
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

Form 10-K

(Mark One)

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

For the fiscal year ended May 25, 2013

OR

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

For the transition period from _____ to _____

Commission File Number: 0-32113

RESOURCES CONNECTION, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

33-0832424
(I.R.S. Employer
Identification No.)

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

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

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

| <u>Title of Each Class</u> | <u>Name of Exchange on Which Registered</u> |
|--|---|
| Common Stock, par value \$0.01 per share | The NASDAQ Stock Market LLC (Nasdaq Global Select Market) |

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of November 23, 2012, the approximate aggregate market value of common stock held by non-affiliates of the registrant was \$450,434,000 (based upon the closing price for shares of the registrant's common stock as reported by The Nasdaq Global Select Market). As of July 15, 2013, there were approximately 39,880,645 shares of common stock, \$.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive proxy statement for the 2013 Annual Meeting of Stockholders, is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

RESOURCES CONNECTION, INC.

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In this Annual Report on Form 10-K, “Resources,” “Resources Connection,” “Resources Global Professionals,” “RGP,” “Resources Global,” “Company,” “we,” “us” and “our” refer to the business of Resources Connection, Inc. and its subsidiaries. References in this Annual Report on Form 10-K to “fiscal,” “year” or “fiscal year” refer to our fiscal year that consists of the 52- or 53-week period ending on the Saturday in May closest to May 31. The fiscal years ended May 25, 2013, May 26, 2012 and May 28, 2011 consisted of 52 weeks.

This Annual Report on Form 10-K, including information incorporated herein by reference, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to expectations concerning matters that are not historical facts. Such forward-looking statements may be identified by words such as “anticipates,” “believes,” “can,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “should” or “will” or the negative of these terms or other comparable terminology.

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

PART I

ITEM 1. BUSINESS.

Overview

Resources Connection is a multinational consulting firm; its operating entities primarily provide services under the name Resources Global Professionals (“RGP” or the “Company”). The Company is comprised around client service teams and consultants who are experienced professionals specializing in accounting, finance, risk management and internal audit, corporate advisory, strategic communications and restructuring, information management, human capital, supply chain management, healthcare solutions, actuarial and legal and regulatory services in support of client-led projects, interim needs and consulting initiatives. We assist our clients with projects requiring specialized expertise in:

- Finance and accounting services, such as financial analyses (e.g., product costing and margin analyses), carve-outs and divestitures, merger and acquisition due diligence, budgeting and forecasting, audit preparation, public-entity reporting, tax-related projects, initial public offering assistance and assistance in the preparation or restatement of financial statements
- Information management services, such as financial system/enterprise resource planning implementation and post implementation optimization
- Corporate advisory, strategic communications and restructuring services
- Corporate governance, risk management, internal audit co-sourcing and compliance efforts under the Sarbanes-Oxley Act of 2002 (“Sarbanes”) or the Dodd-Frank Wall Street Reform and Consumer Protection Act
- Supply chain management services, such as strategic sourcing efforts, contract negotiations and purchasing strategy and Conflict Minerals compliance
- Actuarial support services for pension and life insurance companies
- Human capital services, such as change management and compensation program design and implementation
- Legal and regulatory services, such as providing attorneys, paralegals and contract managers to assist clients (including law firms) with project-based, secondment or peak period needs

We were founded in June 1996 by a team at Deloitte LLP (“Deloitte”), led by our executive chairman, Donald B. Murray, who was then a senior partner with Deloitte. Our founders created the Company to capitalize on the increasing demand for high quality outsourced professional services. We operated as a part of Deloitte from our inception in June 1996 until April 1999. In April 1999, we completed a management-led buyout. In December 2000, we completed our initial public offering of common stock and began trading on the NASDAQ Stock Market. We currently trade on the NASDAQ Global Select Market. In January 2005, we announced the change of our operating entity name to Resources Global Professionals to better reflect the Company’s international capabilities. In 2013, we redesigned our logo to reflect our initials, RGP, and are increasingly using this acronym to brand the Company.

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

As of May 25, 2013, we employed or contracted with 2,208 consultants serving clients. Our consultants have professional experience in a wide range of industries and functional areas and tend to be in the latter third of their careers, many with advanced professional degrees or designations. We offer our consultants careers that combine the flexibility of project-based work with many of the advantages of working for a traditional professional services firm.

We served a diverse base of over 1,800 clients during fiscal 2013, ranging from large corporations to mid-sized companies to small entrepreneurial entities, in a broad range of industries. For example, we have served 87 of the current Fortune 100 companies at one time or another. As of May 25, 2013, we served our clients through 47 offices in the United States and 26 offices abroad.

During our first three years of operations, our offices were located only in the United States. Since then, to enhance our service capabilities to global clients, we have increased our presence in other regions around the world. While much of our growth in countries outside of the United States has resulted from the establishment of new RGP offices, we completed a number of acquisitions prior to fiscal 2013 to build our presence and to serve our international clients around the world (including acquisitions in Australia, India, the Netherlands, Sweden and the United Kingdom).

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We are a multinational company with offices in 21 countries. Revenue from the Company's major geographic areas was as follows (in thousands):

| | Revenue for the Year Ended | | | % of Total | |
|---------------|----------------------------|------------------|----------|---------------|---------------|
| | May 25, 2013 | May 26, 2012 | % Change | May 25, 2013 | May 26, 2012 |
| North America | \$436,025 | \$430,584 | 1.3% | 78.4% | 75.3% |
| Europe | 83,441 | 100,332 | (16.8)% | 15.0% | 17.6% |
| Asia Pacific | 36,868 | 40,847 | (9.7)% | 6.6% | 7.1% |
| Total | <u>\$556,334</u> | <u>\$571,763</u> | (2.7)% | <u>100.0%</u> | <u>100.0%</u> |

See Note 15 — *Segment Information and Enterprise Reporting* — to the Consolidated Financial Statements for additional information concerning the Company's domestic and international operations and Part I Item 1A. "Risk Factors — The increase in our international activities will expose us to additional operational challenges that we might not otherwise face" for information regarding the risks attendant to our international operations.

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

Industry Background

Changing Market for Project- or Initiative-Based Professional Services

RGP's services cover a range of professional areas. The market for professional services is broad and fragmented and independent data on the size of the market is not readily available. We believe that over the last decade the market for professional services has evolved in response to financial events and legislation passed following such events and that companies may be more willing to choose alternatives to traditional professional service providers. We believe RGP is positioned as a viable alternative to traditional accounting, consulting and law firms in numerous instances because, by using project professionals, companies can:

- Strategically access specialized skills and expertise
- Effectively supplement internal resources
- Increase labor flexibility
- Reduce their overall hiring, training and termination costs

Typically, companies use a variety of alternatives to fill their project needs. Companies outsource entire projects to consulting firms which provides them access to the expertise of the firm but often entails significant cost and less management control of the project. Companies also supplement their internal resources with employees from the Big Four accounting firms or other traditional professional services firms. Companies use temporary employees from traditional and Internet-based staffing firms, although these employees may be less experienced or less qualified than employees from professional services firms. Finally, some companies rely solely on their own employees who may lack the requisite time, experience or skills.

Supply of Project Professionals

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

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

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

Resources Global Professionals' Solution

We believe that RGP is positioned to capitalize on the confluence of the industry trends described above. We believe, based on discussions with our clients, that RGP provides high-quality services to clients seeking project professionals 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
- Significant client control of their projects

Resources Global Professionals' Strategy

Our Business Strategy

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

- *Maintain our distinctive culture.* Our corporate culture is the foundation of our business strategy and we believe it has been a significant component of our success. Our senior management, virtually all of whom are Big Four or other professional services firm alumni, has created a culture that combines the commitment to quality and the client service focus of a Big Four firm with the entrepreneurial energy of an innovative, high-growth company. We seek consultants and management with talent, integrity, enthusiasm and loyalty ("TIEL", an acronym used frequently within the Company) to strengthen our team and support our ability to provide clients with high-quality services and solutions. We believe that our culture has been instrumental to our success in hiring and retaining highly qualified employees and, in turn, attracting quality clients.
- *Hire and retain highly qualified, experienced consultants.* We believe our highly qualified, experienced consultants provide us with a distinct competitive advantage. Therefore, one of our priorities is to continue to attract and retain high-caliber consultants. We believe we have been successful in attracting and retaining qualified professionals by providing challenging work assignments, competitive compensation and benefits, and continuing education and training opportunities, while offering flexible work schedules and more control over choosing client engagements.
- *Build consultative relationships with clients.* We emphasize a relationship-oriented approach to business rather than a transaction-oriented or assignment-oriented approach. We believe the professional services experience of our management and consultants enables us to understand the needs of our clients and to deliver an integrated, relationship-oriented approach to meeting their professional services requirements. We regularly meet with our existing and prospective clients to understand their business issues and help them define their project needs. Once an initiative is defined, we identify consultants with the appropriate skills and experience to meet the client's objectives. We believe that by establishing relationships with our clients to solve their professional services needs, we are more likely to generate new opportunities to serve them. The strength and depth of our client relationships is demonstrated by two key statistics: 1) during fiscal 2013, 49 of our 50 largest clients used more than one service line and 38 of those top 50 clients used three or more service lines; and 2) 48 of our largest 50 clients in fiscal 2011 remained clients in fiscal 2013 while 41 of our top 50 clients in 2006 were still clients in 2013. In addition, during fiscal 2013 our top 50 clients were served by an average of six RGP offices, demonstrating the breadth of our relationships with clients world-wide.
- *Build the RGP brand.* Our objective is to build RGP's reputation as the premier provider of project-based consulting services. Our primary means of building our brand is by consistently providing high-quality, value-added services to our clients. We have also focused on building a significant referral network through our 2,208 consultants engaged as of May 25, 2013 and 707 management and administrative employees working from offices in 21 countries. In addition, we have national and local marketing efforts that reinforce the RGP brand.

Our Growth Strategy

Most of our growth since inception has been organic rather than through acquisition. We believe that we have significant opportunity for continued strong organic growth in our core business as the global economy strengthens and economic uncertainties decrease and, in addition, that we can grow through strategic acquisitions. In both our core and acquired businesses, key elements of our growth strategy include:

- *Expanding work from existing clients.* A principal component of our strategy is to secure additional work from the clients we have served. We believe, based on discussions with our clients, that the amount of revenue we currently receive from many of our clients represents a relatively small percentage of the amount they spend on professional services, and that, consistent with historic industry trends, they may continue to increase the amount they spend on these services as the global economy recovers. We believe that by continuing to deliver high-quality services and by further developing our relationships with our clients, we can capture a significantly larger share of our clients' expenditures for professional services.
- *Growing our client base.* We will continue to focus on attracting new clients. We strive to develop new client relationships primarily by leveraging the significant contact networks of our management and consultants and through referrals from existing clients. We believe we can continue to attract new clients by building our brand name and reputation, supplemented by our national and local marketing efforts. We anticipate that our growth efforts this year will continue to focus on identifying strategic target accounts that tend to be large multinational companies.
- *Expanding geographically.* We have been expanding geographically to meet the demand for project professional services around the world and currently have offices in 21 countries. We believe, based upon our clients' requests, that as global economic conditions improve, there are significant opportunities to promote growth in our business internationally and, consequently, we intend to continue to expand our international presence on a strategic and opportunistic basis. We may add to our existing domestic office network when our existing clients have a need or if there is a new client opportunity.
- *Providing additional professional service offerings.* We will continue to develop and consider entry into new professional service offerings. Since fiscal 1999, we have diversified our professional service offerings by entering into the areas of human capital, information management, internal audit and risk management, supply chain management, legal and regulatory services and corporate advisory, strategic communications and restructuring services and healthcare consulting. Our considerations when evaluating new professional service offerings include cultural fit, growth potential, profitability, cross-marketing opportunities and competition.

Consultants

We believe that an important component of our success has been our highly qualified and experienced consultants. As of May 25, 2013, we employed or contracted with 2,208 consultants engaged with clients. Our consultants have professional experience in a wide range of industries and functional areas. We provide our consultants with challenging work assignments, competitive compensation and benefits, and continuing education and training opportunities, while offering more choice concerning work schedules and more control over choosing client engagements.

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

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

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Clients

We provide our services and solutions to a diverse client base in a broad range of industries. In fiscal 2013, we served over 1,800 clients from offices located in 21 countries. Our revenues are not concentrated with any particular client or clients, or within any particular industry. In fiscal 2013, our largest client accounted for approximately 4% of our revenue and our 10 largest clients accounted for approximately 17% of our revenues.

The clients listed below represent the multinational and industry diversity of our client base in fiscal 2013.

| | |
|---------------------------------|---------------------------|
| AGCO Corporation | Makita Corporation |
| AIG | MetLife, Inc. |
| Caesars Entertainment | Phillips 66 |
| Chevron Corporation | Rabobank Group |
| Citigroup Inc. | Sony Corporation |
| ConocoPhillips | Sotheby's Inc. |
| Ford Motor Company | St. Joseph Health |
| GenCorp Inc. | State Street Corporation |
| Integra LifeSciences | Syngenta International AG |
| Kaiser Permanente | Tyco International |
| Kawasaki Heavy Industries, Ltd. | Union Bank, N.A. |
| Kinetic Concepts, Inc. | |

Services and Products

RGP was founded with a business model and operating philosophy rooted in the support of client-led projects and consulting initiatives. Partnering with business leaders, we help clients implement internal initiatives. Often, we deliver our services to clients across multiple practice areas of expertise: finance and accounting; information management; human capital; corporate advisory and restructuring services; strategic communications; legal and regulatory; governance, risk and compliance; and supply chain management. In addition, with the complex initiatives and requirements facing the healthcare industry, we have formed a healthcare solutions/consulting group that we believe provides innovative approaches and solutions for our clients.

Finance & Accounting

RGP's Finance and Accounting services encompass accounting operations, financial reporting, internal controls, financial analyses and business transactions. Clients utilize our services to bring accomplished talent to bear on change initiatives as well as day-to-day operational issues. We provide specialized skills and then transfer knowledge to clients in order to help them leverage their own personnel. RGP specializes in providing customized solutions to our clients' most pressing business problems, through project management and providing access to full project teams for a specific initiative; but our scalability and global reach also put us in the ideal position to help organizations manage peak workload periods or add specific skill sets to ongoing client projects.

Project examples include:

- Shared service center migrations
- Implementation of new accounting standards
- Financial analysis, such as product costing and margin analysis
- Interim accounting management roles, such as chief financial officer, controller and director of accounting
- Finance transformations
- Post-merger and acquisition integration
- Remediation of internal control weaknesses
- Restatements of previously issued financial statements
- External financial reporting and internal management reporting
- Business process improvement
- Preparation of financial statements and public filings related to merger and acquisition ("M&A") transactions, or divestitures/carve-outs
- Providing subject matter experts to perform technical research of complex accounting transactions, implementations and interpretations of pronouncements of the Financial Accounting Standards Board ("FASB") and other regulatory bodies.

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Sample Engagement — Acquisition Integration: To help a Fortune 500 medical device company integrate a \$1.5 billion acquisition, RGP:

- Partnered with the client's Corporate Controller and supported financial system integration through project management and analyst advisory services
- Supported the conversion of all financial policies, procedures and data into the client's system of record

Sample Engagement — Merger of Two Firms to Create a Fortune 50 Company: When a global leader in financial services entered into an agreement to merge with another large global financial services company, RGP partnered with the integration team to ensure a successful merger. Our team of 50 professionals:

- Provided financial leadership with the integration planning phase of an expected three year integration process
- Served in team lead capacities and actively participated in the overall merger integration program including synergy tracking and reporting, and merger and integration expense tracking and reporting
- Mapped the existing financial reporting structure to the revised structure for the new combined company

Sample Engagement — Financial Statement Carve-Out: After announcing its intention to divest one of its business units, our client, a provider of personal computer accessories, needed to report the business unit as a discontinued operation for all accounting periods presented in its next public filing, an annual report on Form 10-K, as well as subsequent quarterly and annual SEC filings until completion of the sale. To help with marketing the business unit, the client also needed to prepare audited financial statements for the business unit's current and previous two years of operations on a stand-alone basis. The company had never prepared separate financial statements for this business unit and did not have sufficient capacity or knowledge within its financial reporting resources to do so. We completed the required financial statements, which included:

- Preparing the information necessary to reclassify the business unit as a discontinued operation in the consolidated financial statements, including applicable adjustments
- Creating stand-alone financial statements (including footnotes) for the business unit and the tax department
- Performing analyses and creating the allocation model to determine the allocable costs for the stand-alone financials

Sample Engagement — Project Management in Support of Adoption of New Accounting Pronouncements: In anticipation of significant efforts necessary for successful implementation of the upcoming FASB convergence project standards as well as other FASB pronouncements, a public energy company proactively decided to establish an enterprise-wide project management office for such enterprise-wide accounting project implementations. RGP provided a project management subject-matter expert who designed and set-up a project management office function for the implementation of such accounting standards. We provided the company with a convergence governance structure, project charter, roles and responsibilities, work breakdown structure and a high-level project plan.

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

Sample Engagement — Finance Process Improvement: Since its integration with a larger global financial services company, our client, a Mexico-based company, experienced significant challenges with its new financial reporting requirements. The company recognized that a new business architecture was required and decided to implement a new enterprise performance management solution. As a business partner with subject matter expertise in business process improvement and process reengineering, methodologies and tools, we led the finance process improvement initiative, which allowed the organization to focus on other priorities.

Sitrick Brincko Group

Sitrick Brincko Group offers a unique combination of strategic counsel, tactical execution, and organizational and logistical support critical to both public and private companies and high profile individuals, both in the United States and overseas. Its extensive experience in strategic, corporate, financial and transactional communications as well as general management, finance, strategic planning, manufacturing and distribution have made Sitrick Brincko Group a partner to boards of directors and management engaged in acquisitions, proxy fights, litigation, management changes, government inquiries, corporate reorganizations or when repositioning, redirecting or unwinding a business.

Combined with RGP's broad capabilities and global footprint, Sitrick Brincko Group offers a wide variety of services to clients, including:

- Strategic and crisis communications
- Repositioning a business or business segment
- Change management
- Litigation support
- Restructuring and reorganization
- Performance improvement
- Loan portfolio review and loan workout
- Bankruptcy administration and management
- Corporate and financial advisory
- Interim and crisis management
- Fiduciary Services, Trustee, Receiver, Examiner
- Creditor representation and recovery
- Dispute resolution and litigation support

Sample Engagement — Financial Restructuring: Sitrick Brincko Group, working with the board of directors, management and other advisors, developed and implemented the strategic communications for the successful restructuring and change in management of a large beverage distributor. This was a cross-border engagement, with the company based in Poland, new investors and management based in Russia and the restructuring in the United States.

Sample Engagement — Litigation Support: Sitrick Brincko Group was retained by a technology company to provide litigation support for a patent infringement suit the company was about to file against a much larger and even better known competitor. Sitrick Brincko developed a communications strategy that resulted in the case being settled within two days of its filing.

Sample Engagement — Proxy Contest: Sitrick Brincko Group provided strategic communications counsel in a proxy contest launched against an Israeli company where a hedge fund was trying to take control of the board of directors. The company maintained control of the board of directors.

Sample Engagement — Litigation Support: Sitrick Brincko Group was engaged by an international services firm in conjunction with significant adverse litigation. In this capacity, our senior consultants analyzed data, performed damages assessments and provided expert testimony on the matter.

Information Management

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

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The following are examples of the type of work our Information Management consultants perform partnering with our clients:

Program and Project Management:

- Program management office design and optimization
- Project management and recovery
- Project audit and assessments
- Portfolio rationalization

Business & Technology Integration:

- Business analysis and process reengineering
- System selection and implementation
- System stabilization and optimization
- Quality assurance and testing

Data Strategy & Management:

- Data analysis, conversion and integration
- Data governance, security and quality management
- Business intelligence strategy and execution
- Business performance management solutions

IT Strategy and Advisory:

- IT assessments and strategic planning
- Outsourcing and shared service strategy
- Merger planning and integration
- Infrastructure, architecture and design services

Sample Engagement — Cyber Security Operations and Analysis Center (“CSOAC”) Design and Technology Selection – A U.S. federal electric power agency engaged RGP to design a cyber-security function to identify threats, weaknesses and vulnerabilities and to help prevent and mitigate attacks on its networks and systems. The CSOAC will focus on real time or near real time feed of security information from intrusion detection systems, firewalls and operating systems, and near real time vulnerability and configuration scans, including event correlation and analysis to prevent current and future cyber-security attacks. RGP activities include:

- Serving as program manager, business analyst, and cyber security advisor
- Driving the initiative through project initiation, assessment, and planning phases
- Leading the company through the necessary technology selection

Sample Engagement — System Redesign and Reimplementation: After spending \$100 million on a large consulting firm’s unsuccessful implementation of SAP software, our client, a privately-held manufacturer and exporter of dairy products, engaged us to lead a system review, redesign and reimplementation initiative. As the Chief Information Officer’s strategic IT partner, RGP is responsible for activities such as:

- Developing and leading the Program Management Office
- Performing a system review
- Project managing the reimplementation and roll out of SAP
- Redesigning the client’s custom manufacturing process and integrating it with SAP and Wonderware
- Performing quality assurance tests
- Providing end user training and post-go live support

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Sample Engagement — ICD-10 Transition: Unhappy with a consulting firm's plan and high cost estimate associated with the implementation of a federally mandated ICD-10 compliance project, a leading Medicaid managed care plan sought RGP's help. We reorganized, planned, restarted, and executed the transition to ICD-10 for several million dollars less than the third-party consulting firm originally estimated. Our activities included:

- Leading the ICD-10 transition as project manager
- Converting the third-party consulting firm's impact assessment into an executable ICD-10 Program with project plans, staffing requirements, and requirements documents that were compatible with the client's Program Management Office's documentation standards
- Overseeing the internal project team and the third-party consulting staff
- Facilitating executive steering committee and directors meetings
- Bringing the project back on track to meet the government's compliance deadline

Sample Engagement — Centralization/Optimization of Dealer Servicing Operations: After acquiring a number of brands, a leading global manufacturer of agricultural equipment desired to gain efficiencies by centralizing and optimizing its dealer servicing operations.

