercore Partners L.L.C., its General Partner

By: ____
Name:
Title:

EVERCORE CO-INVESTMENT
PARTNERSHIP L.P.
By: Evercore Partners L.L.C., its
General Partner

By: ____
Name:
Title:

____
RICHARD GERSTEN

____
PAUL LATTANZIO

____
GERALD ROSENFELD

MAINZ Holdings Ltd

By: ___________________________________
Name: Alain Andrey
Title: Attorney in fact

PT CAPITAL INVESTORS, L.P.

By: ____
    Name:
    Title:

BANCBOSTON INVESTMENTS INC.

By: ____
Name:
Title:

DONALD B. MURRAY

STEPHEN J. GIUSTO

EXHIBIT 10.14

EXECUTION COPY

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement") is made as of the 1st day of April, 1999, by and among Deloitte & Touche LLP, a Delaware limited liability partnership ("D&T"), RC Transaction Corp., a Delaware corporation ("Buyer"), and Re:sources Connection LLC, a Delaware limited liability company (the "Company").

Buyer, the Company and D&T wish to achieve an orderly transition in connection with the purchase, pursuant to that certain Purchase Agreement (the "Purchase Agreement"), dated as of the date hereof, by and among D&T, Deloitte & Touche Acquisition Company LLC, the Company and Buyer, of all of the membership interests in the Company by Buyer.

D&T has agreed to provide certain services to Buyer and the Company in connection with the operation of the Business (as defined in the Purchase Agreement) subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the foregoing and the terms and conditions contained hereinafter, the parties hereto agree as follows:

1. Orderly Separation; Minimal Disruption. The parties hereto shall work together using their respective commercially reasonable efforts to provide for the orderly separation of the Business from D&T and its acquisition by Buyer (through Buyer's acquisition of all of the membership interests in the Company) as contemplated by the Purchase Agreement with minimal disruption to the Business.

2. Services. D&T agrees to provide, and Buyer and the Company agree to accept, the services of D&T in connection with the operation of the Business (the "Services"), as follows:

2.1 Continuing Professional Education. During the three-year period beginning on the date hereof, unless earlier terminated pursuant to Section 4.2, each D&T local office in the locations identified in Annex A shall afford Buyer's or the Company's employees involved in the operation of the Business the opportunity to participate in D&T's continuing professional education programs offered by such local offices relating to accounting, auditing and tax on the following basis:

(a) Such participation shall be on an "as available" basis.

(b) The cost of such participation shall be $200 per person for each MI-day program and $100 per person for each half-day program.

(c) D&T may refuse access to any program if it reasonably determines that such access would not be consistent with its obligations of confidentiality, its obligations pursuant to professional rules and regulations or the orderly operation of its business; provided that, D&T

will make good faith efforts to allow Buyer's or the Company's employees involved in the operation of the Business to participate in D&T's continuing professional education programs offered by its local offices in the locations identified in Annex A relating to accounting, auditing and tax.

(d) D&T shall, upon request prior to completion of any such program by any person attending any such program, furnish to such person evidence of attendance by such person in any such program, but D&T shall be under no obligation to maintain records of attendance in such programs by Buyer's or the Company's employees or to report hours of attendance.

(e) Information on continuing professional education programs offered by the D&T local offices in the locations identified in Annex A will be provided by a representative of D&T to a representative of Buyer. D&T's representative for this purpose shall be any person or persons designated by D&T to Buyer by notice from time to time, which may include representatives of D&T in one or more D&T local offices. Buyer's representative for this purpose shall be any person designated by Buyer to D&T by notice from time to time. D&T shall not be required to provide such information directly to Buyer's or the Company's employees.

(f) The parties hereto acknowledge that it is D&T's present intention to cease offering continuing professional education programs through its local offices as of January 1, 2000.

2.2 Transitional Use of Office Space.

(a) The Business currently maintains offices for its personnel (the "Buyer Offices") in the locations (the "Locations") leased by D&T and set forth on Annex A. It is the intention of the parties hereto that, in order to provide for the orderly separation of the Business from D&T and transfer to Buyer:

(i) subject to the terms of this Section 2.2, in consideration of Buyer's payment of the applicable costs specified in Annex B (which costs, with respect to Fiscal Year 1999, shall be pro rated based on the period beginning on the Closing Date (as defined in the Purchase Agreement) and ending on the last day of Fiscal Year 1999), Buyer shall be granted a license hereunder to maintain a Buyer Office in each Location during a transitional period not to exceed the period commencing on the Closing Date and ending on the date specified for such Buyer Office in Annex A (the "Transition Period") unless earlier terminated pursuant to Section 4.2, subject further to the Professional Obligations (as defined herein);

(ii) D&T shall use its commercially reasonable efforts to identify to Buyer, no later than 150 days prior to the end of the applicable Transition Period, for each Location (other than those Locations described in Section 2.2(a)(iv)), office space which (A) is located in a building of at least the same class as the building in which the Buyer Office for such Location is located on the Closing Date as specified in Annex A and (B) contains square footage of at least the amount of square footage for such Location specified on Annex A. With respect to those Buyer Offices for which the Transition Period is 180 days after the Closing Date and for the Buyer Offices located in Boston and Washington, D.C., the parties hereto acknowledge and agree that D&T has satisfied its obligations under this Section 2.2(a)(ii). In addition, within 12 months after the Closing Date, D&T shall use its commercially reasonable efforts to identify to Buyer office space in the suburbs of Chicago, Illinois that is located in at least a B class building and contains at least 1,365 square feet of space and office space in Austin, Texas that is located in at least a B class building and contains at least 1,300 square feet of space;

