HALF ROBERT INTERNATIONAL INC /DE/
Form 10-K
February 19, 2010

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

# FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 31, 2009**

**OR**

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

**Commission file number 1-10427**

# ROBERT HALF INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **DELAWARE** | **94-1648752** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **2884 Sand Hill Road, Menlo Park, California** | **94025** |
| (Address of principal executive offices) | (Zip code) |

Registrant s telephone number, including area code: **(650) 234-6000**

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

| **Title of each class** | **Name of each exchange on which registered** |
|---|---|
| Common Stock, Par Value $.001 per Share | New York Stock Exchange |

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x 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 x

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 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. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company. ¨ Yes x No

As of June 30, 2009, the aggregate market value of the Common Stock held by non-affiliates of the registrant was approximately $3,355,106,490 based on the closing sale price on that date. This amount excludes the market value of 9,821,109 shares of Common Stock directly or indirectly held by registrant s directors and officers and their affiliates.

As of January 31, 2010, there were 148,613,598 outstanding shares of the registrant s Common Stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant s Proxy Statement to be mailed to stockholders in connection with the registrant s annual meeting of stockholders, scheduled to be held in May 2010, are incorporated by reference in Part III of this report. Except as expressly incorporated by reference, the registrant s Proxy Statement shall not be deemed to be part of this report.

## PART I

### Item 1. Business

Robert Half International Inc. (the Company ) provides specialized staffing and risk consulting services through such divisions as *Accountemps®*, *Robert Half® Finance & Accounting, OfficeTeam®, Robert Half® Technology, Robert Half® Management Resources, Robert Half® Legal, The Creative Group®,* and *Protiviti®* . The Company, through its *Accountemps, Robert Half Finance & Accounting*, and *Robert Half Management Resources* divisions, is the world s largest specialized provider of temporary, full-time, and project professionals in the fields of accounting and finance. *OfficeTeam* specializes in highly skilled temporary administrative support personnel. *Robert Half Technology* provides information technology professionals. *Robert Half Legal* provides temporary, project, and full-time staffing of attorneys and specialized support personnel within law firms and corporate legal departments. *The Creative Group* provides project staffing in the advertising, marketing, and web design fields. *Protiviti*, which began operations in 2002, is a global business consulting and internal audit firm. *Protiviti*, which primarily employs professionals specializing in risk, advisory and transactional services, is a wholly-owned subsidiary of the Company.

The Company s business was originally founded in 1948. Prior to 1986, the Company was primarily a franchisor, under the names *Accountemps* and *Robert Half* (now called *Robert Half Finance & Accounting*), of offices providing temporary and full-time professionals in the fields of accounting and finance. Beginning in 1986, the Company and its current management embarked on a strategy of acquiring franchised locations. All of the franchises have been acquired. The Company believes that direct ownership of offices allows it to better monitor and protect the image of its tradenames, promotes a more consistent and higher level of quality and service throughout its network of offices and improves profitability by centralizing many of its administrative functions. Since 1986, the Company has significantly expanded operations at many of the acquired locations, opened many new locations and acquired other local or regional providers of specialized temporary service personnel. The Company has also expanded the scope of its services by launching the new product lines *OfficeTeam*, *Robert Half Technology*, *Robert Half Management Resources*, *Robert Half Legal* and *The Creative Group*.

In 2002, the Company hired more than 700 professionals who had been affiliated with the internal audit and business and technology risk consulting practice of Arthur Andersen LLP, including more than 50 individuals who had been partners of Andersen. These professionals formed the base of the Company s Protiviti Inc. subsidiary. *Protiviti®* has enabled the Company to enter the market for business consulting and internal audit services, which market the Company believes offers synergies with its traditional lines of business.

*Accountemps*

The *Accountemps* temporary services division offers customers a reliable and economical means of dealing with uneven or peak work loads for accounting, tax and finance personnel caused by such predictable events as vacations, taking inventories, tax work, month-end activities and special projects and such unpredictable events as illness and emergencies. Businesses view the use of temporary employees as a means of controlling personnel costs and converting such costs from fixed to variable. The cost and inconvenience to clients of hiring and firing regular employees are eliminated by the use of *Accountemps* temporaries. The temporary workers are employees of *Accountemps* and are paid by *Accountemps*. The customer pays a fixed rate only for hours worked.

*Accountemps* clients may fill their regular employment needs by using an *Accountemps* employee on a trial basis and, if so desired, converting the temporary position to a regular position. The client typically pays a one-time fee for such conversions.