RGP provided the necessary analysis, process design and solution that enabled our client to move forward with its centralization efforts. Our activities included:

- Analyzing the organization's people, processes, and systems
- Identifying improvement opportunities
- Evaluating options for a dealer central location, and suitable automated solutions and IT architecture options
- Developing a business case for senior management, including best practices and key metrics, critical success factors, anticipated costs, service levels and benefits and alternatives considered
- Designing new and optimizing existing processes for the approved solution

Human Capital

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

Change Management: To achieve the desired business outcome, our Human Capital professionals work with client teams to help drive their initiatives to successful completion. We help our clients manage change resulting from acquisitions, mergers, downsizing, reorganizations, system implementations or new legislative requirements (Sarbanes, Basel II, HIPAA, the Patient Protection and Affordable Care Act, etc.).

Using our proprietary E³ (E Cubed) change management framework, our consultants are able to help clients understand and prepare for significant changes in their organizations and how to best position their teams for success. Our consultants help our clients using E³ in three distinct change management phases:

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

Enable: Identify objectives, evaluate readiness and develop organizational modifications

Execute: Assess impact, deliver training and communication, and assess outcomes

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

Organizational Development

- Performance measurement and management
- Process analysis and redesign
- Succession planning and career development programs
- Employee retention programs, opinion surveys and communication programs

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HR Information Systems

- Project management
- Change management
- System selection, optimization and implementation
- Data conversion
- Post-implementation support
- Supplementing client staff

HR Operations

- HR management
- Compensation
- HR training
- Compliance/legal
- Benefits
- Recruitment

Sample Engagement — Change Management for ERP Implementation: Following a global retailer’s highly customized and ineffective Oracle R12 Projects Module implementation, RGP developed, led and helped execute the change management program related to the system’s re-implementation and upgrade. We worked alongside the client’s internal project manager and a system integration firm to ensure the re-implementation’s sustainable success.

Sample Engagement — Change Management, Enterprise-Wide IT Reorganization: A Fortune Global 100 diversified entertainment company needed to restructure and reorganize its enterprise-wide IT capabilities. During this engagement, RGP developed change management and communication strategies to support organizational and operational restructuring. In addition, our team served on the leadership task force responsible for driving operational strategies throughout the organization.

Sample Engagement — Recruiting Assistance and Process Improvement: A large multinational company based in India needed assistance in sourcing and hiring over 100 qualified candidates to work for the client’s Afghanistan operations. The client also wanted a defined process to monitor recruitment efficiency while promoting and achieving cost savings.

With RGP’s HR specialist directing three client recruiters, the team identified and hired more than 120 candidates.

Sample Engagement — Cultural Reinvention Post-Restructure: RGP partnered with a global multi-billion dollar health care products company and its human resource management team to reinvent the culture of the company’s newly restructured organization. Our change management professionals assessed the skills of each individual in various functional areas and made recommendations for improvement and/or transition out of the organization. Working with the Vice President of HR and business leaders, we identified the behavioral and technical skills necessary to move the company forward. Additionally, we assisted with recruiting key talent, assimilating new talent into the organization and coaching new and existing employees, to ensure the behaviors appropriately aligned with the company’s direction.

Legal & Regulatory

RGP Legal helps clients drive and execute their legal, risk management and regulatory initiatives. Our consultants (comprised of attorneys, paralegals and contract managers) have significant experience working at the nation’s top law firms and companies. RGP Legal provides general counsel access to exceptional talent on an agile basis for the exact subject-matter knowledge and business perspective required for a particular task or workflow. Generally, RGP Legal is engaged to work directly with in-house counsel or with traditional outside counsel for projects or pieces of “unbundled” work. A few examples of areas in which we serve our clients include:

- Mergers and acquisitions (including integration), divestitures and joint ventures
- Commercial transactions, contracts, licensing, real estate transactions and employment matters
- Quarterly and annual SEC filings, annual meetings, proxy statements and corporate governance matters

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- Compliance policy development and implementation, compliance training, testing and reporting
- Litigation management and support, including document review and analysis, investigations and regulatory reviews
- Bankruptcy, corporate restructurings and workouts
- Secondment during leaves of absence or due to employee attrition
- Implementation and optimization of legal operations, including policies, procedures and systems

Sample Engagement — Investigation of Misconduct Allegations: Our client, a multi-million dollar engineering services company, had received serious allegations of misconduct with respect to employee misclassification, conflicts of interest, affirmative action and payroll compliance. In addition, there were allegations around the company's Employee Retirement Income Security Act ("ERISA") compliance and 401(k) plan compliance. Its audit committee needed to do an objective investigation of the allegations to determine their validity, and if valid, determine what potential remedies were necessary.

RGP Legal was engaged through our client's outside counsel to investigate the allegations through a careful review of client documents, policies, and employee interviews. Two of our attorney consultants handled the investigation. One attorney was a specialist in employment matters, while the other had expertise with ERISA laws and regulations. We completed the investigation in a timely fashion and at a significantly lower cost than our client would have incurred had they relied solely on traditional outside counsel.

Sample Engagement — Commercial Transaction Support: A publicly traded medical device company required immediate support for commercial contracts development, negotiation and processing during a period of M&A integration. Our client, recently purchased by a large out-of-state conglomerate, was not in a position to hire a traditional employee. The client needed to continue to support the legal operations of the specified business units in a more unique way during this substantial transaction.

RGP Legal provided a highly experienced, industry-specific, legal professional – to support the client's North American division, consisting of 30 team members – to review, draft and negotiate commercial agreements for customers (including service agreements to individual hospitals, group purchasing entities and medical practice groups). We also assisted with streamlining commercial transaction processes and identifying contracting efficiencies in the M&A integration process.

Sample Engagement — Legal Expense Management & Reduction: A publicly traded financial services company was under increasing pressure to reduce law department expenditures. Working with the procurement department, the law department initiated a project to analyze its outside counsel legal spend, and to determine how it could reduce its overall legal budget without sacrificing the quality of outside counsel legal advice. Because of a lack of expertise and overall resource constraints, the law department needed an experienced attorney with significant legal expense management experience to lead the initiative.

RGP Legal deployed a former general counsel with financial services and legal spend reduction experience to lead the initiative. Our consultant identified potential fee arrangement negotiations, law firm consolidations, lower cost providers and preferred provider programs to increase the company's leverage and efficiency.

Sample Engagement — International Expansion: A publicly traded life sciences company tasked its legal department to establish the appropriate framework for international expansion in Asia and Europe. Faced with tight deadlines, a significant volume of work and reduced budget, the Office of the General Counsel needed an additional corporate lawyer with international expertise and specific language skills to work side-by-side with the current legal department team members to achieve this strategic initiative.

RGP Legal provided a highly accomplished corporate lawyer, who had lived and practiced in Asia, to assist the team. The project included all aspects of international corporate formation, including research of local regulatory requirements, tax implications and planning, and business strategy decisions. Working with local counsel, our consultant drafted, reviewed and advised on all manner of relevant agreements including preliminary Memorandums of Understanding, Letters of Intent, master agreements, joint venture agreements, commercial agreements, employment agreements, and construction and supply agreements.

Sample Engagement — Regulatory Change: Our client, a global investment management firm managing significant high net worth accounts and defined benefit and defined contribution retirement plans, needed support to assist the in-house legal team with analyzing the impact of various regulatory changes and designing a plan to operationalize compliance. These changes included regulations under ERISA and Taft Hartley. The client was looking for a consultant with significant securities law experience coupled with business operations expertise. Following this strategy and design project, the client needed a team of consultants to assist it with the build out of a worldwide account management system.

Initially, the client engaged two of our legal consultants. As the project evolved, one of our Finance and Accounting consultants with significant financial services industry experience joined the project. Working collaboratively with the internal client team, we served as project leader and execution experts to manage day-to-day operations. With our ability to work cross-functionally with other practice areas, we provided a quick and cost-effective resolution to our client's need for additional expertise on the project.

Governance, Risk and Compliance (“GRC”): Corporate Governance, Risk Management, Internal Audit and Compliance Services

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

- *Co-Sourced Internal Audit:* Knowing how businesses function is the key to today’s risk-driven approach to integrated auditing. Our professionals have the experience required to assess the risks involved and develop and execute a program to audit the effectiveness and efficiency of an entity. We work with clients in a number of capacities, including: providing a variable resource to the client’s staff, adding subject matter expertise, benchmarking processes against best practices and executing projects. We assist clients with co-sourcing requirements in IT audits, operational audits, financial audits, compliance audits and fraud or forensic audits.
- *Royalty, Licensing and Contracts Auditing:* Working in today’s increasingly complex and regulated business environment, we assist clients in determining vendor and customer compliance with contractual obligations. We help determine whether vendors are adhering to pricing formulas, customers are remitting according to licensing terms, franchisees are correctly calculating fees and internal contract calculations are accurate. Specifically, we can assist with royalty and license audits, vendor audits, franchisee audits and contract management and compliance audits.
- *Governance, Risk and Compliance:* Economic and world events over the last five years, including the global financial crisis and the mortgage crisis, have raised the awareness of risk and the need for strong governance in all areas of business. Companies are responding by taking a new and deeper look at how they make decisions and govern themselves, the type of risks present in their environments and how to mitigate those risks and assess whether they have a culture of compliance. These initiatives are typically enterprise-wide and RGP can assist by designing and executing a risk assessment process, working as project managers or team members on a governance, risk and compliance initiative, or evaluating governance processes such as compensation, hiring and promotion practices and evaluation of systems.
- *Sarbanes, J-SOX, Conflict Minerals and Other Compliance Initiatives:* We have worked with clients on a number of compliance issues, including Japan’s Financial Instrument Exchange Law (“J-SOX”), Bank Secrecy Act, Basel II, HIPAA, Anti Money Laundering, Gramm Leach Bliley and Dodd Frank, including the complex and still evolving requirements for Conflict Minerals reporting. In the area of Sarbanes compliance, RGP helps businesses by redesigning processes to leverage best practices, using a risk-based approach, identifying or designing entity level controls, and reducing the cost of on-going testing and documentation.

Sample Engagement — Co-Sourced Internal Audit: A global automotive parts supplier engaged RGP as its worldwide co-sourcing internal audit partner. We executed the client’s audit work program in the United States, Brazil, Mexico, China, Japan, and Turkey utilizing professionals with local language and cultural knowledge to ensure efficient and high quality audits.

Sample Engagement — Global Sarbanes Implementation: The CFO of a privately-held international manufacturer of building products wanted to help enhance the company’s ability to compete for capital by becoming Sarbanes compliant.

RGP implemented Sarbanes at over 100 sites across 14 countries. Our international team of 32 consultants served as the client’s lead IT project manager, Sarbanes experts and team leads to ensure its finance, operations and IT compliance with initial Sarbanes’ requirements and to provide the education and knowledge transfer to help ensure future compliance. Specific duties included: planning, scheduling, documentation, segregation of duties analysis, end-user computing analysis, testing, and remediation.

Sample Engagement — Post Merger Integration: A global, United States (“U.S.”)-based pharmaceutical company acquired an India-based pharmaceutical developer and manufacturer with a strong product pipeline focused on niche first-to-file and first-to-market products. The client faced a significant challenge since the acquired company lacked internal controls and violated numerous regulatory standards.

The client engaged RGP to ensure full compliance of the acquired company with the parent company’s U.S. standards from finance and accounting, operational, ethical and governance standpoints. Tasks included post-merger integration execution, a “forensic audit” of internal controls and identification of significant internal control deficiencies.

Supply Chain Management

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

- Analyzing and implementing business process improvements and assisting with technology enhancements to maximize the effectiveness of the supply chain
- Supporting clients on managing supply chain risk, regulatory compliance, and corporate social responsibility initiatives
- Providing experienced and accomplished supply chain professionals — with a variety of skill sets and backgrounds — who can lead or assist strategic sourcing efforts, negotiate contracts, serve as commodity/category experts, develop strategies and perform operational and tactical procurement activities
- Presenting a variety of supply chain management solutions, including Procure-to-Pay programs; strategic sourcing; supplier relationship management; contracts management; supply chain compliance; logistics and materials management; inventory rationalization; warehouse optimization; Lean/Six Sigma; Demand Planning and Forecasting; supplier diversity programs; SCM Technology; purchasing card programs; and establishing key performance indicators and metrics

Sample Engagement – Conflict Minerals Compliance: For a large, global technology component manufacturer, RGP helped address its complex global supply chain related to compliance requirements adopted by the SEC pursuant to Dodd Frank Section 1502. RGP's Conflict Minerals compliance team applied their deep functional experience in supply chain management and risk assessment and engaged with the client's designated team to design and deploy a customized end-to-end Conflict Minerals compliance program, including Reasonable Country of Origin Inquiry ("RCOI") and due diligence process design. RGP project activities included:

- Providing advisory services to support the global roll out of their Conflict Minerals compliance program
- Designing and deploying an RCOI and due diligence process for more than 17,000 suppliers and 300,000 items, utilizing policyIQ, RGP's proprietary content management application, to issue questionnaires and aggregate part-level and supplier-level responses
- Designing a supplier training program to build awareness of client requirements and objectives to achieve compliance in 2013
- Developing an auditable "Standard Operation Procedure" aligned with the Organization for Economic Co-Operation and Development five-step framework
- Developing an RCOI evaluation, validation, and risk assessment process

Sample Engagement — Accounts Payable Assessment: After implementing the Oracle R11 application for all financial activities and implementing an off-shore shared services organization to support Accounts Payable ("AP") processing and vendor management responsibilities, this luxury e-retailer experienced significant delays in processing vendor payments. The delays adversely affected merchandise availability and supplier relationships, essential elements in the retailer's business model.

Our assessment of the Finance organization's people, processes and technology identified factors impeding AP's ability to effectively manage vendor payment processes. We also identified a series of Oracle R11 features which improved process controls and streamlined manual intervention in recording invoices, payments and supplier inquiries. We provided an improvement roadmap containing a series of discrete recommendations built to address the various deficiencies identified during the assessment, with implementation plans supporting each recommendation. As a result, the client was able to measure their improvements against the roadmap, test effectiveness of each recommendation as implemented, and resolve both payment delays as well as improve end-to-end process effectiveness.

Sample Engagement — Inventory Optimization and Production: For a large beverage packaging and plastic bottle manufacturer in China, we provided a team of five local supply chain professionals, led by a project manager from the United States, to assess and implement processes and procedures to reduce the client's inventory level and improve its production planning and forecasting.

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Sample Engagement — Supplier Relationship Management Performance Assessment: One of the world's largest power generation manufacturers recognized that its supplier relationship management program needed strengthening. RGP activity included:

- Benchmarking each business unit's supplier management practices against industry best practices
- Conducting sessions with each business unit's work group to design supplier performance assessment guidelines and harmonize those among all business units
- Assisting with institutionalizing regular supplier meetings, resulting in commitment from the suppliers for continuous improvement and development plans and establishing a rigorous monitoring of the supplier accomplishments
- Developing and implementing a deployment program that included coaching the client's commodity managers in the process to ensure that the new supplier relationship management program worked effectively

Sample Engagement — Executing Strategic Sourcing Strategies for High Priority Spend: A large U.S. telecommunications company engaged our supply chain management team to rigorously reduce spend categories utilizing the client's existing strategic sourcing tools, templates and process framework. RGP executed this project by:

- Performing spend and opportunity analysis
- Creating category teams, engaging stakeholders, validating spend and requirements
- Developing sourcing strategies and leading sourcing events in the following indirect categories: HR benefits, HR consulting, relocation, outplacement, security, IT hardware/software/services, contingent labor/staff augmentation
- Facilitating supplier selection, negotiations and contract execution
- Transitioning category management knowledge, documentation and tools back to the client internal procurement team
- Identifying and documenting key organizational and process improvement opportunities

Sample Engagement — End-to-End Current State Assessment: An RGP team of supply chain consultants helped a large U.S. defense contractor complete a supply chain management current state assessment for one of their large business units. The team reviewed and assessed the organization's end-to-end supply chain function, including:

- Reviewing the current state processes, systems, organization, and policies for the sourcing, inventory management and logistics operations
- Providing recommendations for future state business processes
- Identifying short and long-term technology enhancements
- Providing recommendations on a redesigned supply chain management organization
- Writing job descriptions for new and changed job roles
- Developing a business case and implementation plan for each recommended change initiative

policyIQ

RGP's policyIQ is our proprietary cloud-based GRC software application, enabling the focused management of a wide range of GRC processes, including Risk Assessments, Sarbanes Compliance, Foreign Corrupt Practices Act, Policy and Procedure Management, Internal Audit Programs, Anti-Corruption Compliance and Conflict Minerals Compliance. PolicyIQ can be implemented quickly to manage a specific aspect of an overall GRC program, or easily scaled to integrate multiple initiatives, allowing the organization to realize greater efficiency. Additionally, our engagement teams often utilize policyIQ as a tool to assist in the efficient collection, storing and review of project workpapers, deliverables and other critical project content. Business problems that our clients have used policyIQ to resolve include:

- *Sarbanes Compliance Management:* Clients use policyIQ to manage their entire Sarbanes compliance program, from risk assessment through remediation tracking. Electronic forms automate quarterly certifications, and reporting allows all stakeholders insight into the status of Sarbanes compliance at any time.
- *Policy and Procedure Management:* With policyIQ as the central location for all organizational policies and procedures, all employees have access to the most current documentation – and using electronic forms, can easily document annual proof of compliance.

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- *Internal Audit Programs:* Companies use policyIQ to capture workpapers electronically, gathering all evidence in a central location and assigning testing to the appropriate auditors. With robust reporting, audit managers have oversight into the process and with built-in workflow, audits can flow through appropriate channels of approval.
- *Conflict Minerals Compliance:* RGP brings policyIQ to every conflict minerals engagement as a robust technology platform for the management of all aspects of the compliance program. PolicyIQ offers a central location for the retention and update of documentation, accessible by both the company and all of its impacted suppliers.

Sample Engagement — Fresh Approach to Sarbanes Compliance: For a publicly traded pharmaceutical company in acquisition mode, RGP was engaged to assist with a fresh approach to their Sarbanes compliance program. Using policyIQ, our consulting team was able to:

- Implement a strong top down approach to Sarbanes compliance, aligned with Auditing Standard No. 5 adopted by the Public Company Accounting Oversight Board
- Reduce the total number of Sarbanes controls in scope for testing, by focusing on clear and well-documented Entity Level Controls
- Organize all Sarbanes compliance documentation for maximum efficiency in testing, external audit review and annual roll-forward processes

Sample Engagement — Policy and Procedure Management Program: Following a divestiture, a US-based, regional healthcare organization needed a comprehensive review and reconciliation of outdated policies and procedures inherited by their former parent company. Engaging an experienced RGP consultant, policyIQ helped to:

- Architect a complete policy and procedure management program, with logical organization, consistent format and enforced reviews
- Review all existing policies and procedures, rewriting them to comply with new standards and meeting the needs of the newly divested organization
- Communicate the new processes and critical updates automatically to locations across the United States

Sample Engagement — Automation of Account Reconciliation Tracking and Reporting: A large, global provider of relocation services used policyIQ to automate processes in many areas, most notably to track monthly and quarterly account reconciliations across their global business. With RGP and the policyIQ application, they have been able to:

- Create an efficient and sustainable process to assign bank account reconciliations to reconcilers and approvers on a monthly and quarterly basis
- Retain all reconciliation documents in a central location that is easily accessible to both internal and external auditors
- Reduce their account reconciliation non-compliance rate to 0%

Operations

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

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

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

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

Business Development

Our business development initiatives are composed of:

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

Our business development efforts are driven by the networking and sales efforts of our management. In addition, the local office managing directors are assisted by management professionals focused on business development efforts on a national basis based on firm-wide and industry-focused initiatives. These business development professionals, teamed with the managing director and client service teams, are responsible for initiating and fostering relationships with the senior management and decision makers of our targeted client companies. These local efforts are supplemented with national marketing assistance. We believe that these efforts have been effective in generating incremental revenues from existing clients and developing new client relationships.

Our brand marketing initiatives help develop RGP's image in the markets we serve. Our brand is reinforced by our professionally designed website, television, print, radio and online advertising, direct marketing, seminars, brochures and public relations efforts. We believe that our branding initiatives, coupled with our high-quality client service, help to differentiate us from our competitors and to establish RGP as a credible and reputable global professional services firm.

Competition

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

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

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

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Employees

As of May 25, 2013, we had a total of 2,915 employees, including 707 corporate and local office employees and 2,208 consultants. Our employees are not covered by any collective bargaining agreements.

Available Information

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

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

ITEM 1A. RISK FACTORS.

You should carefully consider the risks described below before making a decision to buy shares of our common stock. The order of the risks is not an indication of their relative weight or importance. The risks and uncertainties described below are not the only ones facing us but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also adversely impact and impair our business. If any of the following risks actually occur, our business could be harmed. In that case, the trading price of our common stock could decline, and you might lose all or part of your investment. When determining whether to buy our common stock, you should also refer to the other information in this Annual Report on Form 10-K, including our financial statements and the related notes.

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

While economic conditions in many parts of the world began to improve during our fiscal 2011, there continues to be uncertainty regarding general economic conditions and, in particular, the economic impact of the continuing fiscal crisis in Europe and slowing economic growth in parts of Asia. Deterioration of or uncertainty related to the global economy or tightening credit markets could result in a reduction in the demand for our services and adversely affect our business in the future. In addition, the use of professional services consultants on a project-by-project basis could decline for non-economic reasons. In the event of a reduction in the demand for our consultants, our financial results would suffer.

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

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

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

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

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

We cannot assure you that we will be able to compete effectively against existing or future competitors. Many of our competitors have significantly greater financial resources, greater revenues and greater name recognition, which may afford them an advantage in attracting and retaining clients and consultants and in offering pricing concessions. Some of our competitors in certain markets do not provide medical and other benefits to their consultants, thereby allowing them to potentially charge lower rates to clients. In addition, our competitors may be able to respond more quickly to changes in companies' needs and developments in the professional services industry.

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

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

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

Many of our engagements with our clients involve projects that are critical to our clients' businesses. If we fail to meet our contractual obligations, we could be subject to legal liability or damage to our reputation, which could adversely affect our business, operating results and financial condition. While we are not currently subject to any client-related legal claims which we believe are material, it remains possible, because of the nature of our business, that we may be involved in litigation in the future that could materially affect our future financial results. Claims brought against us could have a serious negative effect on our reputation and on our business, financial condition and results of operations.