(iii) Buyer shall relocate each Buyer Office (other than the Buyer Offices located at the Locations described in Section 2.2(a)(iv)) no later than the end of the applicable Transition Period to either (A) the office space identified by D&T pursuant to Section 2.2(a)(ii) or (B) such other office space as may be identified by Buyer; provided, however, that, (x) if such relocation of any Buyer Office is delayed as a result of circumstances that are unforeseen by Buyer, not within Buyer's or the Company's control and relate to the construction or "building out" of facilities in the office space, then Buyer shall have up to an additional 45 days (which may be included in, but shall not be in addition to, the 120-day period, if any, referred to in clause (y) below) after the end of the applicable Transition Period to make such relocation; (y) if D&T has not identified office space pursuant to Section 2.2(a)(ii) at least 90 days prior to the end of the applicable Transition Period for any Location, then D&T shall notify Buyer, and Buyer shall have up to an additional 120 days (which may be included in, but shall not be in addition to, the 45-day period, if any, referred to in clause (x) above) after the end of the applicable Transition Period to relocate the Buyer Office at such Location; and (z) D&T shall continue to provide Ancillary Services (as defined herein) in accordance with the terms hereof with respect to any such Buyer Office during any such additional period referred to in clause (x) or (y) above; and, provided, further, that, notwithstanding any other provision of this Agreement to the contrary, (1) with respect to

each Buyer Office for which the Transition Period is 540 days after the Closing Date and with respect to the Buyer Offices located in Boston and Washington, D.C., Buyer shall not be entitled to any extension of the applicable time period pursuant to clause (x) or (y) above and (2) with respect to each Buyer Office for which the Transition Period is 360 days after the Closing Date, Buyer may only extend the applicable time period pursuant to clause (x) (that is, up to an additional 45 days after the end of the applicable Transition Period) if such relocation of any such Buyer Office is delayed as a result of circumstances that are unforeseen by Buyer and are not within Buyer's or the Company's control (including, without limitation, circumstances that relate to the construction or "building out" of facilities in the office space or the negotiation of leases for such office space); and

(iv) with respect to certain Locations identified on Annex A, Buyer, at its own cost, will render each Buyer Office at each such Location into a Fully Separate Office (as defined herein) and shall enter into a separate sublease with D&T for such Fully Separate Office, in each case, prior to the end of the applicable Transition Period.

(b) In the event that D&T identifies office space for any Location pursuant to Section 2.2(a)(ii) that is then leased by D&T and is to be subleased to Buyer, then any such sublease, as well as any sublease entered into pursuant to Section 2.2(a)(iv), shall (i) be guaranteed by the Company, (ii) be at an amount equal to the greater of the fair market value or the amount paid by D&T for such space and (iii) have a term of such duration as shall be approved by the D&T office managing partner responsible for the subleased space and, in any event, shall not exceed the term of the lease between D&T and the landlord for such space. Notwithstanding the foregoing, the parties hereto acknowledge and agree that D&T has no obligation to enter into any such sublease with Buyer pursuant to this Section 2.2(b), except to the extent provided in Section 2.2(a)(iv).

(c) In the event that in order for Buyer to lease any office space identified by D&T pursuant to Section 2.2(a)(ii) or identified by Buyer, the landlord for such space requires a guarantee of Buyer's obligations under the lease for such space, the Company or such other entity acceptable to the landlord (other than D&T or any of its affiliates) shall be the guarantor for such lease.

(d) As used herein, a "Fully Separate Office" means facilities which (i) unless otherwise agreed to by the parties hereto, are physically separate from space occupied by D&T, such that they have separate entrances and exits and there is no common or connected back-office space and no shared reception area or the like and (ii) unless otherwise agreed to by the parties hereto, contain a local area/wide area network, e-mail system and telephone switch (including voice mail), in each case, separate from such systems used by D&T.

(e) Buyer's right to use the Buyer Offices during each applicable Transition Period shall include the right to use (i) conference rooms, mail rooms, duplicating and facsimile machines, libraries, telephone reception (at such times as D&T provides such reception to its own operations and provided calls are transferred on a "dedicated line" identifying them to the receptionist as Buyer or Company calls) and common areas such as kitchens and restrooms and (ii) D&T's local area/wide area networks, e-mail system, and telephone switches (including voicemail), in each case, in the ordinary course and subject to such restrictions as D&T may reasonably establish to comply with its obligations pursuant to professional rules and regulations, its obligations of confidentiality and its obligations to protect D&T Protected Information (as defined in Section 5.1) (collectively, "Professional Obligations") and the orderly operation of its business (collectively, the "Ancillary Services"). Buyer shall not use, and shall take commercially reasonable efforts to prohibit any employee, agent or representative of Buyer or other person from using, any of the Ancillary Services for any purpose other than the operation of the Business. If any such employee, agent or representative willfully uses any of the Ancillary Services for the purpose of obtaining access to any D&T Protected Information, then, promptly after Buyer receives notice thereof, Buyer shall prohibit such employee, agent or representative from having any further access to any of the Buyer Offices.

