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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

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(Mark One)

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

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012**

**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 1-10427**

**ROBERT HALF INTERNATIONAL INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**94-1648752**  
(I.R.S. Employer  
Identification No.)

**2884 Sand Hill Road**  
**Suite 200**  
**Menlo Park, California**  
(Address of principal executive offices)

**94025**  
(zip-code)

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

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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 (§232.405 of this chapter) 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 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

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 2012:

142,978,470 shares of \$.001 par value Common Stock

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**PART I—FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**  
**(in thousands, except share amounts)**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Cash and cash equivalents .....	\$ 244,453	\$ 279,336
Accounts receivable, less allowances of \$23,758 and \$22,627 .....	523,453	493,327
Current deferred income taxes .....	88,862	88,578
Other current assets .....	149,781	145,437
Total current assets .....	1,006,549	1,006,678
Goodwill .....	189,848	189,423
Other intangible assets, net .....	27	50
Property and equipment, net .....	104,486	107,972
Other assets .....	7,727	7,713
Total assets .....	\$1,308,637	\$1,311,836
<b>LIABILITIES</b>		
Accounts payable and accrued expenses .....	\$ 110,247	\$ 117,596
Accrued payroll costs and retirement obligations .....	330,776	355,294
Income taxes payable .....	13,776	—
Current portion of notes payable and other indebtedness .....	112	111
Total current liabilities .....	454,911	473,001
Notes payable and other indebtedness, less current portion .....	1,516	1,545
Other liabilities .....	36,530	36,785
Total liabilities .....	492,957	511,331
Commitments and Contingencies (Note G)		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.001 par value authorized 5,000,000 shares; issued and outstanding zero shares .....	—	—
Common stock, \$.001 par value authorized 260,000,000 shares; issued and outstanding 142,302,507 shares and 142,085,533 shares .....	142	142
Capital surplus .....	770,579	759,476
Accumulated other comprehensive income .....	44,959	40,887
Retained earnings .....	—	—
Total stockholders' equity .....	815,680	800,505
Total liabilities and stockholders' equity .....	\$1,308,637	\$1,311,836

The accompanying Notes to Condensed Consolidated Financial Statements  
are an integral part of these financial statements.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
Net service revenues .....	\$1,015,444	\$880,869
Direct costs of services, consisting of payroll, payroll taxes, insurance costs and reimbursable expenses .....	613,361	542,780
Gross margin .....	402,083	338,089
Selling, general and administrative expenses .....	322,018	293,686
Amortization of intangible assets .....	35	39
Interest income, net .....	(234)	(212)
Income before income taxes .....	80,264	44,576
Provision for income taxes .....	31,930	17,871
Net income .....	<u>\$ 48,334</u>	<u>\$ 26,705</u>
Net income available to common stockholders—diluted .....	<u>\$ 48,070</u>	<u>\$ 26,293</u>
Net income per share (Note J):		
Basic .....	\$ .34	\$ .18
Diluted .....	\$ .34	\$ .18
Shares:		
Basic .....	139,384	142,653
Diluted .....	140,443	144,136
Cash dividends declared per share .....	\$ .15	\$ .14

The accompanying Notes to Condensed Consolidated Financial Statements  
are an integral part of these financial statements.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**(in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>COMPREHENSIVE INCOME:</b>		
Net income .....	\$48,334	\$26,705
Foreign currency translation adjustments, net of tax .....	4,072	7,433
Total comprehensive income .....	<u>\$52,406</u>	<u>\$34,138</u>