*OfficeTeam*

The Company s *OfficeTeam* division, which commenced operations in 1991, places temporary and full-time office and administrative personnel, ranging from word processors to office managers. *OfficeTeam* operates in much the same fashion as the *Accountemps* and *Robert Half Finance & Accounting* divisions.

*Robert Half Finance & Accounting*

The Company s *Robert Half Finance & Accounting* division specializes in the placement of full-time accounting, financial, tax and banking personnel. Fees for successful placements are paid only by the employer and are generally a percentage of the new employee s annual compensation. No fee for placement services is charged to employment candidates.

*Robert Half Technology*

The Company s *Robert Half Technology* division, which commenced operations in 1994, specializes in providing information technology contract consultants and placing full-time employees in areas ranging from multiple platform systems integration to end-user support, including specialists in programming, networking, systems integration, database design and help desk support.

*Robert Half Legal*

Since 1992, the Company has been placing temporary and full-time employees in attorney, paralegal, legal administrative and legal secretarial positions through its *Robert Half Legal* division. The legal profession s requirements (the need for confidentiality, accuracy and reliability, a strong drive toward cost-effectiveness, and frequent peak workload periods) are similar to the demands of the clients of the *Accountemps* division.

*Robert Half Management Resources*

The Company s *Robert Half Management Resources* division, which commenced operations in 1997, specializes in providing senior level project professionals in the accounting and finance fields, including chief financial officers, controllers, and senior financial analysts, for such tasks as financial systems conversions, expansion into new markets, business process reengineering and post-merger financial consolidation.

*The Creative Group*

*The Creative Group* division commenced operations in 1999 and serves clients in the areas of advertising, marketing and web design and places project consultants in a variety of positions such as creative directors, graphics designers, web content developers, web designers, media buyers, and public relations specialists.

*Protiviti*

*Protiviti* is a global business consulting and internal audit firm composed of experts specializing in risk, advisory and transactional services. The firm helps clients solve problems in finance and transactions, operations, technology, litigation, governance, risk and compliance.

*Marketing and Recruiting*

The Company markets its staffing services to clients as well as employment candidates. Local marketing and recruiting are generally conducted by each office or related group of offices. Local advertising directed to clients and employment candidates consists of radio, websites, job banks and trade shows. Direct marketing through e-mail, regular mail and telephone solicitation also constitutes a significant portion of the Company s total advertising. National advertising conducted by the Company consists primarily of radio and of print advertisements in national newspapers, magazines and trade journals. Additionally, the Company has expanded its use of job boards in all aspects of sales and recruitment. Joint marketing arrangements have been entered into with major software manufacturers and typically provide for development of proprietary skills tests, cooperative advertising, joint mailings and similar promotional activities. The Company also actively seeks endorsements and affiliations with professional organizations in the business management, office administration and professional secretarial fields. The Company also conducts public relations activities designed to enhance public recognition of the Company and its services. Local employees are encouraged to be active in civic organizations and industry trade groups.

*Protiviti* markets its business consulting and internal audit services to a variety of clients in a range of industries. Industry and competency teams conduct targeted marketing efforts, both locally and nationally, including print advertising and branded speaking events, with support from *Protiviti* management. National advertising conducted by *Protiviti* consists primarily of print advertisements in national newspapers, magazines and selected trade journals. *Protiviti* has initiated a national direct mail program to share information with clients on current corporate governance and risk management issues. It conducts public relations activities, such as press releases and newsletters, designed to enhance recognition for the *Protiviti* brand, establish its expertise in key issues surrounding its business and promote its services. *Protiviti* plans to expand both the services and value added content on the *Protiviti.com* website and increase traffic through targeted Internet advertising. Local employees are encouraged to be active in civic organizations and industry trade groups.

The Company and its subsidiaries own many trademarks, service marks and tradenames, including the *Robert Half® Finance & Accounting, Accountemps®, OfficeTeam®, Robert Half® Technology, Robert Half® Management Resources, Robert Half® Legal, The Creative Group®* and *Protiviti®* marks, which are registered in the United States and in a number of foreign countries.

*Organization*

Management of the Company s staffing operations is coordinated from its headquarters facilities in Menlo Park and Pleasanton, California. The Company s headquarters provides support and centralized services to its offices in the administrative, marketing, public relations, accounting, training and legal areas, particularly as it relates to the standardization of the operating procedures of its offices. As of December 31, 2009, the Company conducted its staffing services operations through more than 365 offices in 42 states, the District of Columbia and 20 foreign countries. Office managers are responsible for most activities of their offices, including sales, local advertising and marketing and recruitment.