(f) The applicable license fee for each Buyer Office (which shall constitute consideration for use of the Buyer Offices and the availability and use of the Ancillary Services) for Fiscal Year 1999 is set forth on Annex B (which costs shall be pro rated based on the period beginning on the Closing Date and ending on the last day of Fiscal Year 1999) and shall be no less than the fair market value of the use of the Buyer Offices and Ancillary Services provided to Buyer. Annex B shall be supplemented no later than the end of Fiscal Year 1999 with the applicable license fee for each Buyer Office for Fiscal Year 2000. The applicable license fee for Fiscal Year 2000 shall be allocated as part of the normal D&T annual budgeting process on an office-by-office basis consistent with past D&T practice. For any Buyer Office that has not been relocated before the end of Fiscal Year 2000, the applicable license fee for Fiscal Year 2001 shall be allocated as part of the normal D&T annual budgeting process on an office-by-office basis and consistent with past D&T practice and Annex B shall be supplemented accordingly. All such license fees shall be paid in accordance with the terms set forth in Annex C. As used herein, "Fiscal Year 1999" means the period beginning on May 31, 1998 and ending on May 29, 1999, "Fiscal Year 2000" means the period beginning on May 30, 1999 and ending on June 3, 2000 and "Fiscal Year 2001" means the period beginning on June 4, 2000 and ending on June 2, 2001.

(g) At the request of D&T, Buyer shall modify existing or install new signage at locations identified by D&T identifying Buyer Offices as Buyer or Company facilities. The placement, size, design and general appearance of any such signage shall be subject to D&T's approval. No such signage shall be installed without the approval of Susan I. Zaffiro, Director, National Facilities-Deloitte & Touche USA LLP, 10 Westport Road, Wilton, Connecticut 06897; telephone: (203) 761-3000, or such other D&T designee notified to Buyer from time to time.

(h) Buyer may vacate any Buyer Office and terminate its future obligations with respect thereto, on no less than 120 days' prior notice, as to Buyer Offices which occupy less than 1,000 square feet (excluding any space which is the subject of Ancillary Services), and 180 days' prior notice, as to any other Buyer Office, except for space that is subleased by Buyer from D&T pursuant to a sublease, in which case the relevant sublease shall control.

(i) D&T shall give Buyer no less than 150 days' prior notice (or such lesser period as D&T may reasonably require due to unforeseen circumstances) of its determination, in its discretion, to close any Location or to relocate its facilities at any Location. Any rights of Buyer to operate a Buyer Office at such Location shall terminate upon such closure or relocation. Commencing on D&T's notice under this Section 2.2(i), D&T shall, with respect to the Location to be closed or relocated, use the same commercially reasonable efforts described in Section 2.2(a)(ii) (without giving effect to the time period specified therein) to promptly identify office space for Buyer prior to such closure or relocation.

(j) In the event that Buyer desires to use additional space at any Location at which Buyer maintains a Buyer Office during the Transition Period, then Buyer will, upon its request and subject to the availability of such space and the approval of the D&T office managing partner responsible for such office and D&T, be entitled to obtain additional space at such Location at agreed upon market rates.

(k) If D&T determines in its reasonable discretion that in light of its Professional Obligations or the orderly operation of its business that it is desirable to move the location of any Buyer Office within a Location, then D&T shall be permitted to move such Buyer Office upon at least 45 days' prior notice thereof to Buyer; provided that (i) the new facilities provided by D&T to Buyer at such Location are substantially similar to the facilities previously provided by D&T to Buyer at such Location, (ii) D&T reimburses Buyer for any reasonable out-of-pocket expenses incurred by Buyer in connection with any such move and (iii) D&T shall use its commercially reasonable efforts to minimize any disruption to the Business as a result of any such move.

(l) In addition to the provisions hereof, Buyer's rights and obligations with respect to each of the Locations during the applicable Transition Period shall be the subject of the additional license terms attached hereto as Annex C and Buyer and the Company agree to be bound by such terms which shall be deemed to be set forth herein in full.

2.3 Additional Services. In the event that it is necessary for Buyer to obtain additional services from D&T, the parties hereto will consult in good faith as to the services sought and appropriate terms, including compensation to D&T, for the provision of such services by D&T, and shall use their commercially reasonable efforts to enable Buyer to obtain such services, subject to the Professional Obligations and the orderly operation of D&T's business.

2.4 Boston Buyer Office and Washington, D.C. Buyer Office. Notwithstanding any provision hereof to the contrary, the following terms shall apply with respect to the Buyer Offices located in Boston and Washington, D.C.:

(i) If, after the exercise of commercially reasonable efforts, Buyer is unable to relocate the current Buyer Office located in Boston and/or Washington, D.C. prior to the time when D&T relocates from such Location (presently scheduled for July 4, 1999 in Boston and June 25, 1999 in Washington, D.C.) D&T shall accommodate a Buyer Office in the new space ("New Space") leased by D&T in Boston and Washington D.C., respectively, on the terms set forth in this Section 2.4; and

(ii) In connection with D&T's accommodation of a Buyer Office in New Space as provided in this Section 2.4, (w) it is probable that the space associated with such Buyer Office will not be contiguous or efficient for the operation of the Business, (x) such accommodation shall be effected through a license as provided in this Agreement, (y) such license shall be effective for a period of up to 90 days after the date the Buyer Office is established in such New Space and (z) the applicable license fee for such Buyer Office shall equal the license fee payable by Buyer as of the date of the relocation to the New Space for the current Buyer Office located in Boston or Washington, D.C., respectively, but shall not be less than the fair market value of the use of such Buyer Office and the Ancillary Services provided to Buyer with respect thereto.