The accompanying Notes to Condensed Consolidated Financial Statements  
are an integral part of these financial statements.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**  
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
<b>COMMON STOCK—SHARES:</b>		
Balance at beginning of period	142,086	146,183
Net issuances of restricted stock	709	1,181
Repurchases of common stock	(1,926)	(1,003)
Exercises of stock options	1,434	424
Balance at end of period	142,303	146,785
<b>COMMON STOCK—PAR VALUE:</b>		
Balance at beginning of period	\$ 142	\$ 146
Net issuances of restricted stock	1	1
Repurchases of common stock	(2)	(1)
Exercise of stock options	1	1
Balance at end of period	\$ 142	\$ 147
<b>CAPITAL SURPLUS:</b>		
Balance at beginning of period	\$759,476	\$787,105
Net issuances of restricted stock at par value	(1)	(1)
Repurchases of common stock—excess over par value	(8,058)	(4,261)
Cash dividends (\$.15 per share and \$.14 per share)	(21,370)	(20,631)
Stock-based compensation expense	8,886	12,113
Exercises of stock options—excess over par value	26,082	9,660
Tax impact of equity incentive plans	5,564	1,274
Balance at end of period	\$770,579	\$785,259
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME:</b>		
Balance at beginning of period	\$ 40,887	\$ 47,120
Foreign currency translation adjustments, net of tax	4,072	7,433
Balance at end of period	\$ 44,959	\$ 54,553
<b>RETAINED EARNINGS:</b>		
Balance at beginning of period	\$ —	\$ —
Net income	48,334	26,705
Repurchases of common stock—excess over par value	(48,334)	(26,705)
Balance at end of period	\$ —	\$ —

The accompanying Notes to Condensed Consolidated Financial Statements  
are an integral part of these financial statements.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(in thousands)

	Three Months Ended March 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income .....	\$ 48,334	\$ 26,705
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets .....	35	39
Depreciation expense .....	12,246	12,756
Stock-based compensation expense—restricted stock and stock units .....	8,886	12,113
Excess tax benefits from stock-based compensation .....	(2,438)	(621)
Provision for deferred income taxes .....	(1,554)	(7,827)
Provision for doubtful accounts receivable .....	2,321	1,608
Changes in assets and liabilities:		
Increase in accounts receivable .....	(28,518)	(38,716)
Decrease in accounts payable, accrued expenses, accrued payroll costs and retirement obligations .....	(37,161)	(6,220)
Increase in income taxes payable .....	26,070	20,360
Change in other assets, net of change in other liabilities .....	(5,007)	(1,245)
Net cash flows provided by operating activities .....	<u>23,214</u>	<u>18,952</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures .....	(10,372)	(14,563)
Increase in trusts for employee benefits and retirement plans .....	(1,478)	(1,015)
Net cash flows used in investing activities .....	<u>(11,850)</u>	<u>(15,578)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchases of common stock .....	(56,394)	(30,967)
Cash dividends paid .....	(21,016)	(20,294)
Decrease in notes payable and other indebtedness .....	(32)	(30)
Excess tax benefits from stock-based compensation .....	2,438	621
Proceeds from exercises of stock options .....	26,081	9,661
Net cash flows used in financing activities .....	<u>(48,923)</u>	<u>(41,009)</u>
Effect of exchange rate changes on cash and cash equivalents .....	2,676	4,328
Net decrease in cash and cash equivalents .....	(34,883)	(33,307)
Cash and cash equivalents at beginning of period .....	<u>279,336</u>	<u>315,137</u>
Cash and cash equivalents at end of period .....	<u>\$244,453</u>	<u>\$281,830</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest .....	\$ 107	\$ 138
Income taxes, net of refunds .....	\$ 7,028	\$ 4,212

The accompanying Notes to Condensed Consolidated Financial Statements  
are an integral part of these financial statements.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**March 31, 2011**

**Note A—Summary of Significant Accounting Policies**

*Nature of Operations.* 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 a 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* provides business consulting and internal audit services, and is a wholly owned subsidiary of the Company. Revenues are predominantly derived from specialized staffing services. The Company operates in North America, South America, Europe, Asia and Australia. The Company is a Delaware corporation.

*Basis of Presentation.* The unaudited Condensed Consolidated Financial Statements (“Financial Statements”) of the Company are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and the rules of the Securities and Exchange Commission (“SEC”). The comparative year-end condensed consolidated statement of financial position data presented was derived from audited financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of the financial position and results of operations for the periods presented have been included. These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of the Company for the year ended December 31, 2011, included in its annual report on Form 10-K. The results of operations for any interim period are not necessarily indicative of, nor comparable to, the results of operations for a full year.

*Principles of Consolidation.* The Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All intercompany balances have been eliminated.

*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. As of March 31, 2012, such estimates included allowances for uncollectible accounts receivable, workers’ compensation losses, and income and other taxes. Management estimates are also utilized in the Company’s goodwill impairment assessment.