The day-to-day operations of *Protiviti* are managed by a chief executive officer and a senior management team with operational and administrative support provided by individuals located in Pleasanton and Menlo Park, California. As of December 31, 2009, *Protiviti* had more than 60 offices in 23 states and 16 foreign countries.

*Competition*

The Company s staffing services face competition in attracting clients as well as skilled specialized employment candidates. The staffing business is highly competitive, with a number of firms offering services similar to those provided by the Company on a national, regional or local basis. In many areas the local companies are the strongest competitors. The most significant competitive factors in the staffing business are price and the reliability of service, both of which are often a function of the availability and quality of personnel. The Company believes it derives a competitive advantage from its long experience with and commitment to the specialized employment market, its national presence, and its various marketing activities.

*Protiviti* faces competition in its efforts to attract clients and win proposal presentations. The risk consulting and internal audit businesses are highly competitive. In addition, the changing regulatory environment is increasing opportunities for non-attestation audit and risk consulting services. The principal competitors of *Protiviti* remain the big four accounting firms. Significant competitive factors include reputation, technology, tools, project methodologies, price of services and depth of skills of personnel. *Protiviti* believes its competitive strengths lie in its unique ability to couple the deep skills and proven methodologies of its big four heritage with the customer focus and attention of a smaller organization.

*Employees*

The Company has approximately 9,900 full-time employees, including approximately 2,400 engaged directly in *Protiviti* operations. In addition, the Company placed approximately 157,000 temporary employees on assignments with clients during 2009. Employees placed by the Company on assignment with clients are the Company s employees for all purposes while they are working on assignments. The Company pays the related costs of employment, such as workers compensation insurance, state and federal unemployment taxes, social security and certain fringe benefits. The Company provides access to voluntary health insurance coverage to interested temporary employees.

*Other Information*

The Company s current business constitutes three business segments. (See Note M of Notes to Consolidated Financial Statement in Item 8. Financial Statements and Supplementary Data for financial information about the Company s segments.)

The Company is not dependent upon a single customer or a limited number of customers. The Company s staffing services operations are generally more active in the first and fourth quarters of a calendar year. *Protiviti*, which has been in operation since May 2002, is generally more active in the third and fourth quarters of a calendar year. Order backlog is not a material aspect of the Company s staffing services business. While backlog is of greater importance to *Protiviti*, the Company does not believe, based upon the length of time of the average *Protiviti* engagement, that backlog is a material aspect of the *Protiviti* business. No material portion of the Company s business is subject to government contracts.

Information about foreign operations is contained in Note M of Notes to Consolidated Financial Statements in Item 8. The Company does not have export sales.

*Available Information*

The Company s Internet address is *www.rhi.com*. The Company makes available, free of charge, through its website, its Annual Reports on Form 10-K, proxy statements for its annual meetings of stockholders, its Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and any amendments to those reports, as soon as is reasonably practicable after such reports are filed with or furnished to the Securities and Exchange Commission. Also available on the Company s website are its Corporate Governance Guidelines, its Code of Business Conduct and Ethics, and the charters for its Audit Committee, Compensation Committee and Nominating and Governance Committee, each of which is available in print to any stockholder who makes a request to Robert Half International Inc., 2884 Sand Hill Road, Menlo Park, CA 94025, Attn: Corporate Secretary. The Company s Code of Business Conduct and Ethics is the Code of Ethics required by Item 406 of Securities and Exchange Commission Regulation S-K. The Company intends to satisfy any disclosure obligations under Item 5.05 of Form 8-K regarding any amendment or waiver relating to its Code of Business Conduct and Ethics by posting such information on its website.

**Item 1A. Risk Factors**

The Company s business prospects are subject to various risks and uncertainties that impact its business. The most important of these risks and uncertainties are as follows:

*The global economic crisis may continue to harm the Company s business and financial condition.* The world economy may continue in a prolonged economic downturn characterized by high unemployment, limited availability of credit and decreased consumer and business spending. Given the nature of the Company s business, financial results could be significantly harmed should such a prolonged downturn occur. In the past, the Company s business has suffered during periods of high unemployment as demand for staffing services tends to significantly decrease during such periods. This impact on the Company s business could be further dramatized given the unprecedented impact it has had and may continue to have on the global labor markets. In addition, the impact of the economic crisis could harm the Company s financial condition. At December 31, 2009, the

Company had approximately $366 million in cash and cash equivalents. The Company has historically invested these amounts in U.S. treasuries and government agencies, bank deposits, corporate debt, money market funds, commercial paper and municipal bonds meeting certain criteria. Certain of these investments are subject to general credit, liquidity, market and interest rate risks. These risks associated with the Company s investment portfolio may negatively impact the Company s financial condition.