2.5 Certain Furniture. With respect to all furniture not constituting fixtures in the current Buyer Office located in Boston, Buyer may purchase such furniture at a price equal to the book value thereof on D&T's books as determined by D&T (it being agreed that if certain furniture has no such book value, then Buyer shall be entitled to such furniture at no cost). Buyer shall notify D&T of its election to purchase (the "Election Notice") any such furniture within 30 days after the Closing Date, identifying such furniture in reasonable detail. Promptly following D&T's receipt of the Election Notice, D&T shall specify to Buyer the applicable book value of such furniture identified in the Election Notice. Buyer shall pay D&T for all furniture that it has elected to purchase pursuant to the Election Notice within 45 days after the delivery of the Election Notice; title to such furniture shall pass to Buyer upon such payment to D&T; and Buyer shall be responsible for all insurance with respect to such furniture upon such passing of title. Buyer shall pay any and all costs and expenses associated with moving such furniture from the current Buyer Office and any and all warehouse or storage costs associated with storing such furniture following the movement of such furniture from the current Buyer Office. All such furniture to be purchased by Buyer shall be moved from the current Buyer Office no later than the date on which the greater portion of the unpurchased furniture in such Buyer Office is moved from such Buyer Office. Buyer shall pay any and all sales or similar taxes that may arise as a result of the transaction contemplated in this Section 2.5, and Buyer shall timely make any and all filings with governmental or regulatory authorities that may be required as a result of the transaction contemplated in this Section 2.5.

2.6 Exchange of Certain Transition Periods. Buyer may exchange the "Date On Which Transition Period Ends" associated with a particular Buyer Office upon notice delivered not less than 180 days prior to expiration of the Transition Period specified for such

office in Annex A with the "Date On Which Transition Period Ends" for another Buyer Office, each as provided in Annex A, provided that Buyer shall have no such right with respect to those Buyer Offices for which the specified date is 180 days after the Closing Date or for the Buyer Offices located in Boston and Washington, D.C. Upon such notice, Annex A shall be deemed modified to reflect such change without further action by the parties hereto. Buyer shall be permitted to make only one such exchange with respect to each Buyer Office.

3. Payment. Buyer shall pay D&T for all Services as provided herein. Except as provided in Annex C, payment shall be made within 45 days of receipt of an itemized invoice from D&T for services rendered.

4. Term.

4.1 The term of this Agreement shall begin on the Closing Date and shall continue in effect until the 18-month anniversary thereof, except that Sections 2.1, 3, 4, 5.2, 10.1 and 10.2 (in addition to the sections identified in Section 4.3) shall continue in effect for an additional 18-month period, unless, in each case, earlier terminated in accordance with this Agreement or upon the mutual written consent of the parties hereto.

4.2 Notwithstanding the provisions of Section 4.1, D&T may terminate this Agreement on notice to Buyer in the event that:

(a) Buyer or the Company fails to pay any amount due and payable hereunder within 30 days of notice from D&T specifying such failure;

(b) Buyer or the Company fails to comply with any of its agreements hereunder in any material respect and such failure is not curable or has not been cured within 30 days following written notice from D&T specifying such breach, provided that there shall be no opportunity to cure a failure to relocate a Buyer Office and vacate a Location after 540 days after the Closing Date, and provided, further, that there shall be no opportunity to cure a failure to relocate and vacate the Buyer Offices in Boston and Washington, D.C.;

(c) any accounting firm (other than any member firm of Deloitte Touche Tohmatsu) becomes a debt or equity holder of Buyer or the Company or Buyer or the Company becomes controlled by, controls or comes into common control with any such accounting firm or enters into a joint venture or "strategic alliance" (meaning a contractual relationship, partnership, agency or other oral and binding or written relationship designed to promote business or refer clients or personnel) with any such accounting firm;

(d) a "Change of Control" of Buyer or the Company occurs. As used herein, a Change of Control of Buyer or the Company means (i)

all or substantially all of the assets of Buyer or the Company are sold in one or more transactions, (ii) the nominees designated by Evercore Capital Partners L.P. ("Evercore") and its affiliates to serve as members of the Board of Directors of Buyer shall cease to constitute at least one half of the total members of the Board of Directors of Buyer (provided that in the event of any death or resignation of any such member, Evercore shall have up to 15 days to nominate a replacement member), (iii) Evercore and its affiliates shall cease to own on a fully diluted basis in the aggregate at least 30% of the economic and voting interests in Buyer's capital stock, (iv) Evercore and its affiliates no longer actually control, directly or indirectly, the Buyer, (v) Buyer no longer actually controls, directly or indirectly, the Company or (vi) Buyer shall cease to own in the aggregate a majority of the voting interests in the Company; or

(e) Buyer or the Company undertakes an initial public offering of its securities, in which case this Agreement shall terminate upon consummation of such initial public offering, subject, however, to a 60 day wind-down period after the consummation of such initial public offering, during which wind-down period this Agreement shall remain in effect to facilitate an orderly termination of the parties' arrangements under this Agreement.

4.3 Any termination of this Agreement in accordance with this Section 4 shall be without prejudice to the rights and remedies of the parties against the others in respect of any antecedent claim or breach of the agreements, stipulations, covenants, terms or conditions herein contained prior to the effectiveness of such termination. The provisions of Sections 2.5, 5.1, 5.3, 5.4, 5.5, 6, 7, 9, 10.3, 10.4, 10.5, 10.6, 10.8, 10.9, 10.10, 10.11 and 11 shall survive expiration or termination of this Agreement.