*Advertising Costs.* The Company expenses all advertising costs as incurred. Advertising costs for the three months ended March 31, 2012 and 2011, are reflected in the following table (in thousands):

	Three Months Ended March 31,	
	2012	2011
Advertising Costs .....	\$9,936	\$9,365

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note A—Summary of Significant Accounting Policies (Continued)**

*Internal-use Software.* The Company capitalizes direct costs incurred in the development of internal-use software. Amounts capitalized are reported as a component of computer software within property and equipment. Internal-use software development costs capitalized for the three months ended March 31, 2012 and 2011, are reflected in the following table (in thousands):

	Three Months Ended March 31,	
	2012	2011
Internal-use software development costs . . . . .	\$4,696	\$3,258

**Note B—New Accounting Pronouncements**

*Fair Value Measurements and Disclosures.* In May 2011, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance to achieve common fair value measurement and disclosure requirements in GAAP and international financial reporting standards (“IFRS”). The amendments explain how to measure fair value and will improve the comparability of fair value measurement presented and disclosed in financial statements prepared in accordance with GAAP and IFRS. This authoritative guidance is to be applied prospectively and is effective during interim and annual periods beginning after December 15, 2011. The adoption of this guidance during the three months ended March 31, 2012, did not have an impact on the Company’s Financial Statements.

*Comprehensive Income.* In June 2011, the FASB issued authoritative guidance which allows an entity the option to present net income, and comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholder’s equity. This authoritative guidance is to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Except for presentation requirements, the adoption of this guidance during the three months ended March 31, 2012, did not have an impact on the Company’s Financial Statements. In December 2011, the FASB issued authoritative guidance to defer only those changes related to the presentation of reclassification adjustments. The amendments are being made to allow the FASB time to reconsider whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented.

*Testing Goodwill for Impairment.* In August 2011, the FASB issued authoritative guidance which is intended to simplify how entities test goodwill for impairment by permitting an entity to first assess qualitative factors to determine whether it is “more likely than not” that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This authoritative guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance during the three months ended March 31, 2012, did not have an impact on the Company’s Financial Statements.



**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note B—New Accounting Pronouncements (Continued)**

*Balance Sheet Disclosures.* In December 2011, the FASB issued authoritative guidance in regards to the presentation of netting assets and liabilities of financial and derivative instruments as a single amount in the statement of financial position to address the difference between GAAP and IFRS. This authoritative guidance is to be applied for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The Company does not expect the adoption of this guidance to have a material effect on its Financial Statements.

**Note C—Other Current Assets**

Other current assets consisted of the following (in thousands):

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Deposits in trusts for employee benefits and retirement plans . . . . .	\$ 91,388	\$ 87,646
Other . . . . .	58,393	57,791
	<b>\$149,781</b>	<b>\$145,437</b>

**Note D—Goodwill**

The following table sets forth the activity in goodwill from December 31, 2011, through March 31, 2012 (in thousands):

	<b>Goodwill</b>
Balance as of December 31, 2011 . . . . .	\$189,423
Foreign currency translation adjustments . . . . .	425
Balance as of March 31, 2012 . . . . .	<b>\$189,848</b>

**Note E—Property and Equipment, Net**

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Computer hardware . . . . .	\$ 124,218	\$ 122,619
Computer software . . . . .	254,855	249,843
Furniture and equipment . . . . .	115,298	108,917
Leasehold improvements . . . . .	115,159	113,972
Other . . . . .	12,743	15,143
Property and equipment, cost . . . . .	622,273	610,494
Accumulated depreciation . . . . .	(517,787)	(502,522)
Property and equipment, net . . . . .	<b>\$ 104,486</b>	<b>\$ 107,972</b>

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note F—Accrued Payroll Costs and Retirement Obligations**

Accrued payroll costs and retirement obligations consisted of the following (in thousands):

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Payroll and benefits .....	\$185,471	\$181,035
Employee retirement obligations .....	86,719	87,031
Workers' compensation .....	25,954	24,217
Payroll taxes .....	32,632	63,011
	<b>\$330,776</b>	<b>\$355,294</b>

Included in employee retirement obligations is the following (in thousands):

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Deferred compensation plan and other benefits related to the Company's Chief Executive Officer .....	\$71,701	\$71,603