*Any reduction in global economic activity may harm the Company s business.* The demand for the Company s services, in particular its staffing services, is highly dependent upon the state of the economy and upon the staffing needs of the Company s clients. Any variation in the economic condition or unemployment levels of the U.S. or of any of the foreign countries in which the Company does business, or in the economic condition of any region of any of the foregoing, or in any specific industry may severely reduce the demand for the Company s services and thereby significantly decrease the Company s revenues and profits.

*The Company s business depends on a strong reputation and anything that harms its reputation will likely harm its results.* As a provider of temporary and permanent staffing solutions as well as consultant services, the Company s reputation is dependent upon the performance of the employees it places with its clients and the services rendered by its consultants. If the Company s clients become dissatisfied with the performance of those employees or consultants or if any of those employees or consultants engage in conduct that is harmful to the Company s clients, the Company s ability to maintain or expand its client base may be harmed.

*The Company and certain subsidiaries are defendants in several class and representative action lawsuits alleging various wage and hour claims that could cause the Company to incur substantial liabilities*. The Company and certain subsidiaries are defendants in five class and representative action lawsuits brought by or on behalf of the Company s current and former employees alleging violations of federal and state law with respect to certain wage and hour matters. Four of such lawsuits allege, among other things, the misclassification of certain employees as exempt employees under applicable law and other related wage and hour violations and seek an unspecified amount for unpaid overtime compensation, statutory penalties, and other damages, as well as attorneys fees. The fifth lawsuit alleges, among other things, that temporary employees in California were improperly denied expense reimbursement and wages for time purportedly spent preparing for, traveling to, and attending interviews, and seeks compensation for such expenses and wages, penalties and injunctive relief, as well as attorneys fees. It is not possible to predict the outcome of these lawsuits. However, these lawsuits may consume substantial amounts of the Company s financial and managerial resources and might result in adverse publicity, regardless of the ultimate outcome of the lawsuits. In addition, the Company and its subsidiaries may become subject to similar lawsuits in the same or other jurisdictions. An unfavorable outcome with respect to these lawsuits and any future lawsuits could, individually or in the aggregate, cause the Company to incur substantial liabilities that may have a material adverse effect upon the Company s business, financial condition or results of operations. In addition, an unfavorable outcome in one or more of these cases could cause the Company to change its incentive compensation plans for its employees, which could have a material adverse effect upon the Company s business.

*The Company faces risks in operating internationally.* The Company depends on operations in international markets for a significant portion of its business. These international operations are subject to a number of risks, including general political and economic conditions in those foreign countries, the burden of complying with various foreign laws and technical standards and unpredictable changes in foreign regulations, U.S. legal requirements governing U.S. companies operating in foreign countries, legal and cultural differences in the conduct of business, potential adverse tax consequences and difficulty in staffing and managing international operations. In addition, the Company s business may be affected by foreign currency exchange fluctuations. In particular, the Company is subject to risk in translating its results in foreign currencies into the U.S. dollar. If the value of the U.S. dollar declines relative to other currencies, the Company s reported income from these operations could decrease.

*The Company may be unable to find sufficient candidates for its staffing business.* The Company s staffing services business consists of the placement of individuals seeking employment. There can be no assurance that candidates for employment will continue to seek employment through the Company. Candidates generally seek temporary or regular positions through multiple sources, including the Company and its competitors. Any shortage of candidates could materially adversely affect the Company.

*The Company operates in a highly competitive business and may be unable to retain clients or market share.* The staffing services business is highly competitive and, because it is a service business, the barriers to entry are quite low. There are many competitors, some of which have greater resources than the Company, and new competitors are entering the market all the time. In addition, long-term contracts form a negligible portion of the Company s revenue. Therefore, there can be no assurance that the Company will be able to retain clients or market share in the future. Nor can there be any assurance that the Company will, in light of competitive pressures, be able to remain profitable or, if profitable, maintain its current profit margins.