5. Other Covenants.

5.1 Confidentiality. (a) Buyer and the Company acknowledge that as a result of the provision of Services by D&T hereunder and access provided hereunder and under any succeeding access arrangements by D&T to D&T facilities, Buyer and the Company and their officers, directors, members, managers, employees, independent contractors, agents and representatives (collectively, the "Buyer Personnel") may have access (due to the shared office space) to proprietary information (in any form, whether written, oral, in computer readable form or otherwise) of D&T and its clients and others, including but not limited to any such proprietary information relating to the business or operations of D&T, its affiliates, its clients or other entities including but not limited to information relating to existing or potential business opportunities (unless provided by D&T to Buyer or the Company pursuant to Section 8) ("D&T Protected Information"). Buyer and the Company agree that no Buyer Personnel shall disclose any D&T Protected Information or use any D&T Protected Information for any purpose without the express, written authorization of D&T. D&T Protected Information shall not include information which Buyer or the Company can establish: (i) is generally known to the public

through no breach of this provision by Buyer or the Company; (ii) was known to Buyer or the Company prior to disclosure by or through D&T or its affiliates from a source other than D&T or its affiliates which provided such information without, to Buyer's and the Company's knowledge, breaching any obligation of confidentiality; (iii) was independently developed by Buyer or the Company without reference to the information; (iv) is required to be disclosed by Buyer or the Company pursuant to applicable law or regulation provided that Buyer or the Company, as applicable, promptly provides D&T with notice of any such requirement and Buyer Personnel cooperate with D&T in seeking a protective order or otherwise preventing such disclosure to the extent practicable and in good faith pursuant to, and in compliance with, such law or regulation; or (v) is required to be disclosed by Buyer or the Company in connection with any judicial or administrative proceeding involving D&T, on the one hand, and Buyer and/or the Company, on the other hand, relating to this Agreement and the transactions contemplated hereby. Buyer and the Company shall cause all Buyer Personnel who have access to any Buyer Office to agree for the benefit of D&T to be bound by the provisions of this Section 5.1(a). Buyer and the Company shall take steps to prevent their respective clients, invitees and visitors from having access to any D&T Protected Information.,

(b) Buyer and the Company acknowledge and agree that, by virtue of their access to D&T's premises and the extraordinary value of the D&T Protected Information and the access to such information by Buyer Personnel, any violation by any Buyer Personnel of the undertakings contained in Section 5.1(a) would cause D&T immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, all Buyer Personnel agree and consent to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in Section 5.1(a). All Buyer Personnel waive posting by D&T of any bond and any proof of actual damages necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Section 5.1(b) are cumulative and shall be in addition to rights and remedies otherwise available to D&T hereunder or under any other agreement or applicable law or otherwise.

(c) D&T acknowledges that in connection with the provision of Services by D&T hereunder, D&T and its officers, directors, employees, independent contractors, agents and representatives (collectively, the "D&T Personnel") may have access (due to the shared office space) to proprietary information (in any form, whether written, oral, in computer readable form or otherwise) of Buyer or the Company and their clients and others, including but not limited to any such proprietary information relating to the business or operations of Buyer or the Company, their affiliates, their clients or other entities including but not limited to information relating to existing or potential business opportunities ("Company Protected Information"). D&T agrees that no D&T Personnel shall disclose any Company Protected Information or use any Company Protected Information for any purpose without the express, written authorization of Buyer or the Company. Company Protected Information shall not include information which D&T can establish: (i) is generally known to the public through no breach of this provision by D&T; (ii) was known to D&T prior to disclosure by or through Buyer, the Company or their affiliates from a source other than Buyer, the Company or their affiliates which provided such information without, to D&T's knowledge, breaching any

obligation of confidentiality; (iii) was independently developed by D&T without reference to the information; (iv) is required to be disclosed by D&T pursuant to applicable law, regulation or Professional Obligations provided that D&T to the extent practicable promptly provides Buyer or the Company, as applicable, with notice of any such requirement and D&T Personnel cooperate with Buyer or the Company, as applicable, in seeking a protective order or otherwise preventing such disclosure to the extent practicable and in good faith pursuant to, and in compliance with, such law, regulation or Professional Obligations; or (v) is required to be disclosed by D&T in connection with any judicial or administrative proceeding involving D&T, on the one hand, and Buyer and/or the Company, on the other hand, relating to this Agreement and the transactions contemplated hereby. D&T shall cause all D&T Personnel who have access to any Buyer Office to agree for the benefit of Buyer and the Company to be bound by the provisions of this Section 5.1(c). D&T shall take steps to prevent its clients, invitees and visitors from having access to any Company Protected Information.

5.2 Certain Relationships. Buyer and the Company shall give D&T no less than 60 days' prior notice of the occurrence of an event described in Section 4.2(c), (d), or (e).

5.3 Insurance. Buyer at its own cost shall purchase and maintain during the term of this Agreement and for two years thereafter in the event that the insurance is on a claims made basis insurance of such types and in such amounts as are set forth on Annex D attached hereto with an insurance company or companies reasonably acceptable to D&T and shall name D&T as an additional insured in connection with the activities contemplated by this Agreement. Such policies shall provide that no cancellation or diminution of the rights of the insureds thereunder shall be effective unless D&T shall receive at least 30 days' prior written notice. If any of such policies are to be cancelled, Buyer shall purchase at its own cost replacement insurance substantially consistent with the coverage set forth on Annex D and coverage under such replacement insurance shall begin no later than the date of cancellation of the insurance which is replaced. If D&T shall receive notice of non-payment of premium, without limiting any other remedy available to D&T hereunder, D&T may pay the premiums and Buyer shall reimburse D&T within 10 days following notice from D&T requesting such reimbursement. Buyer shall provide D&T with a certificate or certificates of insurance evidencing such insurance within 30 days of the date of this Agreement.