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

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

Historically, we have grown by opening new offices and by increasing the volume of services provided through existing offices. Since the first quarter of fiscal 2010, we have had difficulty sustaining consistent revenue growth either quarter-over-quarter or in sequential quarters and experienced a year-over-year decline in revenue between fiscal 2012 and fiscal 2013. There can be no assurance that we will be able to maintain or expand our market presence in our current locations or to successfully enter other markets or locations. Our ability to continue to grow our business will depend upon an improving global economy and a number of factors, including our ability to:

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

Even if we are able to resume more rapid growth in our revenue, the growth will result in new and increased responsibilities for our management as well as increased demands on our internal systems, procedures and controls, and our administrative, financial, marketing and other resources. For instance, a limited number of clients are requesting that certain engagements be of a fixed fee nature rather than our traditional hourly time and materials approach, thus shifting a portion of the burden of financial risk and monitoring to us. Failure to adequately respond to these new responsibilities and demands may adversely affect our business, financial condition and results of operations.

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

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

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

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

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

- diversion of management's attention from other business concerns;
- failure to integrate the acquired company with our existing business;
- failure to motivate, or loss of, key employees from either our existing business or the acquired business;
- potential impairment of relationships with our employees and clients;
- additional operating expenses not offset by additional revenue;
- incurrence of significant non-recurring charges;
- incurrence of additional debt with restrictive covenants or other limitations;
- addition of significant amounts of intangible assets, including goodwill, that are subject to periodic assessment of impairment, primarily through comparison of market value of our stock to our net book value, with such impairment potentially resulting in a material impact on our future financial results and financial condition;
- dilution of our stock as a result of issuing equity securities; and
- assumption of liabilities of the acquired company.

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

Our business involves the delivery of professional services, and our success depends on our ability to provide our clients with highly qualified and experienced consultants who possess the skills and experience necessary to satisfy their needs. At various times, such professionals can be in great demand, particularly in certain geographic areas. Our ability to attract and retain consultants with the requisite experience and skills depends on several factors including, but not limited to, our ability to:

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

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There can be no assurance that we will be successful in accomplishing any of these factors and, even if we are, we cannot assure that we will be successful in attracting and retaining the number of highly qualified and experienced consultants necessary to maintain and grow our business.

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

We have historically used stock options as a key component of our employee compensation program in order to align employees' interests with the interests of our stockholders, encourage employee retention and provide competitive compensation packages. A significant portion of our options outstanding are priced at more than the current per share market value of our stock, limiting the past several years of option grants as a significant incentive to retain employees.

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

The management of our business is aided by the uninterrupted operation of our computer and telecommunication systems. These systems are vulnerable to security breaches, natural disasters, computer viruses, or other interruptions or damage stemming from power outages, equipment failure or unintended usage by employees. In addition, we rely on information technology systems to process, transmit and store electronic information and to communicate among our locations around the world and with our clients, partners and consultants. The breadth and complexity of this infrastructure increases the potential risk of security breaches, which could lead to potential unauthorized disclosure of confidential information. System-wide or local failures of these systems could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

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

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

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

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

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

- our ability to attract new clients and retain current clients;
- the mix of client projects;
- the announcement or introduction of new services by us or any of our competitors;
- the expansion of the professional services offered by us or any of our competitors into new locations both nationally and internationally;
- changes in the demand for our services by our clients;
- the entry of new competitors into any of our markets;
- the number of consultants eligible for our offered benefits as the average length of employment with the Company increases;
- the amount of vacation hours used by consultants or number of holidays in a quarter, particularly the day of the week on which they occur;
- changes in the pricing of our professional services or those of our competitors;
- variation in foreign exchange rates from one quarter to the next used to translate the financial results of our international operations;
- the amount and timing of operating costs and capital expenditures relating to management and expansion of our business;

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- changes in the estimates of contingent consideration and the employee portion of contingent consideration;
- the timing of acquisitions and related costs, such as compensation charges that fluctuate based on the market price of our common stock; and
- the periodic fourth quarter consisting of 14 weeks, which next occurs during the fiscal year ending May 31, 2014.

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

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

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

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

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

Although our management has determined, and our independent registered public accountant has attested, that our internal control over financial reporting was effective as of May 25, 2013, we cannot assure you that we or our independent registered public accountant will not identify a material weakness in our internal controls in the future. A material weakness in our internal control over financial reporting may require management and our independent registered public accountant to evaluate our internal controls as ineffective. If our internal control over financial reporting is not considered adequate, we may experience a loss of public confidence, which could have an adverse effect on our business and our stock price. Additionally, if our internal control over financial reporting otherwise fails to comply with the requirements of Sarbanes, our business and stock price could be adversely affected.

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

In connection with providing services to clients in certain regulated industries, such as the gaming and energy industries, we are subject to industry-specific regulations, including licensing and reporting requirements. Complying with these requirements is costly and, if we fail to comply, we could be prevented from rendering services to clients in those industries in the future. Additionally, changes in these requirements, or in other laws applicable to us, in the future could increase our costs of compliance.

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

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

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

- authorize our board of directors to establish one or more series of undesignated preferred stock, the terms of which can be determined by the board of directors at the time of issuance;
- divide our board of directors into three classes of directors, with each class serving a staggered three-year term. Because the classification of the board of directors generally increases the difficulty of replacing a majority of the directors, it may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us and may make it difficult to change the composition of the board of directors;
- prohibit cumulative voting in the election of directors which, if not prohibited, could allow a minority stockholder holding a sufficient percentage of a class of shares to ensure the election of one or more directors;
- require that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing;
- state that special meetings of our stockholders may be called only by the chairman of the board of directors, by our chief executive officer, by the board of directors after a resolution is adopted by a majority of the total number of authorized directors, or by the holders of not less than 10% of our outstanding voting stock;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;
- provide that certain provisions of our certificate of incorporation and bylaws can be amended only by supermajority vote (a 66 2 / 3 % majority) of the outstanding shares. In addition, our board of directors can amend our bylaws by majority vote of the members of our board of directors;
- allow our directors, not our stockholders, to fill vacancies on our board of directors; and
- provide that the authorized number of directors may be changed only by resolution of the board of directors.

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

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

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

The Company pays a regular quarterly dividend, subject to quarterly board of director approval. The payment of, or continuation of, the quarterly dividend is at the discretion of our board of directors and is dependent upon our financial condition, results of operations, capital requirements, general business conditions, U.S. tax treatment of dividends, potential future contractual restrictions contained in credit agreements and other agreements and other factors deemed relevant by our board of directors. We can give no assurance that dividends will be declared and paid in the future. The failure to pay the quarterly dividend or the discontinuance of the quarterly dividend could adversely affect the trading price of our common stock.

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

We believe that establishing, maintaining and enhancing the Resources Global Professionals brand name is essential to our business. We have applied for United States and foreign registrations on this service mark. We have previously obtained United States registrations on our Resources Connection service mark and puzzle piece logo, Registration No. 2,516,522 registered December 11, 2001; No. 2,524,226 registered January 1, 2002; and No. 2,613,873, registered September 3, 2002, as well as certain foreign registrations. On March 29, 2013, we filed a United States trademark application for our RGP service mark and puzzle piece logo, Serial No. 85/890,836 as well as United States trademark applications on our RGP service mark, puzzle piece and tag line, Serial No. 85/890,838; our RGP Healthcare service mark and puzzle piece logo, Serial No. 85/890,839; our RGP Legal service mark and puzzle piece logo, Serial No. 85/890,843; and our RGP Search service mark and puzzle piece logo, Serial No. 85/890,845. We had been aware from time to time of other companies using the name “Resources Connection” or some variation thereof and this contributed to our decision to adopt the operating company name of Resources Global Professionals. We obtained United States registration on our Resources Global Professionals service mark, Registration No. 3,298,841 registered September 25, 2007. However, our rights to this service mark are not currently protected in some of our foreign registrations, and there is no guarantee that any of our pending applications for such registration (or any appeals thereof or future applications) will be successful. Although we are not aware of other companies using the name “Resources Global Professionals” at this time, there could be potential trade name or service mark infringement claims brought against us by the users of these similar names and marks and those users may have service mark rights that are senior to ours. If these claims were successful, we could be forced to cease using the service mark “Resources Global Professionals” even if an infringement claim is not brought against us. It is also possible that our competitors or others will adopt service names similar to ours or that our clients will be confused by another company using a name, service mark or trademark similar to ours, thereby impeding our ability to build brand identity. We cannot assure you that our business would not be adversely affected if confusion did occur or if we were required to change our name.

We are also currently developing a software product for the healthcare industry to address enterprise wide incident management and patient safety issues. We have applied for registration in the United States and in the appropriate jurisdictions on the service mark for this product. We intend to file for further intellectual property rights with regard to the product at the appropriate time.

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ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

As of May 25, 2013, we maintained 47 domestic offices, all under operating lease agreements (except for the Irvine, California location), in the following metropolitan areas:

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

As of May 25, 2013, we maintained 26 international offices under operating lease agreements, located in the following cities and countries:

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

Our corporate offices are located in Irvine, California. We own an approximately 56,200 square foot office building in Irvine, California, of which we occupied approximately 23,500 square feet as of May 25, 2013. Approximately 20,800 square feet is leased to independent third parties. With the July 2013 relocation of personnel from our Costa Mesa, California location to our Irvine facility, the building is fully occupied.

ITEM 3. LEGAL PROCEEDINGS.

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Price Range of Common Stock

Our common stock has traded on the NASDAQ Global Select Market under the symbol “RECN” since December 15, 2000. Prior to that time, there was no public market for our common stock. The approximate number of holders of record of our common stock as of July 5, 2013 was 39 (a holder of record is the name of an individual or entity that an issuer carries in its records as the registered holder (not necessarily the beneficial owner) of the issuer’s securities).

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

| | Price Range of Common Stock | |
|----------------|-----------------------------|----------|
| | High | Low |
| Fiscal 2013: | | |
| First Quarter | \$ 12.30 | \$ 10.98 |
| Second Quarter | \$ 13.53 | \$ 11.18 |
| Third Quarter | \$ 13.02 | \$ 10.93 |
| Fourth Quarter | \$ 13.08 | \$ 10.76 |
| Fiscal 2012: | | |
| First Quarter | \$ 14.11 | \$ 9.64 |
| Second Quarter | \$ 11.64 | \$ 8.40 |
| Third Quarter | \$ 13.51 | \$ 9.39 |
| Fourth Quarter | \$ 14.37 | \$ 11.70 |

Dividend Policy

Our board of directors has established a quarterly dividend, subject to quarterly board of director approval, set at \$0.06 per common share during fiscal 2013 and \$0.05 per common share during fiscal 2012. Prior to fiscal 2011, we did not declare or pay a regular cash dividend on our capital stock. On April 23, 2013, our board of directors declared a regular quarterly dividend of \$0.06 per share of our common stock. The dividend was payable on June 13, 2013 to stockholders of record at the close of business on May 16, 2013. Continuation of the quarterly dividend will be at the discretion of our board of directors and will depend upon our financial condition, results of operations, capital requirements, general business condition, contractual restrictions contained in our credit agreement and other agreements, and other factors deemed relevant by our board of directors.

Issuances of Unregistered Securities

None.

Issuer Purchases of Equity Securities

In April 2011, our board of directors approved a stock repurchase program, authorizing the purchase, at the discretion of our senior executives, of our common stock for an aggregate dollar limit not to exceed \$150.0 million. This program commenced in July 2011 when the previous program’s authorized limit had been met. Subject to the aggregate dollar limit, the currently authorized stock repurchase program does not have an expiration date. Repurchases under the program may take place in the open market or in privately negotiated transactions and may be made pursuant to a Rule 10b5-1 plan.

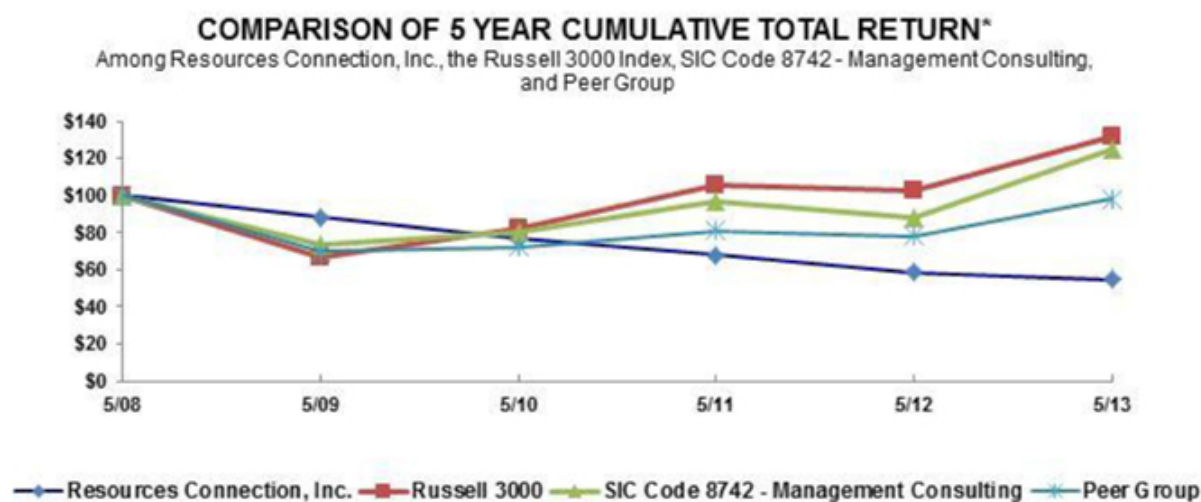
The table below provides information regarding our stock repurchases made during the fourth quarter of fiscal 2013 under our stock repurchase program.

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Approximate Dollar Value of Shares that May Yet be Purchased Under the April 2011 Program |
|--|----------------------------------|------------------------------|--|---|
| February 24, 2013 — March 23, 2013 | — | \$ — | — | \$ 84,831,731 |
| March 24, 2013 — April 20, 2013 | 345,000 | \$ 11.42 | 345,000 | \$ 80,892,786 |
| April 21, 2013 — May 25, 2013 | 746,187 | \$ 11.14 | 746,187 | \$ 72,578,221 |
| Total February 24, 2013 — May 25, 2013 | 1,091,187 | \$ 11.23 | 1,091,187 | \$ 72,578,221 |

Performance Graph

Set forth below is a line graph comparing the annual percentage change in the cumulative total return to the holders of our common stock with the cumulative total return of the Russell 3000 Index, a customized peer group consisting of eleven companies listed below the following table and a combined classification of companies under Standard Industry Codes as 8742-Management Consulting Services for the period commencing May 31, 2008 and ending on May 25, 2013. The graph assumes \$100 was invested on May 31, 2008 in our common stock and in each index (based on prices from the close of trading on May 31, 2008), and that all dividends are reinvested. Stockholder returns over the indicated period may not be indicative of future stockholder returns.

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



| | For the Fiscal Years Ended | | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | May 31, 2008 | May 30, 2009 | May 29, 2010 | May 28, 2011 | May 26, 2012 | May 25, 2013 |
| Resources Connection, Inc. | 100.00 | 88.20 | 76.82 | 67.87 | 58.76 | 54.75 |
| Russell 3000 | 100.00 | 67.15 | 82.72 | 105.05 | 103.13 | 131.88 |
| SIC Code 8742 - Management Consulting | 100.00 | 73.71 | 80.31 | 97.12 | 88.06 | 125.15 |
| Peer Group | 100.00 | 69.77 | 72.23 | 80.85 | 77.98 | 98.15 |

The Company’s customized peer group includes the following eleven professional services companies that we believe reflect the competitive landscape in which the Company operates and acquires talent: CRA International, Inc.; FTI Consulting, Inc.; Heidrick & Struggles International, Inc.; Hudson Global, Inc.; Huron Consulting Group Inc.; ICF International, Inc.; Kforce, Inc.; Korn/Ferry International; Navigant Consulting, Inc.; The Advisory Board Company; and The Corporate Executive Board Company. The Company’s compensation committee, a committee of our board of directors comprised of independent directors, reviews the composition of the peer group annually to ensure its alignment with the Company’s size, practice areas, business model delivery and geographic reach.

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ITEM 6. SELECTED FINANCIAL DATA.

You should read the following selected historical consolidated financial data in conjunction with our Consolidated Financial Statements and related notes beginning on page 49 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 32. The Consolidated Statements of Operations data for the years ended May 29, 2010 and May 30, 2009 and the Consolidated Balance Sheet data at May 28, 2011, May 29, 2010 and May 30, 2009 were derived from our audited Consolidated Financial Statements that are not included in this Annual Report on Form 10-K. The Consolidated Statements of Operations data for the years ended May 25, 2013, May 26, 2012 and May 28, 2011 and the Consolidated Balance Sheet data at May 25, 2013 and May 26, 2012 were derived from our audited Consolidated Financial Statements that are included elsewhere in this Annual Report on Form 10-K. Historical results are not necessarily indicative of results that may be expected for any future periods.

| | Years Ended | | | | |
|---|------------------|------------------|------------------|--------------------|------------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 | May 29, 2010 | May 30, 2009 |
| (In thousands, except net income (loss) per common share and other data) | | | | | |
| Consolidated Statements of Operations Data: | | | | | |
| Revenue | \$ 556,334 | \$ 571,763 | \$ 545,546 | \$ 498,998 | \$ 685,576 |
| Direct cost of services | 342,040 | 352,524 | 335,071 | 303,768 | 422,171 |
| Gross margin | 214,294 | 219,239 | 210,475 | 195,230 | 263,405 |
| Selling, general and administrative expenses(1) | 168,318 | 170,992 | 172,622 | 182,985 | 212,680 |
| Employee portion of contingent consideration(2) | — | (500) | — | 500 | — |
| Contingent consideration adjustment(3) | — | (33,440) | (25,852) | 1,492 | — |
| Amortization of intangible assets | 1,694 | 3,364 | 5,030 | 3,496 | 1,383 |
| Depreciation expense | 4,580 | 5,731 | 7,223 | 8,544 | 8,898 |
| Income (loss) from operations | 39,702 | 73,092 | 51,452 | (1,787) | 40,444 |
| Interest income | (175) | (252) | (473) | (656) | (1,593) |
| Income (loss) before provision for income taxes | 39,877 | 73,344 | 51,925 | (1,131) | 42,037 |
| Provision for income taxes(4) | 19,373 | 32,202 | 27,070 | 10,618 | 24,273 |
| Net income (loss) | <u>\$ 20,504</u> | <u>\$ 41,142</u> | <u>\$ 24,855</u> | <u>\$ (11,749)</u> | <u>\$ 17,764</u> |
| Net income (loss) per common share: | | | | | |
| Basic | <u>\$ 0.50</u> | <u>\$ 0.94</u> | <u>\$ 0.54</u> | <u>\$ (0.26)</u> | <u>\$ 0.39</u> |
| Diluted | <u>\$ 0.50</u> | <u>\$ 0.94</u> | <u>\$ 0.53</u> | <u>\$ (0.26)</u> | <u>\$ 0.39</u> |
| Weighted average common shares outstanding: | | | | | |
| Basic | <u>41,108</u> | <u>43,541</u> | <u>46,124</u> | <u>45,894</u> | <u>45,018</u> |
| Diluted | <u>41,151</u> | <u>43,599</u> | <u>46,489</u> | <u>45,894</u> | <u>45,726</u> |
| Other Data: | | | | | |
| Number of offices open at end of period | 73 | 77 | 80 | 82 | 82 |
| Total number of consultants on assignment at end of period | 2,208 | 2,317 | 2,249 | 2,067 | 2,065 |
| Cash dividends paid (in thousands)(5) | \$ 9,497 | \$ 8,306 | \$ 5,538 | \$ — | \$ — |

- (1) For the year ended May 29, 2010, includes \$4.8 million in severance costs and \$2.2 million of accelerated compensation expense from the vesting of certain stock option grants related to the resignation of two senior executives. For the year ended May 30, 2009, includes \$3.6 million of expenses incurred for a reduction in headcount of management and administrative personnel as well as consolidation of seven offices.
- (2) For the year ended May 29, 2010, the Company estimated \$500,000 of contingent consideration potentially payable to employees related to the Sitrick Brincko Group acquisition. For the year ended May 26, 2012, the Company determined that the contingent consideration would not be payable. See Note 3 — *Contingent Consideration* — to the Consolidated Financial Statements.
- (3) The contingent consideration adjustment includes a net reduction of the contingent consideration liability of \$33.4 million and \$25.9 million for the years ended May 26, 2012 and May 28, 2011, respectively, and a net increase of such liability of \$1.5 million for the year ended May 29, 2010. The fiscal 2012 and fiscal 2011 net adjustments are related to revised estimates of fair value of contingent consideration based upon updates to the probability weighted assessment of various projected average earnings before interest, taxes, depreciation and amortization (“EBITDA”) scenarios associated with the acquisition of Sitrick Brincko Group, while the fiscal 2010 net adjustment is related to the recognition of the increase in the fair value of the contingent consideration liability (calculated from changes in the risk-free interest rate, used in determining the appropriate discount factor for time value of money purposes) associated with the acquisition of Sitrick Brincko Group. See Note 3 — *Contingent Consideration* — to the Consolidated Financial Statements.

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- (4) For the years ended May 28, 2011 and May 29, 2010, includes the establishment of valuation allowances of \$1.5 million and \$4.7 million on deferred tax assets, including certain foreign operating loss carryforwards, respectively. For the year ended May 30, 2009, includes a valuation allowance of \$2.4 million provided on deferred tax assets, including certain foreign operating loss carryforwards and \$1.1 million related to the forgiveness of certain French subsidiary intercompany debt, reducing our French entity's operating loss carryforwards.
- (5) On July 20, 2010, our board of directors initiated the authorization of a quarterly dividend of \$0.04 per common share commencing in fiscal 2011 (increased to \$0.05 per common share for fiscal 2012 and \$0.06 per common share for fiscal 2013), subject to quarterly board of director approval.

| | May 25, 2013 | May 26, 2012 | May 28, 2011 | May 29, 2010 | May 30, 2009 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Amounts in thousands) | | | | | |
| Consolidated Balance Sheet Data: | | | | | |
| Cash, cash equivalents, short-term investments and U.S. government agency securities | \$ 119,012 | \$ 128,115 | \$ 144,873 | \$ 140,905 | \$ 163,741 |
| Working capital | 155,844 | 166,584 | 182,675 | 173,472 | 188,353 |
| Total assets | 417,640 | 430,719 | 476,397 | 473,200 | 412,019 |
| Stockholders' equity | 352,327 | 365,868 | 372,726 | 353,241 | 337,917 |

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed in Part I Item 1A. "Risk Factors." and elsewhere in this Annual Report on Form 10-K.