*The Company may incur potential liability to employees and clients.* The Company s temporary services business entails employing individuals on a temporary basis and placing such individuals in clients workplaces. The Company s ability to control the workplace environment is limited. As the employer of record of its temporary employees, the Company incurs a risk of liability to its temporary employees for various workplace events, including claims of physical injury, discrimination, harassment or failure to protect confidential personal information. While such claims have not historically had a material adverse effect upon the Company, there can be no assurance that such claims in the future will not result in adverse publicity or have a material adverse effect upon the Company. The Company also incurs a risk of liability to its clients resulting from allegations of errors, omissions or theft by its temporary employees, or allegations of misuse of client confidential information. The Company maintains insurance with respect to many of such claims. While such claims have not historically had a material adverse effect upon the Company, there can be no assurance that the Company will continue to be able to obtain insurance at a cost that does not have a material adverse effect upon the Company or that such claims (whether by reason of the Company not having insurance or by reason of such claims being outside the scope of the Company s insurance) will not have a material adverse effect upon the Company.

*The Company is dependent on its management personnel and employees and a failure to attract and retain such personnel could harm its business.* The Company is engaged in the services business. As such, its success or failure is highly dependent upon the performance of its management personnel and employees, rather than upon technology or upon tangible assets (of which the Company has few). There can be no assurance that the Company will be able to attract and retain the personnel that are essential to its success.

*The Company s business is subject to extensive government regulation and a failure to comply with regulations could harm its business.* The Company s business is subject to regulation or licensing in many states and in certain foreign countries. While the Company has had no material difficulty complying with regulations in the past, there can be no assurance that the Company will be able to continue to obtain all necessary licenses or approvals or that the cost of compliance will not prove to be material. Any inability of the Company to comply with government regulation or licensing requirements could materially adversely affect the Company. In addition, the Company s temporary services business entails employing individuals on a temporary basis and placing such individuals in clients workplaces. Increased government regulation of the workplace or of the employer-employee relationship, or judicial or administrative proceedings related to such regulation, could materially adversely affect the Company.

*Health care reform could increase the costs of the Company s temporary staffing operations*. Health care reform may be addressed by Congress during 2010. Depending upon the provisions of any final legislation that is adopted, the cost to the Company of providing temporary employees may be increased by the terms of the reform. Such an increase in costs could have a material adverse effect on the Company s profit margins or, if the Company increases its charges to clients, upon the demand for the Company s services, which could materially reduce revenues.

*The Company s computer and communications hardware and software systems are vulnerable to damage and interruption.* The Company s ability to manage its operations successfully is critical to its success and largely depends upon the efficient and uninterrupted operation of its computer and communications hardware and software systems. The Company s primary computer systems and operations are vulnerable to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events and errors in usage by the Company s employees.

*Failure to maintain adequate financial and management processes and controls could lead to errors in the Company s financial reporting.* Failure to maintain adequate financial and management processes and controls could lead to errors in the Company s financial reporting. If the Company s management is unable to certify the effectiveness of its internal controls or if its independent registered public accounting firm cannot render an opinion on the effectiveness of its internal control over financial reporting, or if material weaknesses in the Company s internal controls are identified, the Company could be subject to regulatory scrutiny and a loss of public confidence. In addition, if the Company does not maintain adequate financial and management personnel, processes and controls, it may not be able to accurately report its financial performance on a timely basis, which could cause its stock price to fall.

*The demand for the Company s services related to Sarbanes-Oxley or other regulatory compliance may decline.* The operations of both the staffing services business and *Protiviti* include services related to Sarbanes-Oxley and other regulatory compliance. There can be no assurance that there will be ongoing demand for these services.

*Long-term contracts do not comprise a significant portion of the Company s revenue.* Because long-term contracts are not a significant part of the Company s staffing services business, future results cannot be reliably predicted by considering past trends or extrapolating past results.

*Protiviti may be unable to attract and retain key personnel.* *Protiviti* is a services business, and is dependent upon its ability to attract and retain personnel. While *Protiviti* has retained its key personnel to date, there can be no assurance that it will continue to be able to do so.

*Protiviti operates in a highly competitive business and faces competitors who are significantly larger and have more established reputations.* *Protiviti* operates in a highly competitive business. As with the Company s staffing services business, the barriers to entry are quite low. There are many competitors, some of which have greater resources than *Protiviti* and many of which have been in operation far longer than *Protiviti*. In particular, *Protiviti* faces competition from the big four accounting firms, which have been in operation for a considerable period of time and have established reputations and client bases. Because the principal factors upon which competition is based are reputation, technology, tools, project methodologies, price of services and depth of skills of personnel, there can be no assurance that *Protiviti* will be successful in attracting and retaining clients.