5.4 Assignment and Assumption of Equipment Leases. The parties hereto acknowledge that certain equipment is leased by D&T pursuant to the leases identified on Annex E attached hereto and used solely by the Company in connection with the Business. The parties hereto agree to use their commercially reasonable efforts and to cooperate in good faith in order for D&T to assign to Buyer, and for Buyer to assume, each of the leases identified on Annex E. In the event that in order for such assignment and assumption to occur, the lessor of such equipment requires a guarantee of Buyer's obligations under the lease for such equipment, the Company or such other entity acceptable to the lessor (other than D&T or any of its affiliates) shall be the guarantor for such lease. In the event that any of such leases cannot be assigned by D&T to Buyer, or for the period until such assignment occurs, Buyer agrees, in exchange for the use of the applicable equipment, to continue to reimburse D&T for all rent and other payments

required to be paid under such lease and all out-of-pocket expenses associated therewith for the duration of such lease and D&T agrees to use its commercially reasonable efforts to secure for the Company the use of such equipment.

5.5 <u>Certain Conditions to Proceeding with an Initial Public Offering.</u> Neither Buyer nor the Company shall file with the Securities and Exchange Commission or any other governmental or regulatory body any documents, forms or materials (including but not limited to a registration statement) to commence the process for an initial public offering of its securities unless (i) Buyer has relocated at least 23 of the Buyer Offices at such time, (ii) Buyer and the Company are otherwise in compliance with their obligations and agreements under this Agreement at such time and (iii) those provisions of any such documents, forms or materials that refer to D&T or any of its affiliates shall have been approved by D&T in writing, such approval not to be unreasonably withheld.

5.6 <u>Certain Agreements Regarding Strategic Alliances.</u> D&T agrees that upon notice from Buyer or the Company that Buyer or the Company is contemplating entry into a transaction or arrangement which might constitute a "strategic alliance" within the meaning of Section 4.2(c), which notice shall include a description of the relevant facts of such transaction or arrangement and the view of Buyer and the Company as to whether such transaction or arrangement would constitute a "strategic alliance" pursuant to such section, D&T will give Buyer or the Company prompt notice of its view as to whether such a transaction or arrangement, if consummated, would constitute a "strategic alliance" pursuant to such section.

6. <u>Liability.</u> (a) NEITHER D&T NOR ANY OF ITS AFFILIATES SHALL BE LIABLE FOR THE PERFORMANCE OF OR FAILURE TO PERFORM ANY SERVICES HEREUNDER EXCEPT TO THE EXTENT OF THEIR FINALLY JUDICIALLY DETERMINED BAD FAITH OR INTENTIONAL MISCONDUCT. THE LIABILITY OF D&T AND ITS AFFILIATES FOR ANY REASON WHATSOEVER ARISING UNDER OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE FORM OF THE CAUSE OF ACTION, WHETHER IN CONTRACT, STATUTE OR TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE) OR OTHERWISE, SHALL NOT EXCEED IN THE AGGREGATE WITH ANY OTHER AMOUNTS PAID IN CONNECTION WITH SUCH LIABILITY BY D&T THE AMOUNTS ACTUALLY RECEIVED BY D&T FOR THE SERVICES PROVIDED BY D&T AND ITS AFFILIATES HEREUNDER TO WHICH SUCH LIABILITY RELATES.

(b) NEITHER D&T, BUYER, THE COMPANY NOR ANY OF THEIR RESPECTIVE AFFILIATES, WILL BE LIABLE FOR ANY AMOUNTS REPRESENTING OPPORTUNITY COSTS, LOSS OF PROFITS, LOSS OF BUSINESS OR SALES OR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, EVEN IF SUCH PERSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7. <u>Indemnity.</u> Buyer and the Company jointly and severally shall indemnify D&T and its partners, principals, officers, directors, employees, independent contractors, agents

and representatives, in their capacities as such, and the successors, heirs and personal representatives of any of them (collectively, "D&T Indemnified Parties") against and hold them harmless from any and all damages, claims, losses, liabilities and expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses) (collectively, "Losses") incurred or suffered by any D&T Indemnified Party resulting from any liability or damages to, or claims of, a third party arising out of or relating to the Services (including, without limitation, all Losses (whether third party or not) resulting from any delay by Buyer in vacating a Location on or before the end of the applicable Transition Period as the date for vacating such Location may be extended pursuant to Section 2.2(a)(iii)), except to the extent of any Losses arising out of (i) the finally judicially determined bad faith or intentional misconduct of D&T, (ii) a violation by D&T of its obligations pursuant to professional rules and regulations resulting from facts which are known to D&T at a time when D&T could reasonably take action to avoid such Losses and (iii) a breach of any D&T lease with respect to a Location solely as a result of the consummation of the transactions contemplated by this Agreement.

8. New Business Prospects. From time to time, personnel of D&T may, in their discretion, bring to the attention of Buyer or Company personnel, information known to them with respect to business development opportunities for the business of Buyer or the Company. Neither Buyer, the Company, nor D&T shall be under any obligation to provide any business development opportunity to the others.

9. Notices. All notices, consents, approvals and other communications given or made pursuant to this Agreement shall be in writing and shall be (i) sent by registered or certified mail, return receipt requested, (ii) hand delivered or (iii) sent by prepaid overnight carrier, with a record of receipt, to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

(1) if to D&T:

Deloitte & Touche LLP
1633 Broadway
New York, New York 10019-6754
Attention: Alan S. Bernikow

with copies to:

Deloitte & Touche LLP
1633 Broadway
New York, New York 10019-6754
Attention: General Counsel

and

Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, New York 10022
Attention: Thomas E. Molner

(2) if to Buyer or the Company:

RC Transaction Corp.
Three Imperial Promenade
Santa Ana, CA 92707-5092
Attention: Donald B. Murray

with copies to:

O'Melveny & Myers
610 Newport Center Drive
Newport Beach, CA 92660
Attention: David A. Krinsky

Evercore Capital Partners L.P.
65 East 55th Street
New York, NY 10022
Attention: David G. Offensend

and

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, NY 10017
Attention: Mario A. Ponce

All notices and other communications made pursuant to this Agreement shall be deemed to have been given or delivered (i) three business days after being mailed by registered or certified mail, (ii) upon receipt if given by hand or (iii) one business day after being sent by prepaid overnight courier.