Overview

RGP is a multinational consulting firm that provides its global client base with experienced professionals specializing in accounting, finance, risk management and internal audit, corporate advisory, strategic communications and restructuring, information management, human capital, supply chain management, healthcare solutions, actuarial, and legal and regulatory services in support of client-led projects, interim needs and consulting initiatives. We assist our clients with projects requiring specialized expertise in numerous areas, including:

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

We were founded in June 1996 by a team at Deloitte, led by our executive chairman, Donald B. Murray, who was then a senior partner with Deloitte. Our founders created Resources Connection to capitalize on the increasing demand for high quality outsourced professional services. We operated as a part of Deloitte from our inception in June 1996 until April 1999. In April 1999, we completed a management-led buyout in partnership with several investors. In December 2000, we completed our initial public offering of common stock and began trading on the NASDAQ Stock Market. We currently trade on the NASDAQ Global Select Market. In January 2005, we announced the change of our operating entity name to Resources Global Professionals to better reflect the Company's multinational capabilities and during fiscal 2013, we redesigned our logo and adopted the initials RGP for branding and marketing purposes.

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We operated solely in the United States until fiscal year 2000, when we opened our first three international offices and began to expand geographically to meet the demand for project professional services across the world. As of May 25, 2013, we served clients from offices in 21 countries, including 26 international offices and 47 offices in the United States.

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

We primarily charge our clients on an hourly basis for the professional services of our consultants. We recognize revenue once services have been rendered and invoice the majority of our clients on a weekly basis. Our clients are contractually obligated to pay us for all hours billed. To a much lesser extent, we also earn revenue if a client hires one of our consultants. This type of contractually non-refundable revenue is recognized at the time our client completes the hiring process and represented 0.5% of our revenue for each of the years ended May 25, 2013, May 26, 2012 and May 28, 2011. 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, if any, is included in our selling, general and administrative expenses.

The costs to pay our professional consultants and all related benefit and incentive costs, including provisions for paid time off and other employee benefits, are included in direct cost of services. We pay most of our consultants on an hourly basis for all hours worked on client engagements and, therefore, direct cost of services tends to vary directly with the volume of revenue we earn. We expense the benefits we pay to our consultants as they are earned. These benefits include paid time off and holidays; a discretionary bonus plan; subsidized group health, dental and life insurance programs; a matching 401(k) retirement plan; the ability to participate in the Company's ESPP; and professional development and career training. In addition, we pay the related costs of employment, including state and federal payroll taxes, workers' compensation insurance, unemployment insurance and other costs. Typically, a consultant must work a threshold number of hours to be eligible for all of the benefits. We recognize direct cost of services when incurred.

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

The Company's fiscal year consists of 52 or 53 weeks, ending on the Saturday in May closest to May 31. Fiscal 2013 and 2012 consisted of 52 weeks each. For fiscal years of 53 weeks, such as next year's fiscal 2014, the first three quarters consist of 13 weeks each and the fourth quarter consists of 14 weeks.

Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with GAAP in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

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

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

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Under the terms of a November 2009 Membership Interest Purchase Agreement that we entered into with Sitrick and Company, Michael S. Sitrick, Brincko Associates, Inc. and John P. Brincko (together, the “Sellers”) to acquire Sitrick Brincko Group, the Sellers have the opportunity to receive contingent consideration subsequent to the fourth anniversary of the acquisition, provided that Sitrick Brincko Group’s average annual EBITDA (defined as earnings before interest, taxes, depreciation and amortization) over a period of four years following the acquisition date exceeds \$11.3 million. The range of undiscounted amounts the Company could be obligated to pay as contingent consideration under the earn-out arrangement is between \$0 and an unlimited amount. At the date of acquisition, the Company determined the fair value of the obligation to pay contingent consideration based on probability-weighted projections of the average EBITDA during the four year earn-out measurement period. The resultant probability-weighted average EBITDA amounts were then multiplied by 3.15 (representing the agreed upon multiple to be paid by the Company as specified in the acquisition agreements) and then discounted using an original discount rate of 1.9%. Each reporting period, the Company estimates changes in the fair value of contingent consideration and any change in fair value will be recognized as a non-cash charge in the Company’s Consolidated Statements of Operations. The Sitrick Brincko Group earn-out liability is based upon an assessment of actual EBITDA of the Sitrick Brincko Group through the evaluation date and an updated assessment of various probability weighted projected EBITDA scenarios over the remaining earn-out period. As the ultimate estimated liability is also discounted each period from the November 2013 earn-out date, the contingent consideration liability will fluctuate due to changes in the risk-free interest rate used in determining the appropriate discount factor for time value of money purposes. An increase in the earn-out expected to be paid will result in a charge to operations in the quarter that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected to be paid will result in a credit to operations in the quarter that the anticipated fair value of contingent consideration decreases. During the fiscal year ended May 26, 2012, the Company determined that it was more likely than not that there will not be a contingent consideration payment due in November 2013, and accordingly, reduced the liability and recognized a favorable adjustment to contingent consideration in its Consolidated Statement of Operations for that year. As of May 25, 2013, the Company continues to believe it is more likely than not that there will not be a contingent consideration payment due in November 2013 and, accordingly, there is no liability recorded at that date or any adjustment recorded in the Company’s Consolidated Statement of Operations for the year ended May 25, 2013.

In addition, under the terms of our acquisition agreements for Sitrick Brincko Group, up to 20% of the contingent consideration is payable to employees of the acquired business at the end of the measurement period to the extent certain EBITDA growth targets are achieved. The Company records the estimated amount of the contractual obligation to pay the employee portion of the contingent consideration as compensation expense over the service period as it is deemed probable that the growth targets will be achieved. The estimate of the amount of the employee portion of contingent consideration requires very subjective assumptions to be made of future operating results. Future revisions to these assumptions could materially change our estimate of the amount of the employee portion of contingent consideration and therefore materially affect the Company’s future financial results and financial condition. During the fiscal year ended May 26, 2012, the Company determined that it was more likely than not that there will not be an employee portion of contingent consideration payment due in November 2013, and accordingly, reduced the liability and recognized a favorable adjustment to employee portion of contingent consideration in its Consolidated Statement of Operations for that year. As of May 25, 2013, the Company continues to believe it is more likely than not that there will not be an employee portion of contingent consideration payment due in November 2013 and, accordingly, there is no liability recorded at that date or any adjustment recorded in the Company’s Consolidated Statement of Operations for the year ended May 25, 2013.

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

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

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

Stock-based compensation — Under our 2004 Performance Incentive Plan, officers, employees, and outside directors have received or may receive grants of restricted stock, stock units, options to purchase common stock or other stock or stock-based awards. Under our ESPP, eligible officers and employees may purchase our common stock in accordance with the terms of the plan.

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

The Company uses its historical volatility over the expected life of the stock option award to estimate the expected volatility of the price of its common stock. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock options. The impact of expected dividends (\$0.06 per share for fiscal 2013) is also incorporated in determining the estimated value per share of employee stock option grants. Such dividends are subject to quarterly board of director approval. The Company's historical expected life of stock option grants is 5.3 years for non-officers and 7.5 years for officers. The Company uses its historical volatility over the expected life of the stock option award to estimate the expected volatility of the price of its common stock. The Company reviews the underlying assumptions related to stock-based compensation at least annually.

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

Results of Operations

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

| | For the Years Ended | | |
|---|------------------------|------------------|------------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| | (Amounts in thousands) | | |
| Revenue | \$556,334 | \$571,763 | \$545,546 |
| Direct cost of services | 342,040 | 352,524 | 335,071 |
| Gross margin | 214,294 | 219,239 | 210,475 |
| Selling, general and administrative expenses | 168,318 | 170,992 | 172,622 |
| Employee portion of contingent consideration adjustment | — | (500) | — |
| Contingent consideration adjustment | — | (33,440) | (25,852) |
| Amortization of intangible assets | 1,694 | 3,364 | 5,030 |
| Depreciation expense | 4,580 | 5,731 | 7,223 |
| Income from operations | 39,702 | 73,092 | 51,452 |
| Interest income | (175) | (252) | (473) |
| Income before provision for income taxes | 39,877 | 73,344 | 51,925 |
| Provision for income taxes | 19,373 | 32,202 | 27,070 |
| Net income | <u>\$ 20,504</u> | <u>\$ 41,142</u> | <u>\$ 24,855</u> |

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

| | 2013 | 2012 | 2011 |
|---|--------|--------|--------|
| Revenue | 100.0% | 100.0% | 100.0% |
| Direct cost of services | 61.5 | 61.7 | 61.4 |
| Gross margin | 38.5 | 38.3 | 38.6 |
| Selling, general and administrative expenses | 30.3 | 29.9 | 31.6 |
| Employee portion of contingent consideration adjustment | — | (0.1) | — |
| Contingent consideration adjustment | — | (5.8) | (4.7) |
| Amortization of intangible assets | 0.3 | 0.6 | 1.0 |
| Depreciation expense | 0.8 | 1.0 | 1.3 |
| Income from operations | 7.1 | 12.7 | 9.4 |
| Interest income | (0.1) | (0.1) | (0.1) |
| Income before provision for income taxes | 7.2 | 12.8 | 9.5 |
| Provision for income taxes | 3.5 | 5.6 | 5.0 |
| Net income | 3.7% | 7.2% | 4.5% |

We also assess the results of our operations using EBITDA as well as Adjusted EBITDA, which is EBITDA plus stock-based compensation expense and contingent consideration adjustments (“Adjusted EBITDA”). Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by revenue. These measures assist management in assessing our core operating performance. The following table presents EBITDA and Adjusted EBITDA results for fiscal 2013, fiscal 2012 and fiscal 2011 and includes a reconciliation of such measures to net income, the most directly comparable GAAP financial measure:

| | For the Years Ended | | |
|-------------------------------------|------------------------|-----------------|-----------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| | (Amounts in thousands) | | |
| Net income | \$ 20,504 | \$ 41,142 | \$ 24,855 |
| Adjustments: | | | |
| Amortization of intangible assets | 1,694 | 3,364 | 5,030 |
| Depreciation expense | 4,580 | 5,731 | 7,223 |
| Interest income | (175) | (252) | (473) |
| Provision for income taxes | 19,373 | 32,202 | 27,070 |
| EBITDA | 45,976 | 82,187 | 63,705 |
| Stock-based compensation expense | 7,188 | 7,742 | 9,778 |
| Contingent consideration adjustment | — | (33,440) | (25,852) |
| Adjusted EBITDA | \$ 53,164 | \$ 56,489 | \$ 47,631 |
| Revenue | \$556,334 | \$571,763 | \$545,546 |
| Adjusted EBITDA Margin | 9.6% | 9.9% | 8.7% |

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

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

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Further, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin have the following limitations:

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

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

Year Ended May 25, 2013 Compared to Year Ended May 26, 2012

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

Revenue. Revenue decreased \$15.5 million, or 2.7%, to \$556.3 million for the year ended May 25, 2013 from \$571.8 million for the year ended May 26, 2012. We deliver our services to clients in a similar fashion across the globe; however in fiscal 2013, revenue increased in North America but declined in Europe and Asia Pacific as compared to fiscal 2012. In light of continuing global economic uncertainty, we believe that our global clients and prospects are initiating operation and improvement projects cautiously, resulting in reduced levels of consulting spending, particularly in certain European markets. The number of hours worked in fiscal 2013 decreased 1.2% from the prior year and average bill rates decreased by 1.6% compared to the prior year. The number of consultants on assignment at the end of fiscal 2013 was 2,208 compared to the 2,317 consultants engaged at the end of fiscal 2012 (the average number of consultants assigned was 2,270 in fiscal 2013 compared to 2,290 in fiscal 2012).

We operated 73 offices at May 25, 2013 and 77 offices at May 26, 2012 as we consolidated certain offices in contiguous areas. Our clients do not sign long-term contracts with us. As such, there can be no assurance as to future demand levels for the services that we provide or that future results can be reliably predicted by considering past trends.

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

| | Revenue for the Year Ended | | | % of Total | |
|---------------|----------------------------|------------------|----------|---------------|---------------|
| | May 25, 2013 | May 26, 2012 | % Change | May 25, 2013 | May 26, 2012 |
| North America | \$436,025 | \$430,584 | 1.3% | 78.4% | 75.3% |
| Europe | 83,441 | 100,332 | (16.8) | 15.0 | 17.6 |
| Asia Pacific | 36,868 | 40,847 | (9.7) | 6.6 | 7.1 |
| Total | <u>\$556,334</u> | <u>\$571,763</u> | (2.7)% | <u>100.0%</u> | <u>100.0%</u> |

Our financial results are subject to fluctuations in the exchange rates of foreign currencies in relation to the United States dollar. Revenues denominated in foreign currencies are translated into United States dollars at the monthly average exchange rates in effect during each quarter. Thus, as the value of the United States dollar fluctuates relative to the currencies in our non-United States based operations, our revenue can be impacted. Using the comparable fiscal 2012 conversion rates, international revenues would have been higher than reported under GAAP by \$4.4 million for the year ended May 25, 2013.

Direct Cost of Services. Direct cost of services decreased \$10.5 million, or 3.0%, to \$342.0 million for the year ended May 25, 2013 from \$352.5 million for the year ended May 26, 2012. Direct cost of services decreased primarily because of a 1.2% decrease in hours worked compared to the prior year; in addition, the average pay rate per hour to our consultants was down 1.6% compared to the prior year. The direct cost of services percentage was 61.5% and 61.6% for the years ended May 25, 2013 and May 26, 2012, respectively. The decrease in the direct cost of services percentage resulted primarily from improvement in the bill rate to pay rate relationship and a decrease in zero margin client reimbursements.

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

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Selling, General and Administrative Expenses (“S, G & A”). S, G & A decreased \$2.7 million, or 1.6%, to \$168.3 million for the year ended May 25, 2013 from \$171.0 million for the year ended May 26, 2012. However, S, G & A increased as a percentage of revenue from 29.9% for the year ended May 26, 2012 to 30.3% for the year ended May 25, 2013. Management and administrative head count was 707 at the end of fiscal 2013 and 700 at the end of fiscal 2012. S, G & A decreased in fiscal 2013 as compared to fiscal 2012 primarily because of a reduction in management compensation and related business expenses (much of which is attributable to foreign currency exchange fluctuations in our international operations), stock-based compensation expenses and lower occupancy costs for certain of the Company’s leased office facilities.

Sequential Operations. On a sequential quarter basis, fiscal 2013 fourth quarter revenues increased 1.6% to \$140.2 million from \$138.0 million, hours improved 0.8% and bill rates increased 0.8%. The improvement in hours is partially attributable to the lack of significant holidays in the United States in the fourth quarter versus the third quarter, which included the Christmas and New Year’s holidays. The direct cost of services as a percentage of revenue (“direct cost of services percentage”) decreased from 62.9% in the third quarter to 61.1%. This decrease is primarily attributable to the absence of paid holidays in the United States during the fourth quarter and the declining impact of payroll taxes as the calendar year progresses. S, G & A expenses increased \$700,000 from the quarter ended February 23, 2013 to the quarter ended May 25, 2013, primarily as a result of increased marketing spend and severance expenses in certain European offices offset by reduced payroll related benefit costs. The leverage of S, G & A expenses was relatively flat at 30.1% in the third quarter of fiscal 2013 and 30.2% in the fourth quarter of fiscal 2013. A downturn or softening in global economic conditions and the impact of the summer holiday period could put resulting pressure on revenue in the first quarter of fiscal 2014, and may limit our ability to leverage direct cost of services and S, G & A expenses.

Employee Portion of Contingent Consideration Adjustment and Contingent Consideration Adjustment. At the conclusion of the second annual evaluation period for earn-out qualification as of November 26, 2012, the Company determined that it was more likely than not that the Sitrick Brincko Group would not exceed the target average EBITDA of \$11.3 million necessary for an earn-out payment in November 2013 and reduced the fair value of the estimated liability from \$33.4 million to zero, representing a non-cash favorable adjustment as reflected in the Company’s Consolidated Statement of Operations for the year ended May 26, 2012 (\$20.4 million net of tax, including the employee portion adjustment discussed below). As of May 25, 2013, the Company has not altered its conclusion after updating its probability weighted assessment of various projected EBITDA scenarios for the remaining two quarters in the earn-out period. In addition, in fiscal 2012, the Company also reversed its previously recorded estimate of \$500,000 for the employee portion of contingent consideration after determining that it is more likely than not that the earn-out contingent consideration will not be paid. As of May 25, 2013, the Company continues to believe it is more likely than not that no contingent consideration will be payable. In the event that the contingent consideration is not paid at the conclusion of the earn-out period, Mr. Brincko will be entitled to receive a cash payment of \$2,250,000, subject to his employment in good standing with the Company as defined. As a result of the Company’s determination that it is more likely than not that the contingent consideration will not be earned, this amount is recognized as a component of S, G & A over the remaining service period from the time it was estimated that no contingent consideration will be due. The estimate of the fair value of contingent consideration payable, including the employee portion, requires very subjective assumptions to be made of various potential operating result scenarios; significant increases in the future estimated EBITDA could result in an increase in the estimated fair value of the Sitrick Brincko Group contingent consideration and therefore materially affect the Company’s future financial results and financial condition.

Amortization and Depreciation Expense. Amortization of intangible assets decreased to \$1.7 million in fiscal 2013 from \$3.4 million in fiscal 2012. The decrease is the result of the completion of amortization on certain identifiable intangible assets. Based upon identified intangible assets recorded at May 25, 2013, the Company anticipates amortization expense related to identified intangible assets to approximate \$1.7 million during the fiscal year ending May 31, 2014.

Depreciation expense decreased from \$5.7 million for the year ended May 26, 2012 to \$4.6 million for the year ended May 25, 2013. Depreciation decreased as a number of assets were fully depreciated during fiscal 2012 and fiscal 2013 and the Company has slowed the amount invested in property and equipment since fiscal 2009 as compared to previous fiscal years.

Interest Income. Interest income declined to \$175,000 in fiscal 2013 compared to \$252,000 in fiscal 2012. The decrease in interest income is the result of lower interest rates available for the Company’s investments as compared to fiscal 2012 and, to a lesser extent, lower available cash balances available for investment. The Company has invested available cash in certificates of deposit, money market investments and commercial paper that have been classified as cash equivalents due to the short maturities of these investments. As of May 25, 2013, the Company had \$25.0 million of investments in commercial paper and certificates of deposit with remaining maturity dates between three months and one year from the balance sheet date classified as short-term investments and considered “held-to-maturity” securities.

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Income Taxes. The provision for income taxes decreased from \$32.2 million (effective rate of 43.9%) for the year ended May 26, 2012 to \$19.4 million (effective rate of 48.6%) for the year ended May 25, 2013. While the provision decreased because of lower pretax income, the effective tax rate increased as a consequence of the mix of international results. In addition, the provision for taxes in each of fiscal 2013 and fiscal 2012 resulted from taxes on income from operations in the United States and certain other foreign jurisdictions, a lower benefit for losses in certain foreign jurisdictions with tax rates lower than the United States statutory rates, and no benefit for losses in jurisdictions in which a valuation allowance on operating loss carryforwards had previously been established. The effective tax rate in both fiscal years disproportionately magnifies the effect of the components of the tax rate that differ from the standard federal rate, including non-deductible permanent differences and incentive stock options (“ISOs”). Based upon current economic circumstances, management will continue to monitor the need to record additional valuation allowances in the future, primarily related to certain foreign jurisdictions. Realization of the foreign deferred tax assets is dependent upon generating sufficient future taxable income.

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

The Company cannot recognize a tax benefit for certain ISO grants unless and until the holder exercises his or her option and then sells the shares within a certain period of time. In addition, the Company can only recognize a potential tax benefit for employees’ acquisition and subsequent sale of shares purchased through the ESPP if the sale occurs within a certain defined period. As a result, the Company’s provision for income taxes is likely to fluctuate from these factors for the foreseeable future. Further, those tax benefits associated with ISO grants fully vested at the date of adoption of the current accounting rules governing stock awards will be recognized as additions to paid-in capital when and if those options are exercised and not as a reduction to the Company’s tax provision. The Company recognized a benefit of approximately \$2.3 million and \$2.4 million related to stock-based compensation for nonqualified stock options expensed and for eligible disqualifying ISO exercises during fiscal 2013 and 2012, respectively. The proportion of expense related to non-qualified stock option grants (for which the Company may recognize a tax benefit in the same quarter as the related compensation expense in most instances) is significant as compared to expense related to ISOs (including ESPPs). However, the timing and amount of eligible disqualifying ISO exercises cannot be predicted. The Company predominantly grants nonqualified stock options to employees in the United States.

The Company has maintained a position of being indefinitely reinvested in its foreign subsidiaries’ earnings by not expecting to remit foreign earnings in the foreseeable future. Being indefinitely reinvested does not require a deferred tax liability to be recognized on the foreign earnings. Management’s indefinite reinvestment position is supported by:

- 1) RGP U.S. has generated more than enough cash to fund operations and expansion, including acquisitions. RGP uses its excess cash to, at its discretion, return cash to shareholders through dividend payments and stock repurchases.
- 2) RGP U.S. has no debt or any other current or known obligations that require cash to be remitted from foreign subsidiaries.
- 3) Management’s growth objectives include allowing cash to accumulate in RGP’s profitable foreign subsidiaries with the expectation of finding strategic expansion plans to further penetrate RGP’s most successful locations.
- 4) The consequences of distributing foreign earnings have historically been deemed to be tax inefficient for RGP or not materially beneficial.

Management determined during the fiscal year ended May 25, 2013 that it was a prudent time to make an exception to the indefinite reinvestment position and approved the payment of a one-time dividend from RGP Japan of \$9.7 million and RGP Hong Kong of \$3.9 million. The one-time exception is based upon opportunistic timing for a dividend distribution because of the favorable exchange rates between the U.S. and Japan for a tax beneficial result from both RGP Japan and RGP Hong Kong. After the one-time dividend, management’s intent and ability for indefinite reinvestment will continue for all entities, including RGP Japan and RGP Hong Kong.

Year Ended May 26, 2012 Compared to Year Ended May 28, 2011

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

Revenue. Revenue increased \$26.3 million, or 4.8%, to \$571.8 million for the year ended May 26, 2012 from \$545.5 million for the year ended May 28, 2011. We deliver our services to clients in a similar fashion across the globe and in fiscal 2012, revenue increased in all geographies over the fiscal 2011 amount. We believe the increase in total revenue is partially attributable to clients engaging us to help implement initiatives to improve efficiencies within their organizations and to improved awareness of our service offerings with clients through our completed and on-going engagements.