**Note G—Commitments and Contingencies**

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 and related statutory penalties but denied certification with respect to claims relating to meal periods and rest time breaks. The stay of proceedings previously entered in this matter was lifted on March 1, 2012 and litigation has resumed. This case is set for voluntary mediation on June 18, 2012. There is no assurance that this case will settle at the mediation. A previous voluntary mediation of this case on August 10, 2010, did not result in a settlement. If settled at mediation, the amounts paid by the Company may be material. 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 Company's 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 February 23, 2011, Plaintiff Isabel Apolinario, on behalf of herself 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. The stay of proceedings previously entered in this matter was lifted on March 1, 2012 and litigation has resumed. This case is set for voluntary mediation on June 18, 2012. There is no assurance that this

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note G—Commitments and Contingencies (Continued)**

case will settle at the mediation. If settled at mediation, the amounts paid by the Company may be material. 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 Company's financial statements. The Company believes it has meritorious defenses to the allegations in this case, and the Company 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 stay of proceedings previously entered in this matter was lifted on April 12, 2012. This case is set for voluntary mediation on June 18, 2012. There is no assurance that this case will settle at the mediation. A previous voluntary mediation of this case on August 10, 2010, did not result in a settlement. If settled at mediation, the amounts paid by the Company may be material. 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 Company's 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 April 23, 2010, Plaintiffs David Opalinski and James McCabe, on behalf of themselves and a putative class of similarly situated Staffing Managers, filed a Complaint in the United States District Court for the District of New Jersey naming the Company and one of its subsidiaries as Defendants. The Complaint alleges that salaried Staffing Managers located throughout the U.S. have been misclassified as exempt from the Fair Labor Standards Act's overtime pay requirements. Plaintiffs seek an unspecified amount for unpaid overtime on behalf of themselves and the class they purport to represent. Plaintiffs also seek an unspecified amount for statutory penalties, attorneys' fees and other damages. On October 6, 2011, the Court granted the Company's motion to compel arbitration of the Plaintiffs' allegations. At this stage, it is not feasible to predict the outcome of or a range of loss, should a loss occur, from these allegations and, accordingly, no amounts have been provided in the Company's financial statements. The Company believes it has meritorious defenses to the allegations, and the Company intends to continue to vigorously defend against the allegations.

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.

Legal costs associated with the resolution of claims, lawsuits and other contingencies are expensed as incurred.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note H—Stockholders’ Equity**

*Stock Repurchase Program.* As of March 31, 2012, the Company is authorized to repurchase, from time to time, up to 5.1 million additional shares of the Company’s common stock on the open market or in privately negotiated transactions, depending on market conditions. The number and the cost of common stock shares repurchased during the three months ended March 31, 2012 and 2011, are reflected in the following table (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Common stock repurchased (in shares) .....	1,017	958
Common stock repurchased .....	\$29,487	\$29,529

Additional stock repurchases were made in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of exercise price and applicable statutory withholding taxes. Repurchases of shares are funded with cash generated from operations. The number and the cost of employee stock plan repurchases made during the three months ended March 31, 2012 and 2011, are reflected in the following table (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Employee stock plan repurchased (in shares) .....	909	45
Employee stock plan repurchased .....	\$26,907	\$1,438

The repurchased shares are held in treasury and are presented as if constructively retired. Treasury stock is accounted for using the cost method. Treasury stock activity for the three months ended March 31, 2012 and 2011 (consisting of stock option exercises and the purchase of shares for the treasury) is presented in the unaudited Condensed Consolidated Statements of Stockholders’ Equity.

*Cash Dividends.* The Company’s Board of Directors may at their discretion declare and pay dividends upon the shares of the Company’s stock either out of the Company’s retained earnings or capital surplus. The cash dividends declared during the three months ended March 31, 2012 and 2011, are reflected in the following table:

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Cash dividends declared per share .....	\$.15	\$.14

Repurchases of shares and issuances of cash dividends are applied first to the extent of retained earnings and any remaining amounts are applied to capital surplus. As a result, the Company had no retained earnings as of March 31, 2012 and December 31, 2011.