10. Miscellaneous.

10.1 Each party shall be entitled to rely, in the performance of its obligations hereunder, on any instructions or notices provided by any representative of any other party that such person reasonably believes is authorized to give such instructions or notices.

10.2 (a) Notwithstanding any provision of this Agreement to the contrary, D&T may terminate provision of any Services in the event of an Authoritative Directive as follows:

(i) the provision of the Services covered by the Authoritative Directive shall cease (and Buyer and the Company shall vacate any Location covered by such Authoritative Directive and D&T shall have no further obligation to provide any Services with respect to such Location) upon the earlier of 180 days after notice of the Authoritative Directive to Buyer by D&T and the earliest date on which the authoritative source from which such Authoritative Directive comes requires such Authoritative Directive be effective.

(ii) If the Authoritative Directive requires that Buyer and the Company vacate any Location prior to 12 months after the Closing Date, D&T shall pay Buyer, upon Buyer vacating all such Locations timely in accordance with Section 10.2(a)(i), the Applicable Portion of the Maximum Fee. If Buyer does not vacate any such Location or Locations timely in accordance with Section 10.2(a)(i), (x) the Applicable Portion shall be adjusted so that all such Locations are excluded from the numerator thereof but included in the denominator thereof and (y) D&T thereafter shall not have any obligation to continue to provide any Services with respect to such Locations.

(iii) As used herein, the "Applicable Portion" shall mean a ratio (x) the numerator of which is the number of Locations which Buyer and the Company are required to and do actually vacate timely in accordance with Section 10.2(a)(i) pursuant to an Authoritative Directive and (y) the denominator of which is the total number of Locations for which the Transition Period set forth in Annex A has not ended (regardless of whether Buyer and the Company have vacated such Locations) at the date Buyer and the Company are required to vacate Locations by the Authoritative Directive (including any Locations included in (x) above).

(iv) As used herein, the "Maximum Fee" shall mean the applicable amount set forth in Annex F. The Maximum Fee shall vary, as set forth in Annex F, based on the date on which Buyer and the Company are required to vacate a Location by an Authoritative Directive and based on the number of days of notice given by D&T to Buyer prior to the date upon which Buyer and the Company are required to vacate such Location by the Authoritative Directive.

(v) As used herein, an "Authoritative Directive" means the expression of the view, by an authoritative source, including, without limitation, the staff of the Securities and Exchange Commission, a state board of accountancy, a state CPA society, a state body with authority for ethics compliance by accountants or the AICPA (through its Professional Ethics Division or otherwise), that the delivery of certain Services by D&T hereunder either:

(x) violates D&T's Professional Obligations, or

(y) would violate D&T's Professional Obligations unless Buyer or the Company took actions which they reasonably determine they are unwilling

to take or as to which D&T reasonably determines it is unable to obtain sufficient assurance of compliance from Buyer and the Company,

regardless of whether the views of such authoritative source are expressed in response to an inquiry from D&T or another party, at the instance of the authoritative source or otherwise.

(b) D&T, Buyer and the Company will each use their commercially reasonable efforts in the operation of their businesses and the delivery and receipt of Services hereunder to minimize the impact of any Authoritative Directive on their respective businesses and to comply with applicable Professional Obligations of D&T, as reasonably interpreted by D&T and provided to Buyer and the Company.

(c) D&T represents and warrants to Buyer and the Company that, to its knowledge, as of the date hereof, D&T's execution and delivery of this Agreement and the performance of its obligations under this Agreement do not violate D&T's obligations pursuant to its Professional Obligations.

(d) D&T's liability upon a termination of Services pursuant to this Section 10.2 shall be limited to payment of the fee prescribed by Section 10.2(a)(ii) above, to the extent owed, regardless of any other costs or losses incurred by Buyer or the Company (including but not limited to relocation expenses and the cost of business interruption) as a result of such termination.

(e) D&T shall use its commercially reasonable efforts to promptly inform Buyer and the Company if D&T has actual knowledge that an Authoritative Directive is reasonably likely to be forthcoming.

10.3 Subject to Section 2.5, Buyer and the Company jointly and severally shall pay any and all taxes, however designated or levied, based upon the Services provided hereunder, including but not limited to, foreign, federal, state and local sales, privilege, use, value added, excise and premium taxes; provided, however, that Buyer and the Company shall not be responsible or liable for any taxes measured by or based upon the income of D&T or any person providing Services hereunder.

10.4 The status of D&T and any provider of Services hereunder shall be that of independent contractors and nothing set forth herein shall be deemed to constitute any partnership, joint venture, association or agency between such persons, on the one hand, and Buyer and the Company, on the other hand. The parties hereto shall not represent to any person that any such partnership, joint venture, association or agency exists in respect of this Agreement, or that D&T or any provider of Services hereunder is acting on behalf of Buyer or the Company pursuant to this Agreement in any capacity other than that of independent contractor. Nothing in this Agreement confers authority upon any party hereto to enter into any commitment or agreement binding on any other party. To the extent that D&T or any other provider of Services hereunder utilizes any of its property in providing Services hereunder, such

property shall remain the property of such person, and neither Buyer nor the Company shall acquire any right or interest in such property, unless otherwise expressly provided herein.