The number of hours worked in fiscal 2012 increased about 6.2% from the prior year, while average bill rates decreased by 0.8% compared to the prior year. The number of consultants on assignment at the end of fiscal 2012 was 2,317 compared to the 2,249 consultants engaged at the end of fiscal 2011 (the average number of consultants assigned was 2,290 in fiscal 2012 compared to 2,214 in fiscal 2011).

We operated 77 offices at May 26, 2012 and 80 offices at May 28, 2011 as we consolidated certain offices in contiguous areas. Our clients do not sign long-term contracts with us. As such, there can be no assurance as to future demand levels for the services that we provide or that future results can be reliably predicted by considering past trends.

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

| | Revenue for the Year Ended | | % Change | % of Total | |
|---------------|----------------------------|------------------|----------|---------------|---------------|
| | May 26, 2012 | May 28, 2011 | | May 26, 2012 | May 28, 2011 |
| North America | \$430,584 | \$416,904 | 3.3% | 75.3% | 76.4% |
| Europe | 100,332 | 92,840 | 8.1 | 17.6 | 17.0 |
| Asia Pacific | 40,847 | 35,802 | 14.1 | 7.1 | 6.6 |
| Total | <u>\$571,763</u> | <u>\$545,546</u> | 4.8% | <u>100.0%</u> | <u>100.0%</u> |

Our financial results are subject to fluctuations in the exchange rates of foreign currencies in relation to the United States dollar. Revenues denominated in foreign currencies are translated into United States dollars at the monthly average exchange rates in effect during each quarter. Thus, as the value of the United States dollar fluctuates relative to the currencies in our non-United States based operations, our revenue can be impacted. Using the comparable fiscal 2011 conversion rates, international revenues would have been lower than reported under GAAP by \$3.0 million for the year ended May 26, 2012.

Direct Cost of Services. Direct cost of services increased \$17.4 million, or 5.2%, to \$352.5 million for the year ended May 26, 2012 from \$335.1 million for the year ended May 28, 2011. Direct cost of services increased primarily because of a 6.2% increase in hours worked compared to the prior year; this was offset in part as the average pay rate per hour to our consultants was down 1.5%. The direct cost of services percentage was 61.6% and 61.4% for the years ended May 26, 2012 and May 28, 2011, respectively. The increase in the direct cost of services percentage resulted primarily from the higher average pay rate to our consultants as compared to bill rate and an increase in zero margin client reimbursements.

Selling, General and Administrative Expenses. S, G & A decreased \$1.6 million, or 0.9%, to \$171.0 million for the year ended May 26, 2012 from \$172.6 million for the year ended May 28, 2011. S, G & A improved as a percentage of revenue from 31.6% for the year ended May 28, 2011 to 29.9% for the year ended May 26, 2012. Management and administrative head count was 735 at the end of fiscal 2011 and 700 at the end of fiscal 2012. S, G & A decreased in fiscal 2012 as compared to fiscal 2011 primarily because of a reduction in stock-based compensation expenses, lower occupancy costs for certain of the Company's leased office facilities and lower advertising expenses, partially offset by slightly higher payroll and benefit costs.

Sequential Operations. On a sequential quarter basis, fiscal 2012 fourth quarter revenues improved from \$143.3 million to \$145.5 million, and hours improved 1.6% and bill rates increased 0.8%. The improvement in hours is partially attributable to the lack of significant holidays in the United States in the fourth quarter versus the third quarter, which included the Christmas and New Year's holidays. The direct cost of services percentage decreased from 62.6% in the third quarter to 59.8%. This decrease is primarily attributable to the absence of paid holidays in the United States during the fourth quarter, the declining impact of payroll taxes as the calendar year progresses, an improvement in the bill rate/pay ratio and a lower level of zero-margin reimbursable expenses. S, G & A expenses also decreased from the quarter ended February 25, 2012 to the quarter ended May 26, 2012, primarily as a result of reduced marketing spend and payroll related benefit costs. The leverage of S, G & A expenses also improved from 30.3% to 28.9% between the two quarters.

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Employee Portion of Contingent Consideration Adjustment and Contingent Consideration Adjustment. At the conclusion of the second annual evaluation period for earn-out qualification as of November 26, 2012, the Company determined that it was more likely than not that the Sitrick Brincko Group would not exceed the target average EBITDA of \$11.3 million necessary for an earn-out payment in November 2013 and reduced the fair value of the estimated liability from \$33.4 million to zero, representing a non-cash favorable adjustment as reflected in the Company's Consolidated Statement of Operations for the year ended May 26, 2012 (\$20.4 million net of tax, including the employee portion adjustment discussed below). In the prior fiscal year, the Company adjusted the estimated earn-out payment by \$25.9 million (\$15.6 million net of tax). In addition, in fiscal 2012, the Company also reversed its previously recorded estimate of \$500,000 for the employee portion of contingent consideration after determining that it is more likely than not that the earn-out contingent consideration will not be paid. The estimate of the fair value of contingent consideration payable, including the employee portion, requires very subjective assumptions to be made of various potential operating result scenarios; significant increases in the future estimated EBITDA could result in an increase in the estimated fair value of the Sitrick Brincko Group contingent consideration and therefore materially affect the Company's future financial results and financial condition.

Amortization and Depreciation Expense. Amortization of intangible assets decreased to \$3.4 million in fiscal 2012 from \$5.0 million in fiscal 2011. The decrease is the result of the completion of amortization on certain identifiable intangible assets.

Depreciation expense decreased from \$7.2 million for the year ended May 28, 2011 to \$5.7 million for the year ended May 26, 2012. Depreciation decreased as a number of assets were fully depreciated during fiscal 2011 and 2012 and the Company has slowed the amount invested in property and equipment in fiscal 2011 and 2012 as compared to previous fiscal years.

Interest Income. Interest income declined to \$252,000 in fiscal 2012 compared to \$473,000 in fiscal 2011. The decrease in interest income is the result of lower interest rates available for the Company's investments as compared to fiscal 2011 and, to a lesser extent, lower available cash balances for investment. The Company has invested available cash in certificates of deposit, money market investments and commercial paper that have been classified as cash equivalents due to the short maturities of these investments. As of May 26, 2012, the Company had \$23.0 million of investments in commercial paper and certificates of deposit with remaining maturity dates between three months and one year from the balance sheet date classified as short-term investments and considered "held-to-maturity" securities.

Income Taxes. The provision for income taxes increased from \$27.1 million (effective rate of 52.2%) for the year ended May 28, 2011 to \$32.2 million (effective rate of 43.9%) for the year ended May 26, 2012. While the provision increased because of the increased pretax income, the effective tax rate decreased as a result of an improved mix of international results, along with the realization of certain non-recurring credits. The Company also recorded tax charges of \$150,000 and \$1.5 million for the years ended May 26, 2012 and May 28, 2011, respectively, to establish valuation allowances on certain foreign deferred tax assets. Realization of those tax assets is dependent upon generating sufficient future taxable income. In addition, the provision for taxes in fiscal 2012 and fiscal 2011 results from taxes on income from operations in the United States and certain other foreign jurisdictions, a lower benefit for losses in certain foreign jurisdictions with tax rates lower than the United States statutory rates, and no benefit for losses in jurisdictions in which a valuation allowance on operating loss carryforwards had previously been established. The effective tax rate in both fiscal years disproportionately magnifies the effect of the components of the tax rate that differ from the standard federal rate, including non-deductible permanent differences and ISOs.

The Company recognized a benefit of approximately \$2.4 million and \$3.3 million related to stock-based compensation for nonqualified stock options expensed and for eligible disqualifying ISO exercises during fiscal 2012 and 2011, respectively. The proportion of expense related to non-qualified stock option grants (for which the Company may recognize a tax benefit in the same quarter as the related compensation expense in most instances) is significant as compared to expense related to ISOs (including ESPPs). However, the timing and amount of eligible disqualifying ISO exercises cannot be predicted.

Quarterly Results

The following table sets forth our unaudited quarterly Consolidated Statements of Operations data for each of the eight quarters in the two-year period ended May 25, 2013. In the opinion of management, this data has been prepared on a basis substantially consistent with our audited Consolidated Financial Statements appearing elsewhere in this document, and includes all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the data. The quarterly data should be read together with our Consolidated Financial Statements and related notes appearing elsewhere in this document. The operating results are not necessarily indicative of the results to be expected in any future period.

| | Quarters Ended | | | | | | | |
|---|--|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|
| | May 25, 2013 | Feb. 23, 2013 | Nov. 24, 2012 | Aug. 25, 2012 | May 26, 2012 | Feb. 25, 2012 | Nov. 26, 2011 | Aug. 27, 2011 |
| | (In thousands, except net income per common share) | | | | | | | |
| Revenue | \$ 140,184 | \$ 138,020 | \$ 141,197 | \$ 136,933 | \$ 145,507 | \$ 143,294 | \$ 144,955 | \$ 138,007 |
| Direct cost of services, primarily payroll and related taxes for professional services employees | 85,684 | 86,825 | 85,987 | 83,544 | 86,988 | 89,667 | 90,034 | 85,835 |
| Gross margin | 54,500 | 51,195 | 55,210 | 53,389 | 58,519 | 53,627 | 54,921 | 52,172 |
| Selling, general and administrative expenses | 42,325 | 41,591 | 42,342 | 42,060 | 42,047 | 43,356 | 42,980 | 42,609 |
| Employee portion of contingent consideration(1) | — | — | — | — | — | — | (500) | — |
| Contingent consideration adjustment(2) | — | — | — | — | — | — | (33,440) | — |
| Amortization of intangible assets | 412 | 422 | 434 | 426 | 483 | 487 | 1,186 | 1,208 |
| Depreciation expense | 1,092 | 1,125 | 1,172 | 1,191 | 1,299 | 1,412 | 1,471 | 1,549 |
| Income from operations | 10,671 | 8,057 | 11,262 | 9,712 | 14,690 | 8,372 | 43,224 | 6,806 |
| Interest income | (40) | (37) | (50) | (48) | (48) | (51) | (65) | (88) |
| Income before provision for income taxes | 10,711 | 8,094 | 11,312 | 9,760 | 14,738 | 8,423 | 43,289 | 6,894 |
| Provision for income taxes | 5,396 | 3,601 | 5,448 | 4,928 | 5,844 | 4,092 | 17,968 | 4,298 |
| Net income | \$ 5,315 | \$ 4,493 | \$ 5,864 | \$ 4,832 | \$ 8,894 | \$ 4,331 | \$ 25,321 | \$ 2,596 |
| Net income per common share(3): | | | | | | | | |
| Basic | \$ 0.13 | \$ 0.11 | \$ 0.14 | \$ 0.12 | \$ 0.21 | \$ 0.10 | \$ 0.58 | \$ 0.06 |
| Diluted | \$ 0.13 | \$ 0.11 | \$ 0.14 | \$ 0.12 | \$ 0.21 | \$ 0.10 | \$ 0.58 | \$ 0.06 |

- (1) The quarter ended November 26, 2011 includes the reversal of \$500,000 that was an estimate of contingent consideration potentially payable to employees related to the Sitrick Brincko Group acquisition.
- (2) The quarter ended November 26, 2011 includes a favorable adjustment of \$33.4 million related to revised estimates of the fair value of contingent consideration based upon updates to the probability weighted assessment of various projected EBITDA scenarios associated with the acquisition of Sitrick Brincko Group. See Note 3 — *Contingent Consideration* — to the Consolidated Financial Statements.
- (3) Net income per common share calculations for each of the quarters were based upon the weighted average number of shares outstanding for each period, and the sum of the quarters may not necessarily be equal to the full year net income per common share amount.

Our quarterly results have fluctuated in the past and we believe they will continue to do so in the future. Certain factors that could affect our quarterly operating results are described in Part I Item 1A. “Risk Factors.” Due to these and other factors, we believe that quarter-to-quarter comparisons of our results of operations are not meaningful indicators of future performance.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by our operations and, historically, to a lesser extent, stock option exercises. We have generated positive cash flows annually from operations since inception, and we continued to do so during the year ended May 25, 2013. Our ability to continue to increase positive cash flow from operations in the future will be, at least in part, dependent on improvement in global economic conditions.

At May 25, 2013, the Company had operating leases, primarily for office premises, and purchase obligations, primarily for property and equipment, expiring at various dates. At May 25, 2013, the Company had no capital leases. The following table summarizes our future minimum rental commitments under operating leases and our other known contractual obligations as of May 25, 2013:

| Contractual Obligations | Payments Due by Period | | | | Thereafter |
|-----------------------------|------------------------|-------------|------------------|------------------|------------|
| | Total | Fiscal 2014 | Fiscal 2015-2016 | Fiscal 2017-2018 | |
| | (Amounts in thousands) | | | | |
| Operating lease obligations | \$51,159 | \$ 10,719 | \$ 18,799 | \$ 11,628 | \$ 10,013 |
| Purchase obligations | \$ 1,786 | \$ 867 | \$ 779 | \$ 140 | \$ — |

The Company has a \$3.0 million unsecured revolving credit facility with Bank of America (the “Credit Agreement”). The Credit Agreement allows the Company to choose the interest rate applicable to advances. The interest rate options are Bank of America’s prime rate and a London Inter-Bank Offered Rate (“LIBOR”) plus 2.25%. Interest, if any, is payable monthly. The Credit Agreement expires November 30, 2013. As of May 25, 2013, the Company had approximately \$1.3 million available under the terms of the Credit Agreement as Bank of America has issued approximately \$1.7 million of outstanding letters of credit in favor of third parties related to operating leases. As of May 25, 2013, the Company was in compliance with all covenants included in the Credit Agreement.

Operating activities provided \$35.0 million in cash in fiscal 2013 compared to \$36.4 million in fiscal 2012. Cash provided by operations in fiscal 2013 resulted from net income of \$20.5 million and net favorable non-cash reconciling adjustments of \$14.5 million (principally depreciation and amortization and stock compensation expense). Other balance sheet account changes between the two periods, including working capital balances, were negligible. In fiscal 2012, cash provided by operations resulted from net income of \$41.1 million, net unfavorable non-cash reconciling adjustments of \$3.1 million (principally depreciation and amortization, stock-based compensation expense and contingent consideration and related deferred tax impact) and by net negative balance sheet account changes, including working capital accounts, of \$1.6 million. Operating cash flows between the two years are relatively similar as, absent the impact of the adjustments to contingent consideration and related deferred taxes in fiscal 2012, net income between the two years is virtually the same (\$20.5 million in fiscal 2013 and \$20.7 million in fiscal 2012). The adjustment to contingent consideration in fiscal 2012 was the result of the Company’s determination that it was more likely than not that no contingent consideration will be payable in November 2013 related to the acquisition of Sitrick Brincko Group based on projected earn-out scenarios. Stock-based compensation expense does not reflect an actual cash outflow from the Company but is an estimate of the fair value of the services provided by employees and directors in exchange for stock option grants and purchase of stock through the Company’s ESPP and was relatively the same between fiscal 2013 and fiscal 2012. In addition, non-cash amortization fell in fiscal 2013 as certain assets were fully amortized in fiscal 2012.

Net cash used in investing activities was \$5.2 million for fiscal 2013 compared to \$20.5 million for fiscal 2012. Cash received from the redemption of short-term investments (primarily commercial paper), net of cash used to purchase short-term investments, resulted in a use of cash of \$2.0 million in fiscal 2013 compared to \$17.7 million in fiscal 2012. The Company spent approximately \$400,000 more on property and equipment in fiscal 2013 compared to fiscal 2012.

Net cash used in financing activities totaled \$38.1 million for the year ended May 25, 2013, compared to \$49.1 million for the year ended May 26, 2012. The Company received approximately \$5.6 million in fiscal 2013 from the exercise of employee stock options and issuance of shares via the Company’s ESPP compared to \$4.3 million in the prior fiscal year. However, the Company used less cash in fiscal 2013 (\$34.2 million) to purchase approximately 2.9 million shares of our common stock as compared to \$45.4 million to purchase 3.9 million shares of common stock in fiscal 2012. Payments for the Company’s dividend program increased from \$8.3 million in fiscal 2012 to \$9.5 million in fiscal 2013 as a result of the Company’s increase in fiscal 2013 of its quarterly dividend from \$0.05 to \$0.06 per common share.

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The Company had \$119.0 million in cash and cash equivalents and short-term investments at May 25, 2013. We anticipate that our current cash and the ongoing cash flows from operations will be adequate to meet our working capital and capital expenditure needs for at least the next 12 months.

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 — *Summary of Significant Accounting Policies* — to the Consolidated Financial Statements for the year ended May 25, 2013.

Inflation

Inflation was not a material factor in either revenue or operating expenses during the fiscal years ended May 25, 2013, May 26, 2012 and May 28, 2011.

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

Interest Rate Risk. At the end of fiscal 2013, we had approximately \$119.0 million of cash and cash equivalents and short-term investments. Securities that the Company has the ability and positive intent to hold to maturity are carried at amortized cost. These securities consist of commercial paper. Cost approximates market for these securities. The earnings on these investments are subject to changes in interest rates; however, assuming a constant balance available for investment, a 10% decline in interest rates would reduce our interest income but would not have a material impact on our consolidated financial position or results of operations.

Foreign Currency Exchange Rate Risk. For the year ended May 25, 2013, approximately 23.6% of the Company's revenues were generated outside of the United States. As a result, our operating results are subject to fluctuations in the exchange rates of foreign currencies in relation to the United States dollar. Revenues and expenses denominated in foreign currencies are translated into United States dollars at the monthly average exchange rates prevailing during the period. Thus, as the value of the United States dollar fluctuates relative to the currencies in our non-United States based operations, our reported results may vary.

Assets and liabilities of our non-United States based operations are translated into United States dollars at the exchange rate effective at the end of each monthly reporting period. Approximately 75% of our fiscal year-end balances of cash, cash equivalents and short-term investments were denominated in United States dollars. The remaining amount of approximately 25% was comprised primarily of cash balances translated from Euros, Canadian Dollars, Japanese Yen or Hong Kong Dollars. The difference resulting from the translation each period of assets and liabilities of our non-United States based operations is recorded in stockholders' equity as a component of accumulated other comprehensive (loss) income.

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

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

RESOURCES CONNECTION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheet of Resources Connection, Inc. and subsidiaries as of May 25, 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended May 25, 2013. 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Resources Connection, Inc. and subsidiaries as of May 25, 2013, and the results of their operations and their cash flows for the year ended May 25, 2013, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Resources Connection, Inc.'s and subsidiaries' internal control over financial reporting as of May 25, 2013, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated July 22, 2013 expressed an unqualified opinion on the effectiveness of Resources Connection, Inc.'s and subsidiaries' internal control over financial reporting.

/s/ McGladrey LLP
Irvine, California
July 22, 2013

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated balance sheet as of May 26, 2012 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the two years in the period ended May 26, 2012 present fairly, in all material respects, the financial position of Resources Connection, Inc. and its subsidiaries at May 26, 2012, and the results of their operations and their cash flows for each of the two years in the period ended May 26, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 our opinion.

/s/ PricewaterhouseCoopers LLP
Irvine, California
July 24, 2012

RESOURCES CONNECTION, INC.
CONSOLIDATED BALANCE SHEETS

| | May 25, 2013 | May 26, 2012 |
|---|---|-------------------|
| | (Amounts in thousands, except par value per share) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 94,016 | \$ 105,124 |
| Short-term investments | 24,996 | 22,991 |
| Trade accounts receivable, net of allowance for doubtful accounts of \$3,428 and \$3,992 as of May 25, 2013 and May 26, 2012, respectively | 84,194 | 84,192 |
| Prepaid expenses and other current assets | 4,594 | 6,344 |
| Income taxes receivable | 1,228 | 1,241 |
| Deferred income taxes | 8,149 | 8,343 |
| Total current assets | <u>217,177</u> | <u>228,235</u> |
| Goodwill | 174,275 | 173,576 |
| Intangible assets, net | 2,659 | 4,232 |
| Property and equipment, net | 21,087 | 22,651 |
| Deferred income taxes | — | 833 |
| Other assets | 2,442 | 1,192 |
| Total assets | <u>\$ 417,640</u> | <u>\$ 430,719</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 15,722 | \$ 16,301 |
| Accrued salaries and related obligations | 39,280 | 38,912 |
| Other liabilities | 6,331 | 6,438 |
| Total current liabilities | <u>61,333</u> | <u>61,651</u> |
| Other long-term liabilities | 3,980 | 3,200 |
| Total liabilities | <u>65,313</u> | <u>64,851</u> |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.01 par value, 5,000 shares authorized; zero shares issued and outstanding | — | — |
| Common stock, \$0.01 par value, 70,000 shares authorized; 56,082 and 55,476 shares issued, and 39,705 and 41,973 shares outstanding as of May 25, 2013 and May 26, 2012, respectively | 561 | 555 |
| Additional paid-in capital | 347,790 | 335,791 |
| Accumulated other comprehensive loss | (3,958) | (1,890) |
| Retained earnings | 290,549 | 280,650 |
| Treasury stock at cost, 16,377 and 13,503 shares at May 25, 2013 and May 26, 2012, respectively | (282,615) | (249,238) |
| Total stockholders' equity | <u>352,327</u> | <u>365,868</u> |
| Total liabilities and stockholders' equity | <u>\$ 417,640</u> | <u>\$ 430,719</u> |

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

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

| | For the Years Ended | | |
|--|--|------------------|------------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| | (Amounts in thousands, except per share amounts) | | |
| Revenue | \$556,334 | \$571,763 | \$545,546 |
| Direct cost of services, primarily payroll and related taxes for professional services employees | <u>342,040</u> | <u>352,524</u> | <u>335,071</u> |
| Gross margin | 214,294 | 219,239 | 210,475 |
| Selling, general and administrative expenses | 168,318 | 170,992 | 172,622 |
| Employee portion of contingent consideration | — | (500) | — |
| Contingent consideration adjustment | — | (33,440) | (25,852) |
| Amortization of intangible assets | 1,694 | 3,364 | 5,030 |
| Depreciation expense | <u>4,580</u> | <u>5,731</u> | <u>7,223</u> |
| Income from operations | 39,702 | 73,092 | 51,452 |
| Interest income | <u>(175)</u> | <u>(252)</u> | <u>(473)</u> |
| Income before provision for income taxes | 39,877 | 73,344 | 51,925 |
| Provision for income taxes | <u>19,373</u> | <u>32,202</u> | <u>27,070</u> |
| Net income | <u>\$ 20,504</u> | <u>\$ 41,142</u> | <u>\$ 24,855</u> |
| Net income per common share: | | | |
| Basic | <u>\$ 0.50</u> | <u>\$ 0.94</u> | <u>\$ 0.54</u> |
| Diluted | <u>\$ 0.50</u> | <u>\$ 0.94</u> | <u>\$ 0.53</u> |
| Weighted average common shares outstanding: | | | |
| Basic | <u>41,108</u> | <u>43,541</u> | <u>46,124</u> |
| Diluted | <u>41,151</u> | <u>43,599</u> | <u>46,489</u> |
| Cash dividends declared per common share | <u>\$ 0.24</u> | <u>\$ 0.20</u> | <u>\$ 0.16</u> |