**Note I—Stock Plans**

Under various stock plans, officers, employees and outside directors have received or may receive grants of restricted stock, stock units, stock appreciation rights or options to purchase common stock. Grants have been made at the discretion of the Committees of the Board of Directors. Grants generally vest over four years. Shares offered under the plan are authorized but unissued shares or treasury shares.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note I—Stock Plans (Continued)**

Options currently outstanding under the plans have an exercise price equal to the fair market value of the Company's common stock at the date of grant and consist of non-statutory stock options under the Internal Revenue Code, and generally have a term of 10 years.

Recipients of restricted stock do not pay any cash consideration to the Company for the shares, have the right to vote all shares subject to such grant, and for grants made prior to July 28, 2009, receive all dividends with respect to such shares on the dividend payment dates, whether or not the shares have vested as long as any performance condition has been met. Restricted stock grants made on or after July 28, 2009, contain forfeitable rights to dividends. Dividends for these grants are accrued on the dividend payment dates but are not paid until the shares vest, and dividends accrued for shares that ultimately do not vest are forfeited. Recipients of stock units do not pay any cash consideration for the units, do not have the right to vote, and do not receive dividends with respect to such units. Compensation expense for restricted stock and stock units is generally recognized on a straight-line basis over the vesting period, based on the stock's fair market value on the grant date. For restricted stock grants issued with performance conditions, compensation expense is recognized over each vesting tranche.

**Note J—Net Income Per Share**

The calculation of net income per share for the three months ended March 31, 2012 and 2011 is reflected in the following table (in thousands, except per share amounts):

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
Basic net income per share:		
Net income	\$ 48,334	\$ 26,705
Income allocated to participating securities—basic	265	413
Net income available to common stockholders—basic	<u>\$ 48,069</u>	<u>\$ 26,292</u>
Basic weighted average shares	139,384	142,653
Basic net income per share	\$ .34	\$ .18
Diluted net income per share:		
Net income	\$ 48,334	\$ 26,705
Income allocated to participating securities—diluted	264	412
Net income available to common stockholders—diluted	<u>\$ 48,070</u>	<u>\$ 26,293</u>
Basic weighted average shares	139,384	142,653
Dilutive effect of potential common shares	1,059	1,483
Diluted weighted average shares	<u>140,443</u>	<u>144,136</u>
Diluted net income per share	\$ .34	\$ .18

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note J—Net Income Per Share (Continued)**

Potential common shares include the dilutive effect of stock options, unvested performance-based restricted stock, restricted stock which contain forfeitable rights to dividends, and stock units. The weighted average diluted common shares outstanding for the three months ended March 31, 2012 and 2011, excludes the effect of the following (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Total number of anti-dilutive potential common shares . . . . .	752	184

Employee stock options will have a dilutive effect under the treasury method only when the respective period’s average market value of the Company’s common stock exceeds the exercise proceeds. Under the treasury method, exercise proceeds include the amount the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefits that would be recorded in capital surplus, if the options were exercised and the stock units and performance-based restricted stock had vested.

**Note K—Business Segments**

The Company, which aggregates its operating segments based on the nature of services, has three reportable segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. The temporary and consultant segment provides specialized staffing in the accounting and finance, administrative and office, information technology, legal, advertising, marketing and web design fields. The permanent placement segment provides full-time personnel in the accounting, finance, administrative and office, and information technology fields. The risk consulting segment provides business and technology risk consulting and internal audit services.

The accounting policies of the segments are set forth in Note A—“Summary of Significant Accounting Policies” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011. The Company evaluates performance based on income or loss from operations before net interest income, intangible amortization expense, and income taxes.

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)**

**March 31, 2012**

**Note K—Business Segments (Continued)**

The following table provides a reconciliation of revenue and operating income (loss) by reportable segment to consolidated results (in thousands):

	Three Months Ended March 31,	
	2012	2011
Net service revenues		
Temporary and consultant staffing . . . . .	\$ 829,657	\$714,682
Permanent placement staffing . . . . .	82,862	67,604
Risk consulting and internal audit services . . . . .	102,925	98,583
	\$1,015,444	\$880,869
Operating income (loss)		
Temporary and consultant staffing . . . . .	\$ 69,154	\$ 38,070
Permanent placement staffing . . . . .	13,266	7,867
Risk consulting and internal audit services . . . . .	(2,355)	(1,534)
	80,065	44,403
Amortization of intangible assets . . . . .	35	39
Interest income, net . . . . .	(234)	(212)
Income before income taxes . . . . .	\$ 80,264	\$ 44,576