10.5 This Agreement contains the complete understanding of the parties hereto with respect to the subject matter hereof, and there are no understandings, representations, or warranties of any kind, express or implied not specifically set forth herein. Each Annex to this Agreement is hereby incorporated by reference into this Agreement and forms a part hereof. This Agreement may be amended only by written documents signed by each of the parties hereto. No waiver shall be deemed effective under this Agreement unless in a writing signed by the party against whom the waiver is to be effective and the waiver of breach of any provision shall not waive breach of any other provision or any subsequent breach of the provision waived. No failure or delay by any party hereto in exercising any right, power or privilege hereunder, and no course of dealing between such parties, shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Rights and remedies provided for in this Agreement are cumulative and shall be in addition to rights and remedies otherwise available to a party, whether by contract, at law, in equity or otherwise.

10.6 This Agreement shall be governed, including, without limitation, as to validity, interpretation and effect, by the internal laws of the State of New York without reference to conflict of laws principles. Each of the parties hereto irrevocably submits to the jurisdiction of any New York State court sitting in the County of New York and any Federal court sitting in the Southern District of the State of New York in respect of any suit or proceeding related to or arising out of this Agreement. Each party hereto also hereby irrevocably waives any objection to the laying of the venue of any such suit or proceeding in any such court and further waives any claim that any such suit or proceeding brought in any such court has been brought in an inconvenient forum. In addition to any other form of service of process authorized by law, service of process in any suit or proceeding hereunder shall be sufficient if mailed to each party hereto at the address specified in Section 9, and such service shall constitute "personal service" for purposes of such suit or proceeding.

10.7 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement.

10.8 This Agreement shall inure to the benefit of D&T, Buyer, the Company and the persons named in Section 7 and shall be binding upon the parties hereto, and their respective successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer or shall confer on any person other than the persons identified in the preceding sentence any rights, remedies, obligations or liabilities under or by reason of this Agreement.

10.9 Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties hereto, except that (i) D&T may delegate performance of its

obligations hereunder to such persons as it may determine from time to time without the consent of Buyer or the Company and (ii) Buyer and the Company may, without the consent of D&T, assign (A) in whole, but not in part, all of their rights, interests and obligations under this Agreement to any lender providing financing for the transactions contemplated by the Purchase Agreement in the event of a foreclosure by any such lender or a sale of collateral after foreclosure by any such lender and (B) in whole, or in part, any rights to receive money due, or money to become due, under this Agreement. No party shall be relieved of any liability or obligation arising hereunder in respect of any assignment or, as to D&T, delegation, pursuant to this Section 10.9, except to the extent expressly agreed to in writing by the other party.

10.10 Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision shall be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

10.11 The headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

11. Company Guaranty. The Company hereby irrevocably and unconditionally guarantees, as a primary obligation, the prompt and complete performance by Buyer of all of the terms, covenants and conditions contained in this Agreement with respect to Buyer and the payment of all amounts which, by virtue of this Agreement, are or may become due to or recoverable by D&T or any other person from Buyer. In case of the failure of Buyer punctually to perform any such term, covenant or condition or to make any such payment, the Company hereby agrees to perform such term, covenant or condition or to make such payment, as the case may be, promptly upon demand made by D&T to the Company; provided, however, that delay by D&T in giving such demand shall in no event affect the Company's obligations under this Section 11. The Company's guarantee shall remain in full force and effect or shall be reinstated, as the case may be, if at any time any payment guaranteed by the Company under this Section 11, in whole or in part, is rescinded or must otherwise be returned by D&T upon the insolvency, bankruptcy or reorganization of Buyer, the Company or otherwise, all as though such payment had not been made. The Company hereby agrees that its obligations under this Section 11 shall be unconditional, irrespective of the validity or enforceability of this Agreement; the absence of any action to enforce the same; any waiver or consent by D&T concerning any provision of this Agreement; the rendering of any judgment against Buyer or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. The Company covenants that its obligations under this Section 11 will not be discharged except by complete performance of all of the terms, covenants and conditions contained in this Agreement applicable to Buyer and payment of all amounts payable under this Agreement by Buyer. The Company's obligations under this Section 11 shall continue to be effective if Buyer merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist. The Company hereby waives diligence, presentment, protest, notice of acceptance, protest, acceleration and dishonor, filing of claims with a court in the event of insolvency or bankruptcy of Buyer, all demands whatsoever, except as noted in the first paragraph of this Section 11 and any right to require a proceeding first against Buyer.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first above written.

DELOITTE & TOUCHE LLP

By:

Name:
Title:

RC TRANSACTION CORP.

By:

Name:
Title:

RE:SOURCES CONNECTION LLC

By:

Name:
Title:

Exhibit 21.1

List of Subsidiaries

Name: Resources Connection LLC

Jurisdiction
of Organization: Delaware

Names under
which Resources
Connection LLC
does business: Resources Connection LLC
Re:sources Connection LLC
RCTC LLC
Re:sources Connection LLC, a Limited Liability Company of Delaware
Re:sources Connection LLC DBA RCTC
RCTC

EXHIBIT 23.1

CONSENT OF PRICEWATERHOUSECOOPERS LLP, INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Amendment No. 2 to the Registration Statement on Form S-1 of our reports dated July 17, 2000 relating to the consolidated financial statements and financial statement schedule of Resources Connection, Inc. and its subsidiaries and our reports dated August 6, 1999 relating to the financial statements and financial statement schedule of Resources Connection LLC which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" and "Selected Historical Consolidated Financial Data" in such Registration Statement.

PricewaterhouseCoopers LLP

Orange County, California

November 13, 2000