*Protiviti s operations could subject it to liability.* The business of *Protiviti* consists of providing business consulting and internal audit services. Liability could be incurred or litigation could be instituted against the Company or *Protiviti* for claims related to these activities or to prior transactions or activities. There can be no assurance that such liability or litigation will not have a material adverse impact on *Protiviti* or the Company.

**Item 1B. Unresolved Staff Comments.**

Not applicable.

**Item 2. Properties**

The Company s headquarters operations are located in Menlo Park and Pleasanton, California. As of December 31, 2009, placement activities were conducted through more than 365 offices located in the United States, Canada, the United Kingdom, Belgium, Brazil, France, the Netherlands, Germany, the Czech Republic, Ireland, Italy, Luxembourg, Spain, Switzerland, Japan, China, Singapore, Australia, New Zealand, Austria and the United Arab Emirates. As of December 31, 2009, *Protiviti* had more than 60 offices in the United States, Canada, Mexico, Brazil, Australia, China, France, Germany, Italy, the Netherlands, Japan, Singapore, South Korea, India, the United Kingdom, Belgium and Spain. All of the offices are leased.

**Item 3. Legal Proceedings**

On September 10, 2004, Plaintiff Mark Laffitte, on behalf of himself and a putative class of salaried Account Executives and Staffing Managers, filed a complaint in California Superior Court naming the Company and three of its wholly owned subsidiaries as Defendants. The complaint alleges that salaried Account Executives and Staffing Managers based in California have been misclassified under California law as exempt employees and seeks an unspecified amount for unpaid overtime pay alleged to be due to them had they been paid as non-exempt hourly employees. In addition, the Plaintiff seeks an unspecified amount for statutory penalties for alleged violations of the California Labor Code arising from the alleged misclassification of these employees as exempt employees. On September 18, 2006, the Court issued an order certifying a class with respect to claims for alleged unpaid overtime pay but denied certification with respect to claims relating to meal periods and rest time breaks. On August 15, 2008, the Court stayed the litigation pending the California Supreme Court s ruling in another case unrelated to the Company titled *Harris v. Superior Court*. The ruling in such case may have a material adverse bearing on the Company s position in this litigation. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding, and accordingly, no amounts have been provided in the accompanying financial statements. The Company believes it has meritorious defenses to the allegations, and the Company intends to continue to vigorously defend against the litigation.

On May 4, 2006, Plaintiff Don Tran, on behalf of himself and a putative class of salaried Consultants and Senior Consultants, and a sub-class of terminated salaried Consultants and Senior Consultants, filed a complaint in California Superior Court naming Protiviti Inc., a wholly owned subsidiary of the Company ( Protiviti ), as Defendant. The complaint alleges that salaried consultants based in California have been misclassified under California law as exempt employees and seeks an unspecified amount for unpaid overtime pay alleged to be due to them had they been paid as non-exempt, hourly employees. Plaintiff also seeks an unspecified amount for statutory penalties for alleged violations of the California Labor Code arising from the alleged misclassification of these employees as exempt employees. The complaint further seeks damages and penalties for the failure to provide meal and rest periods, and for the failure to reimburse business expenses, including, without limitation, parking and cellular telephone expenses. On February 28, 2008, the Court allowed Plaintiff to amend the complaint to name as class representatives two additional former Protiviti Consultants, who had worked for Protiviti s Internal Audit business line. Plaintiff Tran had worked for Protiviti s Technology Risk business line. On April 3, 2008, Plaintiffs agreed in open court to dismiss their claim for failure to reimburse business expenses. Plaintiffs filed a motion to certify the class on May 12, 2008 and Protiviti filed a motion to strike the class allegations on the same date. On December 18, 2008, the Court ruled that it would certify two classes, one of California Consultants and another of California Senior Consultants, on the overtime pay claims. The Court also ruled that it would deny certification, without prejudice, on the claims for alleged unpaid meal and rest breaks. Further, it ruled that the Plaintiffs must submit a detailed trial plan, which the Court may use to revisit the class certification issue. On February 6, 2009, the Court issued its order certifying the two classes described above on the overtime pay claims. Subsequent thereto, notice of the lawsuit was mailed to the two classes by Defendant. The period for potential class members to opt out of the classes closed on September 5, 2009. The Court has set a trial date for July 12, 2010. A ruling in the unrelated *Harris* case referenced in the first paragraph of this Item 3 may have a material adverse bearing on Protiviti s position in this litigation. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding, and accordingly, no amounts have been provided in the accompanying financial statements. Protiviti believes it has meritorious defenses to the allegations, and Protiviti intends to continue to vigorously defend against the litigation.