**Note L—Subsequent Events**

On May 2, 2012, the Company announced the following:

Quarterly dividend per share . . . . .	\$ .15
Declaration date . . . . .	May 2, 2012
Record date . . . . .	May 25, 2012
Payment date . . . . .	June 15, 2012

## **ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

Certain information contained in Management’s Discussion and Analysis and in other parts of this report may be deemed forward-looking statements regarding events and financial trends that may affect the Company’s future operating results or financial positions. These statements may be identified by words such as “estimate”, “forecast”, “project”, “plan”, “intend”, “believe”, “expect”, “anticipate”, or variations or negatives thereof or by similar or comparable words or phrases. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the statements. These risks and uncertainties include, but are not limited to, the following: the global financial and economic situation; changes in levels of unemployment and other economic conditions in the United States or foreign countries where the Company does business, or in particular regions or industries; reduction in the supply of candidates for temporary employment or the Company’s ability to attract candidates; the entry of new competitors into the marketplace or expansion by existing competitors; the ability of the Company to maintain existing client relationships and attract new clients in the context of changing economic or competitive conditions; the impact of competitive pressures, including any change in the demand for the Company’s services, on the Company’s ability to maintain its margins; the possibility of the Company incurring liability for its activities, including the activities of its temporary employees, or for events impacting its temporary employees on clients’ premises; the possibility that adverse publicity could impact the Company’s ability to attract and retain clients and candidates; the success of the Company in attracting, training, and retaining qualified management personnel and other staff employees; the Company’s ability to comply with governmental regulations affecting personnel services businesses in particular or employer/employee relationships in general; whether there will be ongoing demand for Sarbanes-Oxley or other regulatory compliance services; the Company’s reliance on short-term contracts for a significant percentage of its business; litigation relating to prior or current transactions or activities, including litigation that may be disclosed from time to time in the Company’s SEC filings; the ability of the Company to manage its international operations and comply with foreign laws and regulations; the impact of fluctuations in foreign currency exchange rates; the possibility that the additional costs the Company will incur as a result of health care reform legislation may have a material adverse effect on the Company’s profit margins or the demand for the Company’s services; the possibility that the additional costs the Company will incur as a result of other government legislation or regulations may have a material adverse effect on the Company’s profit margins or the demand for the Company’s services; the possibility that the Company’s computer and communications hardware and software systems could be damaged or their service interrupted; and the possibility that the Company may fail to maintain adequate financial and management controls and as a result suffer errors in its financial reporting. Additionally, with respect to Protiviti, other risks and uncertainties include the fact that future success will depend on its ability to retain employees and attract clients; there can be no assurance that there will be ongoing demand for Sarbanes-Oxley or other regulatory compliance services; failure to produce projected revenues could adversely affect financial results; and there is the possibility of involvement in litigation relating to prior or current transactions or activities. Because long-term contracts are not a significant part of the Company’s business, future results cannot be reliably predicted by considering past trends or extrapolating past results.

### *Critical Accounting Policies and Estimates*

The Company’s most critical accounting policies and estimates are those that involve subjective decisions or assessments and are included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011. There were no material changes to these critical accounting policies during the three months ended March 31, 2012.

### *Recent Accounting Pronouncements*

See Note B—“New Accounting Pronouncements” to the Company’s Condensed Consolidated Financial Statements included under Part I—Item 1 of this report.



### *Results of Operations*

Demand for the Company's temporary and permanent placement staffing services and risk consulting and internal audit services is largely dependent upon general economic and labor market conditions both domestically and abroad. Correspondingly, results of operations for the three months ended March 31, 2012, were positively impacted by improving global economic conditions. Because of the inherent difficulty in predicting economic trends and the absence of material long-term contracts in any of our business units, future demand for the Company's services cannot be forecasted with certainty. We expect total Company results to continue to be impacted by general macroeconomic conditions in 2012.

The Company's temporary and permanent placement staffing services business has more than 350 offices in 42 states, the District of Columbia and 19 foreign countries, while Protiviti has 59 offices in 23 states and 12 foreign countries.