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

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | <u>For the Years Ended</u> | | |
|---|-------------------------------|-------------------------------|-------------------------------|
| | <u>May 25,</u> <u>2013</u> | <u>May 26,</u> <u>2012</u> | <u>May 28,</u> <u>2011</u> |
| (Amounts in thousands) | | | |
| COMPREHENSIVE INCOME: | | | |
| Net income | \$20,504 | \$41,142 | \$24,855 |
| Foreign currency translation adjustment, net of tax | (2,068) | (5,332) | 8,026 |
| Total comprehensive income | <u>\$18,436</u> | <u>\$35,810</u> | <u>\$32,881</u> |

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

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| | Common Stock | | Additional Paid-in Capital | Treasury Stock | | Accumulated Other Comprehensive (Loss) Income | Retained Earnings | Total Stockholders' Equity |
|---|---------------|---------------|----------------------------------|----------------|--------------------|--|----------------------|----------------------------------|
| | Shares | Amount | | Shares | Amount | | | |
| (Amounts in thousands) | | | | | | | | |
| Balances as of May 29, 2010 | 54,267 | \$ 543 | \$ 306,413 | 8,002 | \$(181,165) | \$ (4,584) | \$ 232,034 | \$ 353,241 |
| Exercise of stock options | 379 | 4 | 4,542 | | | | | 4,546 |
| Stock-based compensation expense related to share-based awards and employee stock purchases | | | 9,669 | | | | | 9,669 |
| Issuance of restricted stock | 10 | | 88 | | | | | 88 |
| Tax shortfall from employee stock option plans | | | (390) | | | | | (390) |
| Issuance of common stock under Employee Stock Purchase Plan | 365 | 3 | 4,149 | | | | | 4,152 |
| Issuance of treasury stock per earn-out agreement | | | | (15) | 338 | | (69) | 269 |
| Issuance of restricted stock out of treasury stock to board of director members | | | 21 | (21) | 483 | | (483) | 21 |
| Purchase of shares | | | | 1,666 | (24,397) | | | (24,397) |
| Cash dividends (\$0.16 per share) | | | | | | | (7,354) | (7,354) |
| Currency translation adjustment | | | | | | 8,026 | | 8,026 |
| Net income for the year ended May 28, 2011 | | | | | | | 24,855 | 24,855 |
| Balances as of May 28, 2011 | 55,021 | 550 | 324,492 | 9,632 | (204,741) | 3,442 | 248,983 | 372,726 |
| Exercise of stock options | 20 | 1 | 192 | | | | | 193 |
| Stock-based compensation expense related to share-based awards and employee stock purchases | | | 7,520 | | | | | 7,520 |
| Issuance of restricted stock | 5 | | 80 | | | | | 80 |
| Tax shortfall from employee stock option plans | | | (782) | | | | | (782) |
| Issuance of common stock under Employee Stock Purchase Plan | 430 | 4 | 4,147 | | | | | 4,151 |
| Issuance of restricted stock out of treasury stock to board of director members | | | 142 | (38) | 888 | | (888) | 142 |
| Purchase of shares | | | | 3,909 | (45,385) | | | (45,385) |
| Cash dividends (\$0.20 per share) | | | | | | | (8,587) | (8,587) |
| Currency translation adjustment | | | | | | (5,332) | | (5,332) |
| Net income for the year ended May 26, 2012 | | | | | | | 41,142 | 41,142 |
| Balances as of May 26, 2012 | 55,476 | 555 | 335,791 | 13,503 | (249,238) | (1,890) | 280,650 | 365,868 |
| Exercise of stock options | 195 | 2 | 1,665 | | | | | 1,667 |
| Stock-based compensation expense related to share-based awards and employee stock purchases | | | 7,188 | | | | | 7,188 |
| Tax shortfall from employee stock option plans | | | (762) | | | | | (762) |
| Issuance of common stock under Employee Stock Purchase Plan | 411 | 4 | 3,908 | | | | | 3,912 |
| Issuance of restricted stock out of treasury stock to board of director members | | | | (35) | 815 | | (815) | — |
| Purchase of shares | | | | 2,909 | (34,192) | | | (34,192) |
| Cash dividends (\$0.24 per share) | | | | | | | (9,790) | (9,790) |
| Currency translation adjustment | | | | | | (2,068) | | (2,068) |
| Net income for the year ended May 25, 2013 | | | | | | | 20,504 | 20,504 |
| Balances as of May 25, 2013 | <u>56,082</u> | <u>\$ 561</u> | <u>\$ 347,790</u> | <u>16,377</u> | <u>\$(282,615)</u> | <u>\$ (3,958)</u> | <u>\$ 290,549</u> | <u>\$ 352,327</u> |

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

RESOURCES CONNECTION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Years Ended | | |
|--|------------------------|-------------------|-------------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| | (Amounts in thousands) | | |
| Cash flows from operating activities: | | | |
| Net income | \$ 20,504 | \$ 41,142 | \$ 24,855 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 6,274 | 9,095 | 12,253 |
| Stock-based compensation expense related to employee stock options, restricted stock grants and employee stock purchases | 7,188 | 7,742 | 9,778 |
| Contingent consideration adjustment | — | (33,440) | (25,852) |
| Excess tax benefits from stock-based compensation | (18) | (238) | (491) |
| Loss on disposal of assets | 116 | 478 | 50 |
| Deferred income tax benefit | 982 | 13,191 | 10,663 |
| Changes in operating assets and liabilities: | | | |
| Trade accounts receivable | 37 | 525 | (9,919) |
| Prepaid expenses and other current assets | 548 | (867) | (777) |
| Income taxes | (600) | 1,844 | 465 |
| Other assets | (64) | 173 | 436 |
| Accounts payable and accrued expenses | (973) | (2,140) | 1,726 |
| Accrued salaries and related obligations | 429 | (1,566) | 1,832 |
| Other liabilities | 536 | 431 | 1,045 |
| Net cash provided by operating activities | <u>34,959</u> | <u>36,370</u> | <u>26,064</u> |
| Cash flows from investing activities: | | | |
| Redemption of short-term investments | 61,000 | 36,500 | 31,987 |
| Purchase of short-term investments | (63,005) | (54,242) | (26,990) |
| Business acquisitions, net of cash acquired | — | — | (269) |
| Purchase of property and equipment | (3,147) | (2,786) | (3,852) |
| Net cash (used in) provided by investing activities | <u>(5,152)</u> | <u>(20,528)</u> | <u>876</u> |
| Cash flows from financing activities: | | | |
| Proceeds from exercise of stock options | 1,667 | 193 | 4,546 |
| Proceeds from issuance of common stock under Employee Stock Purchase Plan | 3,912 | 4,151 | 4,152 |
| Purchase of common stock | (34,192) | (45,385) | (24,397) |
| Cash dividends paid | (9,497) | (8,306) | (5,538) |
| Excess tax benefits from stock-based compensation | 18 | 238 | 491 |
| Net cash used in financing activities | <u>(38,092)</u> | <u>(49,109)</u> | <u>(20,746)</u> |
| Effect of exchange rate changes on cash | (2,823) | (1,233) | 2,771 |
| Net (decrease) increase in cash | (11,108) | (34,500) | 8,965 |
| Cash and cash equivalents at beginning of period | 105,124 | 139,624 | 130,659 |
| Cash and cash equivalents at end of period | <u>\$ 94,016</u> | <u>\$ 105,124</u> | <u>\$ 139,624</u> |

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

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the Company and its Business

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

The Company’s fiscal year consists of 52 or 53 weeks, ending on the Saturday in May closest to May 31. The fiscal years ended May 25, 2013, May 26, 2012 and May 28, 2011 consisted of 52 weeks. The fiscal year ending May 31, 2014 will consist of 53 weeks.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

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

Revenue Recognition

Revenues are recognized and billed when the Company’s professionals deliver services. Conversion fees are recognized when one of the Company’s professionals accepts an offer of permanent employment from a client. Conversion fees were 0.5% of revenue for each of the years ended May 25, 2013, May 26, 2012 and May 28, 2011. All costs of compensating the Company’s professionals are the responsibility of the Company and are included in direct cost of services.

Contingent Consideration

The Company estimates and records the acquisition date estimated fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration and any change in fair value is recognized in the Consolidated Statement of Operations. The estimate of the fair value of contingent consideration requires very subjective assumptions to be made of future operating results, discount rates and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and related tax balances and, therefore, materially affect the Company’s future financial results and financial condition.

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

Client Reimbursements of “Out-of-Pocket” Expenses

The Company recognizes all reimbursements received from clients for “out-of-pocket” expenses as revenue and all such expenses as direct cost of services. Reimbursements received from clients were \$10.1 million, \$12.7 million and \$12.6 million for the years ended May 25, 2013, May 26, 2012 and May 28, 2011, respectively.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Foreign Currency Translation

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

Per Share Information

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

The following table summarizes the calculation of net income per share for the years ended May 25, 2013, May 26, 2012 and May 28, 2011 (in thousands, except per share amounts):

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|---------------|---------------|---------------|
| Net income | \$20,504 | \$41,142 | \$24,855 |
| Basic: | | | |
| Weighted average shares | 41,108 | 43,541 | 46,124 |
| Diluted: | | | |
| Weighted average shares | 41,108 | 43,541 | 46,124 |
| Potentially dilutive shares | 43 | 58 | 365 |
| Total dilutive shares | <u>41,151</u> | <u>43,599</u> | <u>46,489</u> |
| Net income per common share: | | | |
| Basic | \$ 0.50 | \$ 0.94 | \$ 0.54 |
| Dilutive | \$ 0.50 | \$ 0.94 | \$ 0.53 |
| Anti-dilutive shares not included above | 8,084 | 8,138 | 6,385 |

Cash and Cash Equivalents

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

Short-Term Investments

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

As of May 25, 2013 and May 26, 2012, \$25.0 million and \$23.0 million, respectively, of the Company's investments in debt securities had original contractual maturities of between three months and one year. The Company had no investments with a maturity in excess of one year in either fiscal year 2013 or 2012. Commercial paper investments are measured using quoted prices in active markets for identical assets (Level 1). There were no unrealized holding gains or losses as of May 25, 2013 and May 26, 2012. Short-term investments consist of the following (in thousands):

| | <u>As of May 25, 2013</u> | | <u>As of May 26, 2012</u> | |
|------------------|---------------------------|-------------------|---------------------------|-------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Commercial paper | \$24,996 | \$ 24,996 | \$22,991 | \$ 22,991 |

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Allowance for Doubtful Accounts

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

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

| Years Ended: | Beginning Balance | Charged to Operations | Currency Rate Changes | Write-offs | Ending Balance |
|--------------|-------------------|-----------------------|-----------------------|------------|----------------|
| May 28, 2011 | \$ 5,193 | \$ — | \$ 114 | \$ (447) | \$4,860 |
| May 26, 2012 | \$ 4,860 | \$ — | \$ (14) | \$ (854) | \$3,992 |
| May 25, 2013 | \$ 3,992 | \$ — | \$ (7) | \$ (557) | \$3,428 |

Property and Equipment

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

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

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

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

Intangible Assets and Goodwill

Goodwill and other intangible assets with indefinite lives are not subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired. The Company performed its annual goodwill impairment analysis as of May 25, 2013 and will continue to test for impairment at least annually. The Company performs its impairment analysis by comparing its market capitalization to its book value throughout the fiscal year. For application of this methodology the Company determined that it operates as a single reporting unit resulting from the combination of its practice offices. No impairment was indicated as of May 25, 2013. Other intangible assets with finite lives are subject to amortization and impairment reviews. No impairment was indicated as of May 25, 2013.

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

Stock-Based Compensation

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

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

See Note 14 — *Stock Based Compensation Plans* for further information on stock-based compensation expense and the resulting impact on the provision for income taxes.

Income Taxes

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

Recent Accounting Pronouncements

Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries. In March 2013, the Financial Accounting Standards Board ("FASB") issued new guidance on a parent's accounting for the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This guidance requires that the parent release any related cumulative translation adjustment into net income only if the sale or transfer result in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not expect that adoption of this guidance will have a material impact on the Company's consolidated financial statements.

Comprehensive Income. In February 2013, the FASB issued new guidance on the presentation of comprehensive income which requires a company to present, either on the face of the statement where net income is presented or in the notes, the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income—but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2012. The amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements. The information required under this guidance is already required to be disclosed elsewhere in the financial statements under U.S. GAAP and therefore the Company does not expect adoption of this guidance will have a material impact on the Company's consolidated financial statements. This guidance is in addition to the guidance promulgated in June 2011 which requires a company to present components of net income and other comprehensive income in one continuous statement or in two separate, but consecutive statements. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The adoption of this guidance resulted in the addition of the new Consolidated Statements of Comprehensive Income to our financial statements.

Testing Indefinite-Lived Intangible Assets for Impairment. In July 2012, the FASB issued new guidance for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The guidance allows an organization the option of first assessing qualitative factors to determine if a quantitative impairment test of the indefinite-lived intangible asset is necessary. If the qualitative assessment reveals that it is more likely than not that the asset is impaired, a calculation of the asset's fair value is required. The Company does not expect that adoption of this guidance will have a material impact on the Company's consolidated financial statements.

Testing Goodwill for Impairment. In September 2011, the FASB issued revised authoritative guidance for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The guidance allows an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment for a reporting unit. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative two-step impairment test is unnecessary. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair Value Measurements and Disclosures. In May 2011, the FASB issued guidance to amend certain measurement and disclosure requirements related to fair value measurements to improve consistency with international reporting standards. This guidance is effective prospectively for public entities for interim and annual reporting periods beginning after December 15, 2011. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

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

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Contingent Consideration

Contingent consideration related to Sitrick Brincko Group

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

Contingent consideration may be payable to the Sellers in a lump sum following the fourth anniversary of the acquisition only if the average (calculated from each of the four one-year periods following the acquisition date) earnings before interest, taxes, depreciation and amortization ("EBITDA") exceed \$11.3 million. At the end of the four-year earn-out period, the Company will determine if the average annual EBITDA exceeded \$11.3 million; if so, the contingent consideration payable is determined by multiplying the average annual EBITDA by 3.15 (representing the agreed upon multiple to be paid by the Company as specified in the Acquisition Agreements). If Sitrick Brincko Group's annual average EBITDA during the four-year earn-out period exceeds \$11.3 million, the Company may, in its sole discretion, pay up to 50% of any earn-out payment in restricted stock of the Company.

Under current accounting rules for business combinations, obligations that are contingently payable based upon the occurrence of one or more future events are to be estimated and recorded as a discounted liability on the Company's balance sheet even though the consideration is based on future events. On November 28, 2009, the Company estimated the fair value of the obligation to pay contingent consideration based on a number of different projections of the average EBITDA during the four-year earn-out measurement period and then assigned a probability weight to each scenario. In accordance with the Acquisition Agreements, the resultant probability-weighted average EBITDA amounts were then multiplied by 3.15. Because the contingent consideration is not subject to a ceiling and future EBITDA of Sitrick Brincko Group is theoretically unlimited, the range of the undiscounted amounts the Company could be obligated to pay as contingent consideration under the earn-out arrangement is between \$0 and an unlimited amount.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Each reporting period, the Company estimates changes in the fair value of contingent consideration and any change in fair value will be recognized as a non-cash adjustment (with related income tax adjustment) in the Company's Consolidated Statements of Operations. The Sitrick Brincko Group potential earn-out liability was based upon an assessment of actual EBITDA of the Sitrick Brincko Group through the evaluation date and an updated assessment of various probability weighted projected EBITDA scenarios over the remaining earn-out period. The total adjustment potentially recorded each quarter was a combination of the assessment of actual and projected EBITDA scenarios as well as changes in the discount rate and time value of money each reporting period. An increase in the earn-out expected to be paid would result in a charge to operations in the quarter that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected to be paid would result in a credit to operations in the quarter that the anticipated fair value of contingent consideration decreases.

As of May 25, 2013, the Company believes that it is more likely than not that there will not be a contingent consideration payment due in November 2013. The Company initially came to this conclusion in the quarter ended November, 26, 2011. This conclusion was based upon actual results of the first two years of the evaluation period and the Company's updated probability weighted assessment of various projected EBITDA scenarios for the two years remaining in the earn-out period. Accordingly, the Company reduced the estimated fair value of the liability from \$33.4 million to zero during the quarter ended November 26, 2011, representing a favorable non-cash adjustment reflected in the Company's Consolidated Statement of Operations. On an after-tax basis, the fair value adjustment increased net income for the year ended May 26, 2012 by \$20.4 million or \$0.47 per share (including the impact of the employee portion of contingent consideration discussed below). For the year ended May 28, 2011, after assessing actual results and an updated evaluation of various projected EBITDA scenarios for the two and a half years remaining in the earn-out period at that time, the Company recognized an adjustment of \$25.9 million, reducing the estimated contingent consideration payable and resulting in a favorable non-cash adjustment reflected in the Company's Consolidated Statement of Operations. On an after-tax basis, the fair value adjustment increased net income by \$15.6 million or \$0.34 per share for the year ended May 28, 2011.

In the event that the contingent consideration is not paid at the conclusion of the earn-out period, Mr. Brincko will be entitled to receive a cash payment of \$2,250,000, subject to his employment in good standing with the Company as defined. As a result of the Company's determination that it is more likely than not that the contingent consideration will not be earned, this amount will be recognized as a selling, general and administrative expense over the remaining service period from the time it was estimated that no contingent consideration will be due.

In addition, under the terms of the acquisition agreements, up to 20% of the contingent consideration was payable to the employees of Sitrick Brincko Group at the end of the measurement period to the extent certain EBITDA growth targets were met. The Company records the estimated amount of the contractual obligation to pay the employee portion of contingent consideration as compensation expense over the service period as it is deemed probable that the growth targets will be achieved. As a result of the Company's determination that it is more likely than not that the contingent consideration will not be earned as of November 2013, the Company reversed its previously recorded estimate of \$500,000 (and related tax effect of approximately \$200,000) for the employee portion of contingent consideration during the year ended May 26, 2012.

4. Property and Equipment

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

| | As of May 25, 2013 | As of May 26, 2012 |
|--|-----------------------|-----------------------|
| Building and land | \$ 12,935 | \$ 12,935 |
| Computers, equipment and software | 18,262 | 18,336 |
| Leasehold improvements | 20,943 | 20,306 |
| Furniture | 10,141 | 10,054 |
| | <u>62,281</u> | <u>61,631</u> |
| Less accumulated depreciation and amortization | <u>(41,194)</u> | <u>(38,980)</u> |
| | <u>\$ 21,087</u> | <u>\$ 22,651</u> |

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. Intangible Assets and Goodwill

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

| | As of May 25, 2013 | | | As of May 26, 2012 | | |
|--|--------------------|--------------------------|----------------|--------------------|--------------------------|----------------|
| | Gross | Accumulated Amortization | Net | Gross | Accumulated Amortization | Net |
| Customer relationships (2-7 years) | \$17,978 | \$ (16,710) | \$1,268 | \$17,786 | \$ (15,769) | \$2,017 |
| Consultant and customer database (1-5 years) | 2,330 | (2,330) | — | 2,313 | (2,269) | 44 |
| Non-compete agreements (1-5 years) | 3,226 | (2,331) | 895 | 3,216 | (1,721) | 1,495 |
| Trade name and trademark (5 years) | 1,341 | (845) | 496 | 1,281 | (605) | 676 |
| Total | <u>\$24,875</u> | <u>\$ (22,216)</u> | <u>\$2,659</u> | <u>\$24,596</u> | <u>\$ (20,364)</u> | <u>\$4,232</u> |

The following table summarizes amortization expense for the years ended May 25, 2013, May 26, 2012 and May 28, 2011 and the expected amount of intangible asset amortization expense (based on existing intangible assets) for the years ending May 31, 2014, May 30, 2015, May 28, 2016, May 27, 2017 and May 26, 2018 (in thousands):

| | For the Years Ended | | |
|----------------------|---------------------|---------|---------|
| | 2013 | 2012 | 2011 |
| Amortization expense | \$1,694 | \$3,364 | \$5,030 |

| | Fiscal Years Ending | | | | |
|-------------------------------|---------------------|-------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expected amortization expense | \$1,652 | \$889 | \$12 | \$12 | \$12 |

These estimates do not incorporate the impact that currency fluctuations may cause when translating the financial results of the Company's international operations that have amortizable intangible assets into U.S. dollars. The fluctuation in the gross balance of intangible assets primarily reflects the impact of currency fluctuations between fiscal 2013 and 2012 in translating the intangible balances recorded on the Company's international operations financial statements.