On September 24, 2007, Plaintiff Van Williamson, on behalf of himself and a putative class of salaried Account Executives and Staffing Managers, filed a complaint in California Superior Court naming the Company and three of its wholly owned subsidiaries as Defendants. The complaint alleges that salaried Account Executives and Staffing Managers based in California were not provided meal periods, paid rest periods, and accurate itemized wage statements. It seeks one hour of wages for each employee for each meal and rest period missed during the statutory liability period. It also seeks an unspecified amount for statutory penalties for alleged violations of the California Labor Code arising from the alleged failure to provide the meal and rest periods and accurate itemized wage statements. The allegations in the complaint are substantially similar to the allegations included in the complaint filed by Mark Laffitte described above. On August 28, 2008, the Court stayed the litigation pending the California Supreme Court s decision on whether to review a case unrelated to the Company titled *Brinker Restaurant Corp. v. Superior Court.* On October 22, 2008, the California Supreme Court granted such review. A ruling in the unrelated *Harris* case referenced in the first paragraph of this Item 3 and/or the *Brinker* case referenced above may have a material adverse bearing on the Company s position in this litigation. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding, and accordingly, no amounts have been provided in the accompanying financial statements. The Company believes it has meritorious defenses to the allegations, and the Company intends to continue to vigorously defend against the litigation.

On September 16, 2008, Plaintiff Donald R. Green, on behalf of himself and a putative class of all temporary staffing employees in California, filed a complaint in California Superior Court naming the Company and one of its wholly owned subsidiaries as Defendants. The complaint alleges that temporary employees in California were improperly denied expense reimbursement and wages for time purportedly spent preparing for interviews, and traveling to and attending interviews with, alleged clients of Defendants. Plaintiff seeks penalties and equitable and legal remedies under Section 17200 of the California Business and Professions Code and Sections 1194 and 2802 of the California Labor Code. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding, and accordingly, no amounts have been provided in the accompanying financial statements. The Company believes it has meritorious defenses to the allegations, and the Company intends to vigorously defend against the litigation.

On December 28, 2009, Plaintiff Eric Presser, on behalf of himself and a putative class of all allegedly similarly situated Staffing Managers in the state of Florida, filed a complaint in the United States District Court for the Middle District of Florida naming the Company as Defendant. The complaint alleges that Staffing Managers based in Florida have been misclassified as exempt from the Fair Labor Standards Act s minimum wage and overtime requirements. Plaintiff seeks an unspecified amount for unpaid overtime on behalf of himself and the class he purports to represent. Plaintiff also seeks an unspecified amount for statutory penalties, attorneys fees and other damages. At this stage of the litigation, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from this proceeding, and accordingly, no amounts have been provided in the accompanying financial statements. The Company believes it has meritorious defenses to the allegations, and the Company intends to vigorously defend against the litigation.

The Company is involved in a number of other lawsuits arising in the ordinary course of business. While management does not expect any of these other matters to have a material adverse effect on the Company s results of operations, financial position or cash flows, litigation is subject to certain inherent uncertainties.

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

Not applicable.

## PART II

### Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

*Market Price, Dividends and Related Matters*

The Company s Common Stock is listed for trading on the New York Stock Exchange under the symbol RHI . On January 31, 2010, there were 4,725 holders of record of the Common Stock.

Following is a list by fiscal quarters of the sales prices of the stock:

| | Sales Prices | |
|---|---|---|
| **2009** | **High** | **Low** |
| 4th Quarter | $ 27.40 | $ 21.91 |
| 3rd Quarter | $ 28.06 | $ 20.24 |
| 2nd Quarter | $ 24.96 | $ 16.95 |
| 1st Quarter | $ 21.45 | $ 14.06 |

| | Sales Prices | |
|---|---|---|
| **2008** | **High** | **Low** |
| 4th Quarter | $ 24.64 | $ 14.31 |
| 3rd Quarter | $ 29.99 | $ 21.96 |
| 2nd Quarter | $ 26.60 | $ 22.51 |
| 1st Quarter | $ 28.32 | $ 21.21 |

Cash dividends of $.12 per share were declared and paid in each quarter of 2009. Cash dividends of $.11 per share were declared and paid in each quarter of 2008.