Because fluctuations in foreign currency exchange rates have an impact on the Company's results, the Company provides selected growth percentages below on a constant-currency basis. Constant-currency percentages are calculated using as-reported amounts which have been retranslated using foreign currency exchange rates from the prior year's comparable period.

#### *Three months ended March 31, 2012 and 2011*

*Revenues.* The Company's revenues were \$1.0 billion for the three months ended March 31, 2012, increasing by 15% compared to \$881 million for the three months ended March 31, 2011. Revenues from foreign operations represented 28% of total revenues for three months ended March 31, 2012, compared to 31% for the three months ended March 31, 2011. The Company analyzes its revenues for three reportable segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. In the first quarter of 2012, revenues for all three of the Company's reportable segments were up compared to the first quarter of 2011. Contributing factors for each reportable segment are discussed below in further detail.

Temporary and consultant staffing services revenues were \$830 million for the three months ended March 31, 2012, increasing by 16% compared to revenues of \$715 million for the three months ended March 31, 2011. On a constant-currency basis, temporary and consultant staffing services revenues increased 17% for the first quarter of 2012 compared to the first quarter of 2011. In the U.S., revenues in the first quarter of 2012 increased 20% compared to the first quarter of 2011. The Company's temporary and consultant staffing services revenues from foreign operations increased 6% compared to the first quarter of 2011. On a constant-currency basis, the Company's revenues from foreign operations increased 9% in the first quarter of 2012 compared to the first quarter of 2011.

Permanent placement staffing revenues were \$83 million for the three months ended March 31, 2012, increasing by 23% compared to revenues of \$68 million for the three months ended March 31, 2011. On a constant-currency basis, permanent placement revenues increased 24% for the first quarter of 2012 compared to the first quarter of 2011. In the U.S., revenues in the first quarter of 2012 increased 29% compared to the first quarter of 2011. Historically, demand for permanent placement services is even more sensitive to economic and labor market conditions than demand for temporary and consulting staffing services and this is expected to continue. The Company's permanent placement staffing services revenues from foreign operations increased 15% compared to the first quarter of 2011. On a constant-currency basis, the Company's revenues from foreign operations increased 18% in the first quarter of 2012 compared to the first quarter of 2011.

Risk consulting and internal audit services revenues were \$103 million for the three months ended March 31, 2012, increasing by 4% compared to revenues of \$98 million for the three months ended March 31, 2011. On a constant-currency basis, risk consulting and internal audit services revenues increased 5% for the first quarter of 2012 compared to the first quarter of 2011. Contributing to the increase were the improved economic conditions in U.S. In the U.S., revenues in the first quarter of 2012 increased 9% compared to the first quarter of

2011. The Company's risk consulting and internal audit services revenues from foreign operations decreased 7% compared to the first quarter of 2011. On a constant-currency basis, the Company's revenues from foreign operations decreased 6% in the first quarter of 2012 compared to the first quarter of 2011.

*Gross Margin.* The Company's gross margin dollars were \$402 million for the three months ended March 31, 2012, increasing by 19% compared to \$338 million for the three months ended March 31, 2011. In the first quarter of 2012, gross margin dollars increased for the Company's temporary and consultant staffing services and permanent placement staffing segments and decreased for risk consulting and internal audit services compared to the first quarter of 2011. Gross margin as a percentage of revenues increased for the Company's temporary and consultant staffing services segment and decreased for the risk consulting and internal audit services division on a year-over-year basis. Contributing factors for each reportable segment are discussed below in further detail.

Gross margin dollars from the Company's temporary and consultant staffing services represent revenues less direct costs of services, which consist of payroll, payroll taxes and insurance costs for temporary employees, and reimbursable expenses. Gross margin dollars for the Company's temporary and consultant staffing services division were \$295 million for the three months ended March 31, 2012, increasing by 20% compared to \$246 million for the three months ended March 31, 2011. On a constant-currency basis, temporary and consultant staffing services gross margin dollars increased 21% for the first quarter of 2012 compared to the first quarter of 2011. As a percentage of revenues, gross margin for temporary and consultant staffing services was 35.6% in the first quarter of 2012, up from 34.4% in the first quarter of 2011. The higher temporary and consultant gross margin percentage is primarily the result of higher bill rates and higher conversion revenues. Conversion revenues are earned when a temporary position converts to a permanent position. As there are no direct costs related to conversion revenues, the gross margin percentage is favorably impacted as the mix of conversion revenues increase.