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

| | For the Years Ended | |
|--|---------------------|------------------|
| | May 25, 2013 | May 26, 2012 |
| Goodwill, beginning of year | \$173,576 | \$176,475 |
| Impact of foreign currency exchange rate changes | 699 | (2,899) |
| Goodwill, end of period | <u>\$174,275</u> | <u>\$173,576</u> |

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Income Taxes

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

| | For the Years Ended | | |
|----------|---------------------|-----------------|-----------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| Current | | | |
| Federal | \$14,872 | \$13,877 | \$13,265 |
| State | 2,969 | 3,408 | 3,296 |
| Foreign | 1,484 | 1,702 | (114) |
| | <u>19,325</u> | <u>18,987</u> | <u>16,447</u> |
| Deferred | | | |
| Federal | 167 | 11,056 | 8,454 |
| State | 29 | 2,594 | 1,688 |
| Foreign | (148) | (435) | 481 |
| | <u>48</u> | <u>13,215</u> | <u>10,623</u> |
| | <u>\$19,373</u> | <u>\$32,202</u> | <u>\$27,070</u> |

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

| | For the Years Ended | | |
|----------|---------------------|-----------------|-----------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| Domestic | \$43,828 | \$76,115 | \$62,511 |
| Foreign | (3,951) | (2,771) | (10,586) |
| | <u>\$39,877</u> | <u>\$73,344</u> | <u>\$51,925</u> |

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

| | For the Years Ended | | |
|--|---------------------|-----------------|-----------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| Statutory tax rate | 35.0% | 35.0% | 35.0% |
| State taxes, net of federal benefit | 4.8 | 5.3 | 6.2 |
| Non-U.S. rate adjustments | 1.6 | 1.0 | 2.5 |
| Stock options | 1.2 | 0.8 | 1.4 |
| Valuation allowance | 4.1 | 1.9 | 7.1 |
| Repatriation of foreign earnings | 18.8 | — | — |
| Foreign tax credits, net of valuation allowance | (19.4) | — | — |
| Permanent items, primarily meals and entertainment | 1.5 | 0.8 | 1.4 |
| Other, net | 1.0 | (0.9) | (1.5) |
| Effective tax rate | <u>48.6%</u> | <u>43.9%</u> | <u>52.1%</u> |

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

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

| | May 25, 2013 | May 26, 2012 |
|--|-----------------|-----------------|
| Deferred tax assets: | | |
| Allowance for doubtful accounts | \$ 1,672 | \$ 2,013 |
| Accrued compensation | 3,386 | 3,668 |
| Accrued expenses | 3,572 | 2,928 |
| Stock options and restricted stock | 15,043 | 14,935 |
| Foreign tax credit | 291 | — |
| Net operating losses | 14,276 | 13,361 |
| Property and equipment | 2,780 | 2,395 |
| State taxes | 226 | — |
| Gross deferred tax asset | 41,246 | 39,300 |
| Valuation allowance | (14,779) | (12,648) |
| Gross deferred tax asset, net of valuation allowance | 26,467 | 26,652 |
| Deferred tax liabilities: | | |
| Goodwill and intangibles | (18,327) | (17,161) |
| State taxes | — | (315) |
| Total deferred tax liabilities | (18,327) | (17,476) |
| Net deferred tax asset | <u>\$ 8,140</u> | <u>\$ 9,176</u> |

The Company had an income tax receivable of \$1.2 million as of May 25, 2013 and May 26, 2012.

The tax benefit associated with the exercise of nonqualified stock options and the disqualifying dispositions by employees of incentive stock options and shares issued under the Company's ESPP reduced income taxes payable by \$540,000 and \$300,000 for the years ended May 25, 2013 and May 26, 2012, respectively.

The Company has foreign net operating loss carryforwards of \$55.5 million and foreign tax credit carryforwards of \$300,000. The foreign tax credits will expire in fiscal 2023. The following table summarizes the net operating loss expiration periods.

| <u>Expiration Periods</u> | <u>Amount of Net Operating Losses (in thousands)</u> |
|---------------------------|--|
| Years Ending: | |
| 2016 | \$ 1,200 |
| 2017 | 300 |
| 2018 | 750 |
| 2019-2023 | 10,250 |
| Unlimited | 43,000 |
| | <u>\$ 55,500</u> |

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

| | <u>Beginning Balance</u> | <u>Charged to Operations</u> | <u>Currency Rate Changes</u> | <u>Ending Balance</u> |
|--------------|------------------------------|----------------------------------|--------------------------------------|---------------------------|
| Years Ended: | | | | |
| May 28, 2011 | \$ 7,523 | \$ 3,713 | \$ 1,264 | \$12,500 |
| May 26, 2012 | \$12,500 | \$ 1,549 | \$(1,401) | \$12,648 |
| May 25, 2013 | \$12,648 | \$ 2,036 | \$ 95 | \$14,779 |

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Realization of the deferred tax assets is dependent upon generating sufficient future taxable income. Management believes that it is more likely than not that all other remaining deferred tax assets will be realized through future taxable earnings or alternative tax strategies.

Deferred income taxes have not been provided on the undistributed earnings of approximately \$12.3 million from the Company's foreign subsidiaries as of May 25, 2013 since these amounts are intended to be indefinitely reinvested in foreign operations. If the foreign subsidiaries earnings were to be distributed, management estimates that the income tax impact would be immaterial as the federal taxes would be offset with foreign tax credits.

Management determined during the fiscal year ended May 25, 2013 that it was a prudent time to make an exception to the indefinite reinvestment position and approved the payment of a one-time dividend from RGP Japan of \$9.7 million and RGP Hong Kong of \$3.9 million. The one-time exception is based upon opportunistic timing for a dividend distribution because of the favorable exchange rates between the U.S. and Japan for a tax beneficial result from both RGP Japan and RGP Hong Kong. After the one-time dividend, management's intent and ability for indefinite reinvestment will continue for all entities, including RGP Japan and RGP Hong Kong.

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

| | For the Years Ended | |
|---|---------------------|-----------------|
| | May 25, 2013 | May 26, 2012 |
| Unrecognized tax benefits, beginning of year | \$ 744 | \$ 1,050 |
| Gross increases-tax positions in prior period | 10 | 36 |
| Gross decreases-tax positions in prior period | — | (94) |
| Gross increases-current period tax positions | — | — |
| Settlements | — | (36) |
| Lapse of statute of limitations | (32) | (212) |
| Unrecognized tax benefits, end of year | <u>\$ 722</u> | <u>\$ 744</u> |

As of May 25, 2013 and May 26, 2012, the Company's total liability for unrecognized gross tax benefits was \$722,000 and \$744,000, respectively, which, if ultimately recognized would impact the effective tax rate in future periods. As of May 25, 2013 and May 26, 2012, the unrecognized tax benefit includes \$402,000 and \$713,000, respectively, which are long-term liabilities and \$320,000 and \$31,000, respectively, which are short-term liabilities due to closing statute of limitations.

The Company's major income tax jurisdiction is the U.S., with federal income taxes, subject to examination for fiscal 2010 and thereafter. For states within the U.S. in which the Company does significant business, the Company remains subject to examination for fiscal 2009 and thereafter. Major foreign jurisdictions in Europe remain open for fiscal years ended 2008 and thereafter.

The Company continues to recognize interest expense and penalties related to income tax as a part of its provision for income taxes. While the amount accrued during the fiscal year is immaterial, as of May 25, 2013, the Company has provided \$203,000 of accrued interest and penalties as a component of the liability for unrecognized tax benefits.

7. Accrued Salaries and Related Obligations

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

| | May 25, 2013 | May 26, 2012 |
|--|-----------------|-----------------|
| Accrued salaries and related obligations | \$13,018 | \$11,464 |
| Accrued bonuses | 12,451 | 13,486 |
| Accrued vacation | 13,811 | 13,962 |
| | <u>\$39,280</u> | <u>\$38,912</u> |

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

8. Revolving Credit Agreement

The Company has a \$3.0 million unsecured revolving credit facility with Bank of America (the “Credit Agreement”). The Credit Agreement allows the Company to choose the interest rate applicable to advances. The interest rate options are Bank of America’s prime rate and a London Inter-Bank Offered Rate (“LIBOR”) plus 2.25%. Interest, if any, is payable monthly. The Credit Agreement expires November 30, 2013. As of May 25, 2013, the Company had approximately \$1.3 million available under the terms of the Credit Agreement as Bank of America has issued approximately \$1.7 million of outstanding letters of credit in favor of third parties related to operating leases. As of May 25, 2013, the Company was in compliance with all covenants included in the Credit Agreement.

9. Concentrations of Credit Risk

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

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of trade receivables. However, concentrations of credit risk are limited due to the large number of customers comprising the Company’s customer base and their dispersion across different business and geographic areas. The Company monitors its exposure to credit losses and maintains an allowance for anticipated losses. A significant change in the liquidity or financial position of one or more of the Company’s customers could result in an increase in the allowance for anticipated losses. To reduce credit risk, the Company performs credit checks on certain customers. No single customer accounted for more than 4%, 3% and 4% of revenue for the years ended May 25, 2013, May 26, 2012 and May 28, 2011, respectively.

10. Stockholders’ Equity

The Company’s board of directors has periodically approved a stock repurchase program authorizing the repurchase, at the discretion of the Company’s senior executives, of the Company’s common stock for a designated aggregate dollar limit. The current program was authorized in April 2011 (the “April 2011 program”) and set an aggregate dollar limit not to exceed \$150 million. During the years ended May 25, 2013 and May 26, 2012, the Company purchased approximately 2.9 million and 3.9 million shares of its common stock at an average price of \$11.75 and \$11.61 per share, respectively, on the open market for approximately \$34.2 million and \$45.4 million, respectively. As of May 25, 2013, approximately \$72.6 million remains available for future repurchases of our common stock under the April 2011 program.

The Company has 70,000,000 authorized shares of common stock with a \$0.01 par value. At May 25, 2013 and May 26, 2012, there were 39,705,000 and 41,973,000 shares of common stock outstanding, respectively, all of which are voting.

The Company has authorized for issuance 5,000,000 shares of preferred stock with a \$0.01 par value. The board of directors has the authority to issue preferred stock in one or more series and to determine the related rights and preferences. No shares of preferred stock were outstanding as of May 25, 2013 and May 26, 2012.

11. Benefit Plan

The Company has a defined contribution 401(k) plan (“the plan”) which covers all employees in the U.S. who have completed 90 days of service and are age 21 or older. Participants may contribute up to 50% of their annual salary up to the maximum amount allowed by statute. As defined in the plan agreement, the Company may make matching contributions in such amount, if any, up to a maximum of 6% of individual employees’ annual compensation. The Company, in its sole discretion, determines the matching contribution made from quarter to quarter. To receive matching contributions, the employee must be employed on the last business day of the fiscal quarter. For the years ended May 25, 2013, May 26, 2012 and May 28, 2011, the Company contributed approximately \$4.2 million, \$4.4 million and \$4.4 million, respectively, to the plan as Company matching contributions.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Supplemental Disclosure of Cash Flow Information

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

| | For the Years Ended | | |
|--|---------------------|-----------------|-----------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| Income taxes paid | \$19,785 | \$17,505 | \$15,023 |
| Non-cash investing and financing activities: | | | |
| Issuance of common stock for acquisition of Kompetensslussen (2011 earn-out) | \$ — | \$ — | \$ 269 |
| Dividends declared, not paid | \$ 2,391 | \$ 2,097 | \$ 1,816 |

13. Commitments and Contingencies***Lease Commitments and Purchase Obligations***

At May 25, 2013, the Company had operating leases, primarily for office premises, and purchase obligations, primarily for fixed assets, expiring at various dates through March, 2019. At May 25, 2013, the Company had no capital leases. Future minimum rental commitments under operating leases and other known purchase obligations are as follows (in thousands):

| Years Ending: | Operating Leases | Purchase Obligations |
|---------------|---------------------|-------------------------|
| May 31, 2014 | \$ 10,719 | \$ 867 |
| May 30, 2015 | 9,770 | 565 |
| May 28, 2016 | 9,029 | 214 |
| May 27, 2017 | 6,974 | 126 |
| May 26, 2018 | 4,654 | 14 |
| Thereafter | 10,013 | — |
| Total | <u>\$ 51,159</u> | <u>\$ 1,786</u> |

Rent expense for the years ended May 25, 2013, May 26, 2012 and May 28, 2011 totaled \$14.9 million, \$15.1 million and \$16.2 million, respectively. Rent expense is recognized on a straight-line basis over the term of the lease, including during any rent holiday periods.

The Company leases approximately 20,800 square feet of the approximately 56,200 square foot corporate headquarters building located in Irvine, California to independent third parties and has operating lease agreements for sub-let space with independent third parties expiring through 2018. Under the terms of these operating lease agreements, rental income from such third party leases is expected to be \$428,000, \$219,000, \$99,000, \$88,000 and \$38,000 in fiscal 2014 through 2018.

Employment Agreements

The Company entered into an employment agreement in April 2013 with its president and chief executive officer, Anthony Cherbak. This agreement is for three years and commenced on May 28, 2013. The agreement automatically renews for additional one-year periods commencing May 28, 2015 unless the Company or Mr. Cherbak provides the other party written notice within 60 days of the then-current expiration date that the agreement will not be extended. The employment agreement provides Mr. Cherbak with a specified severance amount depending on whether his separation from the Company is with or without good cause as defined in the agreement. The Company also has employment agreements with certain key members of management, including with its current executive chairman and former chief executive officer, Donald Murray, the respective terms of which extend through July 31, 2014 but automatically renew for additional one year periods unless the Company or the named executive provides the other party written notice within 60 days of the then-current expiration date that the agreement will not be extended. These agreements provide those employees with a specified severance amount depending on whether the employee is terminated with or without good cause as defined in the applicable agreement.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Legal Proceedings

The Company is involved in certain legal matters in the ordinary course of business. In the opinion of management, all such matters, if disposed of unfavorably, would not have a material adverse effect on the Company's financial position, cash flows or results of operations.

14. Stock Based Compensation Plans

2004 Performance Incentive Plan

On October 15, 2004, the Company's stockholders approved the Resources Connection, Inc. 2004 Performance Incentive Plan (the "Plan"). This Plan replaced the Company's 1999 Long Term Incentive Plan (the "Prior Plan"). Under the terms of the Plan, the Company's board of directors or one or more committees appointed by the board of directors will administer the Plan. The board of directors has delegated general administrative authority for the Plan to the Compensation Committee of the board of directors.

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

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

The maximum number of shares of the Company's common stock that may be issued or transferred pursuant to awards under the Plan equals the sum of: (1) 7,500,000 shares (after giving effect to the Company's two-for-one stock split in March 2005 and the amendments to the Plan approved by stockholders at the Company's 2008 and 2006 annual meetings of stockholders), plus (2) the number of shares available for award grant purposes under the Prior Plan as of October 15, 2004, plus (3) the number of any shares subject to stock options granted under the Prior Plan and outstanding as of October 15, 2004 which expire, or for any reason are cancelled or terminated, after that date without being exercised. As of May 25, 2013, 1,653,000 shares were available for award grant purposes under the Plan, subject to future increases as described in (3) above and subject to increase as then-outstanding awards expire or terminate without having become vested or exercised, as applicable.

The types of awards that may be granted under the Plan include stock options, restricted stock, stock bonuses, performance stock, stock units, phantom stock and other forms of awards granted or denominated in the Company's common stock or units of the Company's common stock, as well as certain cash bonus awards. Under the terms of the Plan, the option price for the incentive stock options ("ISOs") and nonqualified stock options ("NQSO") may not be less than the fair market value of the shares of the Company's stock on the date of the grant. For ISOs, the exercise price per share may not be less than 110% of the fair market value of a share of common stock on the grant date for any individual possessing more than 10% of the total outstanding stock of the Company. Stock options granted under the Plan and the Prior Plan generally become exercisable over periods of one to four years and expire not more than ten years from the date of grant. The Company predominantly grants NQSOs to employees in the U.S. The Company granted 34,622 and 43,351 shares of restricted stock during the fiscal years ended May 25, 2013 and May 26, 2012, respectively.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

| | Share-Based Awards Available for for Grant | Number of Shares Under Option | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (in years) | Aggregate Intrinsic Value |
|---|---|--|--|--|---------------------------------|
| Options outstanding at May 29, 2010 | 1,951 | 8,486 | \$ 20.51 | | |
| Granted, at fair market value | (1,164) | 1,164 | 18.64 | | |
| Restricted Stock (1) | (64) | — | — | | |
| Exercised | — | (357) | 12.37 | | |
| Forfeited (2) | 685 | (684) | 22.30 | | |
| Options outstanding at May 28, 2011 | 1,408 | 8,609 | 20.45 | | |
| Granted, at fair market value | (1,153) | 1,153 | 12.38 | | |
| Restricted Stock (1) | (108) | — | — | | |
| Exercised | — | (20) | 9.73 | | |
| Forfeited (2) | 1,146 | (1,145) | 19.48 | | |
| Options outstanding at May 26, 2012 | 1,293 | 8,597 | 19.53 | | |
| Granted, at fair market value | (168) | 168 | 12.53 | | |
| Restricted Stock (1) | (87) | — | — | | |
| Exercised | — | (195) | 8.54 | | |
| Forfeited (2) | 615 | (600) | 20.19 | | |
| Options outstanding at May 25, 2013 | <u>1,653</u> | <u>7,970</u> | \$ 19.60 | <u>4.91</u> | <u>\$ 72</u> |
| Exercisable at May 25, 2013 | | <u>6,397</u> | \$ 20.71 | <u>4.07</u> | <u>\$ 15</u> |
| Vested and expected to vest at May 25, 2013 (3) | | <u>7,822</u> | \$ 19.71 | <u>4.83</u> | <u>\$ 68</u> |

- (1) Amounts represent restricted shares granted. Share-based awards available for grant are reduced by 2.5 shares for each share awarded as stock grants from the 2004 Plan.
- (2) Amounts represent both stock options and restricted share awards forfeited.
- (3) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding options.

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of \$10.98 as of May 24, 2013 (the last actual trading day of fiscal 2013), which would have been received by the option holders had all option holders exercised their options as of that date.

The total pre-tax intrinsic value related to stock options exercised during the years ended May 25, 2013 and May 26, 2012 was \$697,000 and \$55,000, respectively. The total estimated fair value of stock options that vested during the years ended May 25, 2013 and May 26, 2012 was \$5.8 million and \$6.5 million, respectively.

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Valuation and Expense Information for Stock Based Compensation Plans

The following table summarizes the impact of the Company's stock-based compensation plans. Stock-based compensation expense is included in selling, general and administrative expenses and consists of stock-based compensation expense related to employee stock options, employee stock purchases made via the Company's ESPP and issuances of restricted stock (in thousands, except per share amounts):

| | For the Years Ended | | |
|----------------------------|---------------------|------------------|------------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| Income before income taxes | <u>\$(7,188)</u> | <u>\$(7,742)</u> | <u>\$(9,778)</u> |
| Net income | <u>\$(4,914)</u> | <u>\$(5,343)</u> | <u>\$(6,482)</u> |
| Net income per share: | | | |
| Basic | <u>\$ (0.12)</u> | <u>\$ (0.12)</u> | <u>\$ (0.14)</u> |
| Diluted | <u>\$ (0.12)</u> | <u>\$ (0.12)</u> | <u>\$ (0.14)</u> |

The weighted average estimated fair value per share of employee stock options granted during the years ended May 25, 2013, May 26, 2012 and May 28, 2011 was \$4.31, \$4.63 and \$7.43, respectively, using the Black-Scholes model with the following assumptions:

| | For the Years Ended | | |
|-------------------------|---------------------|---------------|---------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 |
| Expected volatility | 45.1%—46.9% | 43.3%—47.0% | 42.7%—45.0% |
| Risk-free interest rate | 0.7%—0.8% | 0.9%—1.9% | 1.3%—2.9% |
| Expected dividends | 1.9%—2.2% | 1.1%—1.9% | 0.8%—1.3% |
| Expected life | 5.2—7.5 years | 5.2—7.2 years | 5.1—7.0 years |

As of May 25, 2013, there was \$8.2 million of total unrecognized compensation cost related to non-vested employee stock options granted. That cost is expected to be recognized over a weighted-average period of 26 months. Stock-based compensation expense included in selling, general and administrative expenses for the years ended May 25, 2013, May 26, 2012 and May 28, 2011 was \$7.2 million, \$7.7 million and \$9.8 million, respectively; this consisted of stock-based compensation expense related to employee stock options, employee stock purchases made via the Company's ESPP and issuances of restricted stock. The Company granted 34,622, 43,351 and 25,789 shares of restricted stock for the years ended May 25, 2013, May 26, 2012 and May 28, 2011. Stock-based compensation expense for restricted shares for the years ended May 25, 2013, May 26, 2012 and May 28, 2011 was \$296,000, \$212,000 and \$123,000, with 19,349 restricted shares vesting in fiscal 2013. There were 73,708 and 58,923 unvested restricted shares as of May 25, 2013 and May 26, 2012, respectively. At May 25, 2013, there was approximately \$843,000 of total unrecognized compensation cost, which is expected to be recognized over a weighted-average period of 15 months.

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

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

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

RESOURCES CONNECTION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Employee Stock Purchase Plan

The Company's ESPP allows qualified employees (as defined in the ESPP) to purchase designated shares of the Company's common stock at a price equal to 85% of the lesser of the fair market value of common stock at the beginning or end of each semi-annual stock purchase period. A total of 4,400,000 shares of common stock may be issued under the ESPP. The Company issued 411,000, 430,000 and 365,000 shares of common stock pursuant to the ESPP for the years ended May 25, 2013, May 26, 2012 and May 28, 2011, respectively. There are 786,000 shares of common stock available for issuance under the ESPP as of May 25, 2013.

15. Segment Information and Enterprise Reporting

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

| | Revenue for the Years Ended | | | Long-Lived Assets (1) as of | |
|-----------------|-----------------------------|------------------|------------------|-----------------------------|-------------------|
| | May 25, 2013 | May 26, 2012 | May 28, 2011 | May 25, 2013 | May 26, 2012 |
| United States | \$424,862 | \$416,489 | \$400,825 | \$ 171,939 | \$ 174,014 |
| The Netherlands | 24,395 | 30,332 | 34,121 | 22,457 | 22,799 |
| Other | 107,077 | 124,942 | 110,600 | 3,625 | 3,646 |
| Total | <u>\$556,334</u> | <u>\$571,763</u> | <u>\$545,546</u> | <u>\$ 198,021</u> | <u>\$ 200,459</u> |

(1) Long-lived assets are comprised of goodwill, intangible assets and property and equipment.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by SEC Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of May 25, 2013. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of May 25, 2013.

Management’s Report on Internal Control Over Financial Reporting

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

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

Under the supervision and with the participation of management, including the Company’s Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included an assessment of the design of the Company’s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on this evaluation, management has concluded that the Company’s internal control over financial reporting was effective as of May 25, 2013.

The Company’s independent registered public accounting firm, McGladrey LLP, has audited the effectiveness of the Company’s internal control over financial reporting as of May 25, 2013, as stated in their report which is included in this Item under the heading “Report of Independent Registered Public Accounting Firm.”

Changes in Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting, during the fiscal quarter ended May 25, 2013, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

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

We have audited Resources Connection, Inc.'s and subsidiaries' internal control over financial reporting as of May 25, 2013, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Resources Connection, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Resources Connection, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of May 25, 2013, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows of Resources Connection, Inc. and subsidiaries as of and for the year ended May 25, 2013 and our report dated July 22, 2013 expressed an unqualified opinion.

/s/ McGladrey LLP
Irvine, California
July 22, 2013

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Executive Officers and Directors

Our board of directors has adopted a code of business conduct and ethics that applies to our directors and employees, including our chief executive officer, chief financial officer and principal accounting officer and persons performing similar functions, as required by applicable rules of the SEC and NASDAQ Stock Market. The full text of our code of business conduct and ethics can be found on the investor relations page of our website at www.rgp.com. We intend to disclose any amendment to, or a waiver from, a provision of our code of ethics that applies to our directors and executive officers, including our chief executive officer, chief financial officer and principal accounting officer, or persons performing similar functions, by posting such information on the investor relations page of our website at www.rgp.com to the extent required by applicable SEC and NASDAQ rules.