*Issuer Purchases of Equity Securities*

| | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans (d) |
|---|---|---|---|---|
| October 1, 2009 to October 31, 2009 | 600,034(a) | $ 23.95 | 600,000 | 6,475,366 |
| November 1, 2009 to November 30, 2009 | 1,466,257(b) | $ 23.72 | 1,404,252 | 5,071,114 |
| December 1, 2009 to December 31, 2009 | 339,546(c) | $ 26.68 | | 5,071,114 |
| Total October 1, 2009 to December 31, 2009 | 2,405,837 | | 2,004,252 | |

(a) Includes 34 shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable withholding taxes and/or exercise price.

(b) Includes 62,005 shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable withholding taxes and/or exercise price.

(c) Represents shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable withholding taxes and/or exercise price.

(d) Commencing in October 1997, the Company s Board of Directors has, at various times, authorized the repurchase, from time to time, of the Company s common stock on the open market or in privately negotiated transactions depending on market conditions. Since plan inception, a total of 78,000,000 shares have been authorized for repurchase, of which, 72,928,886 shares have been repurchased as of December 31, 2009.

The remainder of the information required by this item is incorporated by reference to Part III, Item 12 of this Form 10-K.

**Item 6. Selected Financial Data**

The selected five-year financial data presented below should be read in conjunction with the information contained in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, and the Company s Consolidated Financial Statements and the Notes thereto contained in Item 8. Financial Statements and Supplementary Data.

Based on Financial Accounting Standards Board ( FASB ) authoritative guidance which became effective January 1, 2009, the Company s unvested restricted stock awards, other than for grants that contain a performance condition and grants made on or after July 28, 2009, contain non-forfeitable rights to dividends and are therefore participating securities that are included in the earnings allocation in computing net income per share pursuant to the two-class method. Upon implementation, the Company retrospectively adjusted its net income per share data to conform to the aforementioned FASB authoritative guidance. For the years ended December 31, 2008, 2007, 2006 and 2005, the retrospective application resulted in a $.05, $.04, $.04 and $.03 per share reduction in basic net income per share, respectively, and a $.04, $.03, $.03 and $.01 per share reduction in diluted net income per share, respectively.

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 (in thousands) | 2006 | 2005 |
| **Income Statement Data:** | | | | | |
| Net service revenues | $ 3,036,547 | $ 4,600,554 | $ 4,645,666 | $ 4,013,546 | $ 3,338,439 |
| Direct costs of services, consisting of payroll, payroll taxes, insurance costs and reimbursable expenses | 1,932,868 | 2,686,983 | 2,667,838 | 2,319,293 | 1,965,390 |
| Gross margin | 1,103,679 | 1,913,571 | 1,977,828 | 1,694,253 | 1,373,049 |
| Selling, general and administrative expenses | 1,036,899 | 1,496,839 | 1,497,957 | 1,243,952 | 991,488 |
| Amortization of intangible assets | 1,460 | 2,617 | 2,594 | 851 | 335 |
| Interest income, net | (1,443) | (5,161) | (13,127) | (16,752) | (10,948) |
| Income before income taxes | 66,763 | 419,276 | 490,404 | 466,202 | 392,174 |
| Provision for income taxes | 29,500 | 169,095 | 194,192 | 183,024 | 154,304 |
| Net income | $ 37,263 | $ 250,181 | $ 296,212 | $ 283,178 | $ 237,870 |
| Net income available to common stockholders | $ 35,067 | $ 242,744 | $ 288,763 | $ 276,826 | $ 233,772 |

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 (in thousands, except per share amounts) | 2006 | 2005 |
| **Net Income Per Share:** | | | | | |
| **Basic** | $ .24 | $ 1.60 | $ 1.81 | $ 1.67 | $ 1.39 |
| **Diluted** | $ .24 | $ 1.59 | $ 1.78 | $ 1.62 | $ 1.35 |
| **Shares:** | | | | | |
| **Basic** | 145,912 | 151,607 | 159,767 | 166,003 | 167,664 |
| **Diluted** | 146,611 | 152,528 | 162,568 | 170,553 | 173,670 |
| **Cash Dividends Declared Per Share** | $ .48 | $ .44 | $ .40 | $ .32 | |