Reference is made to the information regarding directors appearing in Section II under the caption “PROPOSAL 1. ELECTION OF DIRECTORS,” and to the information under the captions “EXECUTIVE OFFICERS,” “SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE,” “BOARD OF DIRECTORS” and “BOARD OF DIRECTORS — AUDIT COMMITTEE,” in each case in the Company’s proxy statement related to its 2013 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information appearing under the captions “COMPENSATION DISCUSSION AND ANALYSIS,” “COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION,” “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION,” “EXECUTIVE COMPENSATION TABLES FOR FISCAL 2013,” “POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL” and “BOARD OF DIRECTORS — DIRECTOR COMPENSATION — FISCAL 2013,” in each case, in the Company’s proxy statement related to its 2013 Annual Meeting of Stockholders is incorporated herein by reference.

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

The information appearing under the caption “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT” in the proxy statement related to the Company’s 2013 Annual Meeting of Stockholders is incorporated herein by reference.

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

The following table sets forth, for the Company’s compensation plans under which equity securities of the Company are authorized for issuance, the number of shares of the Company’s common stock subject to outstanding options, warrants, and rights, the weighted-average exercise price of outstanding options, warrants, and rights, and the number of shares remaining available for future award grants as of May 25, 2013:

| | Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|--|--|---|---|
| Equity compensation plans approved by security holders | 7,970,464 | \$ 19.60 | 2,439,875(1) |
| Equity compensation plans not approved by security holders | — | — | — |
| Total | 7,970,464 | \$ 19.60 | 2,439,875 |

(1) Consists of 785,769 shares available for issuance under the Company’s ESPP and 1,654,106 shares available for issuance under the Company’s 2004 Performance Incentive Plan. Shares available under the 2004 Performance Incentive Plan generally may be used for any type of award authorized under that plan including stock options, restricted stock, stock bonuses, performance stock, stock units, phantom stock and other forms of awards granted or denominated in the Company’s common stock.

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

The information appearing under the captions “BOARD OF DIRECTORS — DIRECTOR INDEPENDENCE” and “BOARD OF DIRECTORS — POLICY REGARDING TREATMENT OF RELATED PARTY TRANSACTIONS” in the proxy statement related to the Company’s 2013 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information appearing under the caption “PROPOSAL 2. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2013 — FEES” in the proxy statement related to the Company’s 2013 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) 1. *Financial Statements.*

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

Report of Independent Registered Public Accounting Firm – McGladrey LLP

Report of Independent Registered Public Accounting Firm – PricewaterhouseCoopers LLP

Consolidated Balance Sheets as of May 25, 2013 and May 26, 2012

Consolidated Statements of Operations for each of the three years in the period ended May 25, 2013

Consolidated Statements of Comprehensive Income for each of the three years in the period ended May 25, 2013

Consolidated Statements of Stockholders’ Equity for each of the three years in the period ended May 25, 2013

Consolidated Statements of Cash Flows for each of the three years in the period ended May 25, 2013

Notes to Consolidated Financial Statements

2. *Financial Statement Schedules.*

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

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

3. *Exhibits.*

EXHIBITS TO FORM 10-K

| <u>Exhibit Number</u> | <u>Description of Document</u> |
|-----------------------|--|
| 2.1 | Membership Interest Purchase Agreement, dated as of October 29, 2009, by and among Resources Connection, Inc., Sitrick And Company, Michael S. Sitrick, Brincko Associates, Inc., and John P. Brincko (incorporated by reference to Exhibit 2.1 of Resources Connection Inc.'s Current Report on Form 8-K, filed on October 29, 2009). |
| 2.2 | Goodwill Purchase Agreement, dated as of October 29, 2009, by and between Resources Connection, Inc. and Michael S. Sitrick (incorporated by reference to Exhibit 2.2 of Resources Connection, Inc.'s Current Report on Form 8-K, filed on October 29, 2009). |
| 3.1 | Amended and Restated Certificate of Incorporation of Resources Connection, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 30, 2004). |
| 3.2 | Second Amended and Restated Bylaws, as amended (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filing of July 26, 2012). |
| 4.1 | Stockholders Agreement, dated December 11, 2000, between Resources Connection, Inc. and certain stockholders of Resources Connection, Inc. (incorporated by reference to Exhibit 4.2 to the Registrant's Amendment No. 7 to the Registrant's Registration Statement on Form S-1 filed on December 12, 2000 (File No. 333-45000)). |
| 4.2 | Specimen Stock Certificate (incorporated by reference to Exhibit 4.3 to the Registrant's Amendment No. 7 to the Registrant's Registration Statement on Form S-1 filed on December 12, 2000 (File No. 333-45000)). |
| 10.1+ | Resources Connection, Inc. 1998 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 filed on September 1, 2000 (File No. 333-45000)). |
| 10.2+ | Resources Connection, Inc. 1999 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 filed on September 1, 2000 (File No. 333-45000)). |
| 10.3+ | Resources Connection, Inc. Employee Stock Purchase Plan (incorporated by reference to Annex B to the Company's Proxy Statement filed with the SEC pursuant to Section 14(a) of the Exchange Act on September 11, 2008). |
| 10.4 | Lease, dated January 1, 2001, between One Town Center Associates and Resources Connection LLC (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 filed on July 17, 2001 (File No. 333-65272)). |
| 10.5+ | Amended and Restated Employment Agreement, dated June 1, 2008, between Resources Connection, Inc. and Donald B. Murray (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filing of June 3, 2008). |
| 10.6+ | Letter Agreement, dated April 23, 2013, between Donald B. Murray and Resources Connection, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filing of April 24, 2013). |
| 10.7+ | Resources Connection, Inc. 2004 Performance Incentive Plan (incorporated by reference to Annex A to the Company's Proxy Statement filed with the SEC pursuant to Section 14(a) of the Exchange Act on September 11, 2008). |
| 10.8+ | Resources Connection, Inc. 2004 Performance Incentive Plan Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005). |
| 10.9+ | Resources Connection, Inc. 2004 Performance Incentive Plan Nonqualified Stock Option Agreement (Netherlands) (incorporated by reference to Exhibit 10.23 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005). |
| 10.10+ | Resources Connection, Inc. 2004 Performance Incentive Plan Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005). |
| 10.11 | First Amendment to Lease, dated May 11, 2005, to Lease, dated January 1, 2001, between One Town Center Associates and RC Management Group, LLC (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended May 31, 2005). |
| 10.12 | Sublease Agreement, dated January 21, 2010, between O'Melveny & Myers LLP and Resources Connection Inc. DBA Resources Global Professionals (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended May 28, 2011). |

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| <u>Exhibit Number</u> | <u>Description of Document</u> |
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| 10.13 | Loan Agreement, dated November 30, 2009, by and among Resources Connection, Inc., Resources Connection LLC and Bank of America, N.A. (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended May 28, 2011). |
| 10.14 | Amendment No. 1 to Loan Agreement, dated November 17, 2010, by and among Resources Connection, Inc., Resources Connection LLC and Bank of America N.A. (incorporated by reference to Exhibit 10.20 to the Registrant's Quaterly Report on Form 10-Q for the quarter ended November 27, 2010). |
| 10.15* | Amendment No. 2 to Loan Agreement, dated November 17, 2011, between Bank of America N.A. and Resources Connection, Inc. and Resources Connection LLC. |
| 10.16* | Amendment No. 3 to Loan Agreement, dated November 13, 2012, between Bank of America N.A. and Resources Connection, Inc. and Resources Connection LLC. |
| 10.17+ | Sample Restricted Stock Award Agreement (incorporated by reference to Exhibit 99.3 to the Registrant's Form 8-K filing of July 15, 2005). |
| 10.18+ | Employment Agreement, dated July 17, 2008, between Resources Connection, Inc. and Kate W. Duchene (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filing of July 21, 2008). |
| 10.19+ | Employment Agreement, dated July 17, 2008, between Resources Connection, Inc. and Nathan W. Franke (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filing of July 21, 2008). |
| 10.20+ | Employment Agreement, dated April 23, 2013, between Resources Connection, Inc. and Anthony Cherbak (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K filing of April 24, 2013). |
| 10.21+ | Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.26 to the Registrant's Form 10-K for the year ended May 31, 2008). |
| 10.22+ | Resources Connection, Inc. Executive Incentive Plan FY 2011(incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended August 28, 2010). |
| 10.23+ | Resources Connection, Inc. Directors' Compensation Policy (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 26, 2011). |
| 21.1* | List of Subsidiaries. |
| 23.1* | Consent of Independent Registered Public Accounting Firm – McGladrey LLP. |
| 23.2* | Consent of Independent Registered Public Accounting Firm – PricewaterhouseCoopers LLP. |
| 31.1* | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Rule 1350 Certification of Chief Executive Officer. |
| 32.2* | Rule 1350 Certification of Chief Financial Officer. |
| 101.INS* | XBRL Instance. |
| 101.SCH* | XBRL Taxonomy Extension Schema. |
| 101.CAL* | XBRL Taxonomy Extension Calculation. |
| 101.DEF* | XBRL Taxonomy Extension Definition. |
| 101.LAB* | XBRL Taxonomy Extension Labels. |
| 101.PRE* | XBRL Taxonomy Extension Presentation. |

* Filed herewith.

+ Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

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

RESOURCES CONNECTION, I NC .

By: /s/ NATHAN W. FRANKE

Nathan W. Franke
Chief Financial Officer

Date: July 22, 2013

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

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|--|--|---------------|
| <u>/s/ ANTHONY CHERBAK</u> Anthony Cherbak | President, Chief Executive Officer and Director (<i>Principal Executive Officer</i>) | July 22, 2013 |
| <u>/s/ NATHAN W. FRANKE</u> Nathan W. Franke | Chief Financial Officer and Executive Vice President (<i>Principal Financial Officer and Principal Accounting Officer</i>) | July 22, 2013 |
| <u>/s/ SUSAN J. CRAWFORD</u> Susan J. Crawford | Director | July 22, 2013 |
| <u>/s/ NEIL DIMICK</u> Neil Dimick | Director | July 22, 2013 |
| <u>/s/ ROBERT KISTINGER</u> Robert Kistinger | Director | July 22, 2013 |
| <u>/s/ DONALD B. MURRAY</u> Donald B. Murray | Executive Chairman and Director | July 22, 2013 |
| <u>/s/ A. ROBERT PISANO</u> A. Robert Pisano | Director | July 22, 2013 |
| <u>/s/ ANNE SHIH</u> Anne Shih | Director | July 22, 2013 |
| <u>/s/ JOLENE SYKES SARKIS</u> Jolene Sykes Sarkis | Director | July 22, 2013 |
| <u>/s/ MICHAEL H. WARGOTZ</u> Michael H. Wargotz | Director | July 22, 2013 |

EXHIBIT INDEX

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| 10.7+ | Resources Connection, Inc. 2004 Performance Incentive Plan (incorporated by reference to Annex A to the Company's Proxy Statement filed with the SEC pursuant to Section 14(a) of the Exchange Act on September 11, 2008). |
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| 10.15* | Amendment No. 2 to Loan Agreement, dated November 17, 2011, between Bank of America N.A. and Resources Connection, Inc. and Resources Connection LLC. |
| 10.16* | Amendment No. 3 to Loan Agreement, dated November 13, 2012, between Bank of America N.A. and Resources Connection, Inc. and Resources Connection LLC. |
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| 10.18+ | Employment Agreement, dated July 17, 2008, between Resources Connection, Inc. and Kate W. Duchene (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filing of July 21, 2008). |
| 10.19+ | Employment Agreement, dated July 17, 2008, between Resources Connection, Inc. and Nathan W. Franke (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filing of July 21, 2008). |
| 10.20+ | Employment Agreement, dated April 23, 2013, between Resources Connection, Inc. and Anthony Cherbak (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K filing of April 24, 2013). |
| 10.21+ | Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.26 to the Registrant's Form 10-K for the year ended May 31, 2008). |
| 10.22+ | Resources Connection, Inc. Executive Incentive Plan FY 2011 (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended August 28, 2010). |
| 10.23+ | Resources Connection, Inc. Directors' Compensation Policy (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 26, 2011). |
| 21.1* | List of Subsidiaries. |
| 23.1* | Consent of Independent Registered Public Accounting Firm – McGladrey LLP. |
| 23.2* | Consent of Independent Registered Public Accounting Firm – PricewaterhouseCoopers LLP. |
| 31.1* | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Rule 1350 Certification of Chief Executive Officer. |
| 32.2* | Rule 1350 Certification of Chief Financial Officer. |
| 101.INS* | XBRL Instance. |
| 101.SCH* | XBRL Taxonomy Extension Schema. |
| 101.CAL* | XBRL Taxonomy Extension Calculation. |
| 101.DEF* | XBRL Taxonomy Extension Definition. |
| 101.LAB* | XBRL Taxonomy Extension Labels. |
| 101.PRE* | XBRL Taxonomy Extension Presentation. |

* Filed herewith.

+ Indicates a management contract or compensatory plan or arrangement.



AMENDMENT NO. 2 TO LOAN AGREEMENT

This Amendment No. 2 (the "Amendment") dated as of November 17, 2011, is between Bank of America, N.A. (the "Bank") and Resources Connection, Inc. and Resources Connection LLC (the "Borrower").

RECITALS

- A. The Bank and the Borrower entered into a certain Loan Agreement dated as of November 30, 2009 (together with any previous amendments, the "Agreement").
- B. The Bank and the Borrower desire to amend the Agreement.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

2. Amendments. The Agreement is hereby amended as follows:

2.1 Paragraph 1.2 is hereby amended to read in its entirety as follows:

1.2 Availability Period. The line of credit is available between the date of this Agreement and November 29, 2012, or such earlier date as the availability may terminate as provided in this Agreement (the Facility No. 1 Expiration Date").

2.2 In Paragraph 7.3 entitled "Unencumbered Liquid Assets", the amount "Thirty Million and 00/100 Dollars (\$30,000,000.00)" is changed to "Fifteen Million and 00/100 Dollars (\$15,000,000.00)".

2.4 The following Paragraph 7.13 (b) is hereby added:

(b) Liquidate or dissolve the Borrower's business.

2.5 The following Paragraph 7.13 (c) is hereby added:

(c) Voluntarily suspend its business.

3. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank (b) the representations and warranties in the Agreement are true as of the date of this Amendment as if made on the date of this Amendment, (c) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound, and (d) if the Borrower is a business entity or a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers.

4. Conditions. This Amendment will be effective when the Bank receives the following items, in form and content acceptable to the Bank:

Ref #: 1000722322 : - Resources Connection, Inc.
Amendment to Loan Agreement

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

5. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement, including but not limited to the Dispute Resolution Provision, shall remain in full force and effect.

6. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

7. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

This Amendment is executed as of the date stated at the beginning of this Amendment.

Bank of America, N.A.

By: _____
Authorized Signer

BORROWER(S):

Resources Connection, Inc.

By: /s/ Nathan W. Franke
Nathan W. Franke, Executive Vice President and Chief
Financial Officer

Resources Connection LLC

By: Resources Connection, Inc.

By: /s/ Nathan W. Franke
Nathan W. Franke, Executive Vice President and Chief
Financial Officer

Ref #: 1000722322 : - Resources Connection, Inc.
Amendment to Loan Agreement



AMENDMENT NO. 3 TO LOAN AGREEMENT

This Amendment No. 3 (the "Amendment") dated as of November 13, 2012, is between Bank of America, N.A. (the "Bank") and Resources Connection, Inc. and Resources Connection LLC (the "Borrower").

RECITALS

- A. The Bank and the Borrower entered into a certain Loan Agreement dated as of November 30, 2009 (together with any previous amendments, the "Agreement"). The current commitment amount is \$3,000,000.00.
- B. The Bank and the Borrower desire to amend the Agreement.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

2. Amendments. The Agreement is hereby amended as follows:

- 2.1 In Paragraph 1.2, the date "November 29, 2012" is changed to "November 30, 2013."
- 2.2 In Paragraph 7.2(b), the word "quarterly" is changed to "August, November and February."
- 2.3 In Paragraph 7.2(c), the phrase "end of each quarter" is changed to "end of August, November and February."
- 2.4 In Paragraph 7.5, the date "October 8, 2010" is changed to "November 30, 2013."

3. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank (b) the representations and warranties in the Agreement are true as of the date of this Amendment as if made on the date of this Amendment, (c) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound, and (d) if the Borrower is a business entity or a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers.

4. Conditions. This Amendment will be effective when the Bank receives the following items, in form and content acceptable to the Bank:

- 4.1 Guaranty signed by RC Management Group, LLC.
- 4.2 Certificate of LLC signed by RC Management Group, LLC.

5. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement, including but not limited to the Dispute Resolution Provision, shall remain in full force and effect.

Ref #: 1001055263 : - Resources Connection, Inc.
Amendment to Loan Agreement

6. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

7. **FINAL AGREEMENT, BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.**

This Amendment is executed as of the date stated at the beginning of this Amendment.

Bank of America, N.A.

By: /s/ Joseph Eitel
Joseph Eitel, Senior Vice President

BORROWER(S):

Resources Connection, Inc.

By: /s/ Nathan W. Franke
Nathan W. Franke, Executive Vice President and Chief
Financial Officer

Resources Connection LLC

By: Resources Connection, Inc.

By: /s/ Nathan W. Franke
Nathan W. Franke, Executive Vice President and Chief
Financial Officer

Ref #: 1001055263 : - Resources Connection, Inc.
Amendment to Loan Agreement

LIST OF SUBSIDIARIES

| <u>Name of Subsidiary</u> | <u>Jurisdiction of Organization</u> |
|---|---------------------------------------|
| Resources Connection LLC | Delaware |
| Names under which Resources Connection LLC does business: | |
| Resources Global Professionals | |
| Resources Connection LLC | |
| Re:sources Connection LLC | |
| RCTC LLC | |
| RCTC | |
| Resources Connection LLC of Delaware | |
| Resources Connection LLC DBA RCTC | |
| Resources Connection LLC, a limited liability company of Delaware | |
| Resources Audit Solutions, LLC | Delaware |
| Resources Healthcare Solutions, LLC | Delaware |
| Resources Legal Solutions, LLC | Delaware |
| RGP Property LLC | Delaware |
| Sitrick Brincko Group LLC | Delaware |
| Resources Connection Australia Pty Ltd. | Australia |
| Names under which Resources Connection Australia Pty Ltd. does business: | |
| Resources Global Professionals | |
| Resources Global Professionals (Belgium) NV | Belgium |
| Resources Global Professionals, Inc. (Canada) | Canada |
| Resources Global Enterprise Consulting (Beijing) Co., Ltd. | People's Republic of China |
| Resources Global Enterprise Consulting (Beijing) Co., Ltd. Shanghai Branch Company | People's Republic of China |
| Resources Global Professionals (Hong Kong) Limited | Hong Kong, People's Republic of China |
| Resources Global Professionals (Denmark) AS | Denmark |
| Resources Global Professionals (France) SAS | France |
| Resources Global Professionals (Germany) GmbH | Germany |
| Resources Global Professionals (India) Private Ltd. | India |
| Resources Global Professionals (Ireland) Ltd. | Ireland |
| Resources Global Professionals (Italy) SRL | Italy |
| Resources Global Professionals (Japan) K.K. | Japan |
| Resources Global Professionals (Korea) Ltd. | South Korea |
| Resources Global Professionals (Luxembourg) Sàrl | Luxembourg |
| Resources Management Mexico S de RL de CV | Mexico |
| Resources Connection Mexico S de RL de CV | Mexico |
| Resources Global Professionals (Europe) B.V. | Netherlands |
| Resources Global Professionals Holdings B.V. | Netherlands |
| Resources Management & Finance B.V. | Netherlands |
| Resources Pension & Risk B.V. | Netherlands |
| Resources Projects B.V. | Netherlands |
| Resources Global Professionals (Norway) AS | Norway |
| Resources Global Professionals (Singapore) Pte. Ltd. | Singapore |
| M & D Selection AB | Sweden |
| Resources Global Professionals Sweden AB | Sweden |
| Resources Global Professionals (Switzerland) GmbH | Switzerland |
| Resources Connection (Taiwan) Ltd. | Taiwan |
| Compliance.co.uk Ltd | United Kingdom |
| Resources Compliance (UK) Ltd | United Kingdom |
| Resources Connection (UK) Ltd. | United Kingdom (England and Wales) |
| Names under which Resources Connection (UK) Ltd. does business: | |
| Resources Global Professionals (UK) | |

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statements (Nos. 333-158499, 333-142145, 333-127579, 333-54880 and 333-52730) on Form S-8 of Resources Connection, Inc. of our reports dated July 22, 2013, relating to our audits of the consolidated financial statements and internal control over financial reporting, which appear in this Annual Report on Form 10-K of Resources Connection, Inc. for the year ended May 25, 2013.

/s/ McGladrey LLP
Irvine, California
July 22, 2013

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-158499, No. 333-142145, No. 333-127579, No. 333-54880 and No. 333-52730) of Resources Connection, Inc. of our report dated July 24, 2012 relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

Irvine, California

July 22, 2013

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

I, Anthony Cherbak, certify that:

1. I have reviewed this annual report on Form 10-K of Resources Connection, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2013

/s/ ANTHONY CHERBAK

Anthony Cherbak
President and Chief Executive Officer

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

I, Nathan W. Franke, certify that:

1. I have reviewed this annual report on Form 10-K of Resources Connection, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2013

/ S / NATHAN W. FRANKE

Nathan W. Franke
Chief Financial Officer and Executive Vice President

**CERTIFICATION PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the fiscal year ended May 25, 2013 of Resources Connection, Inc. (the "Form 10-K"), I, Anthony Cherbak, Chief Executive Officer of Resources Connection, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-K fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Resources Connection, Inc.

July 22, 2013

/s/ ANTHONY CHERBAK

Anthony Cherbak

President and Chief Executive Officer

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO 18 U.S.C. 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the fiscal year ended May 25, 2013 of Resources Connection, Inc. (the "Form 10-K"), I, Nathan W. Franke, Chief Financial Officer of Resources Connection, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-K fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Resources Connection, Inc.

July 22, 2013

/s/ NATHAN W. FRANKE

Nathan W. Franke
Chief Financial Officer and
Executive Vice President

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.