Gross margin dollars from permanent placement staffing services represent revenues less reimbursable expenses. Gross margin dollars for the Company's permanent placement staffing division were \$83 million for the three months ended March 31, 2012, increasing by 23% compared to \$67 million for the three months ended March 31, 2011. On a constant-currency basis, permanent placement gross margin dollars increased 24% for the first quarter of 2012 compared to the first quarter of 2011. Because reimbursable expenses for permanent placement staffing services are de minimis, the increase in gross margin dollars is substantially explained by the increase in revenues previously discussed.

Gross margin dollars for risk consulting and internal audit services represent revenues less direct costs of services, which consist primarily of professional staff payroll, payroll taxes, insurance costs and reimbursable expenses. Gross margin dollars for the Company's risk consulting and internal audit division were \$24 million for the three months ended March 31, 2012, decreasing by 4% compared to \$25 million for the three months ended March 31, 2011. On a constant-currency basis, risk consulting and internal audit gross margin dollars decreased 4% for the first quarter of 2012 compared to the first quarter of 2011. As a percentage of revenues, gross margin for risk consulting and internal audit services was 23.1% in the first quarter of 2012, down from 25.2% in the first quarter of 2011. The year-over-year margin decrease is primarily due to lower staff utilization levels outside of the United States.

*Selling, General and Administrative Expenses.* The Company's selling, general and administrative expenses were \$322 million for the three months ended March 31, 2012, increasing by 10% compared to \$294 million for the three months ended March 31, 2011. As a percentage of revenues, the Company's selling, general and administrative expenses were 31.7% for the first quarter of 2012, down from 33.3% for the first quarter of 2011. For the first quarter of 2012 compared to the first quarter of 2011, selling, general and administrative expenses increased for the Company's temporary and consultant staffing services and permanent placement staffing segments and remained flat for risk consulting and internal audit services. Selling, general and administrative expenses as a percentage of revenues decreased for all three of the Company's reportable segments in the first

quarter of 2012 compared to the first quarter of 2011. Contributing factors for each reportable segment are discussed below in further detail.

Selling, general and administrative expenses for the Company's temporary and consultant staffing services division were \$226 million for the three months ended March 31, 2012, up 9% from \$208 million for the three months ended March 31, 2011. As a percentage of revenues, selling, general and administrative expenses for temporary and consultant staffing services were 27.3% in the first quarter of 2012, down from 29.0% in the first quarter of 2011. For the first quarter of 2012 compared to the first quarter of 2011, the decrease in selling, general and administrative expenses as a percentage of revenue is primarily due to the higher operating leverage obtained by higher revenues.

Selling, general and administrative expenses for the Company's permanent placement staffing division were \$70 million for the three months ended March 31, 2012, increasing by 16% compared to \$60 million for the three months ended March 31, 2011. As a percentage of revenues, selling, general and administrative expenses for permanent placement staffing services were 83.9% in the first quarter of 2012, down from 88.3% in the first quarter of 2011. For the first quarter of 2012 compared to the first quarter of 2011, improved leverage in general and administrative expenses, as a result of higher revenue, drove the overall decrease as a percentage of revenues.

Selling, general and administrative expenses for the Company's risk consulting and internal audit services division were \$26 million for the three months ended March 31, 2012, which remained flat compared to \$26 million for the three months ended March 31, 2011. As a percentage of revenues, selling, general and administrative expenses for risk consulting and internal audit services were 25.4% in the first quarter of 2012, down from 26.7% compared to the first quarter of 2011. For the first quarter of 2012 compared to the first quarter of 2011, the decrease in selling, general and administrative expenses as a percentage of revenue is primarily due to higher operating leverage obtained by higher revenues.

*Operating Income.* The Company's total operating income was \$80 million, or 7.9% of revenues, for the three months ended March 31, 2012, increasing by 80% from \$44 million, or 5.0% of revenues, for the three months ended March 31, 2011. For the Company's temporary and consultant staffing services division, operating income was \$69 million, or 8.3% of applicable revenues, up from \$38 million, or 5.3% of applicable revenues, in the first quarter of 2011. For the Company's permanent placement staffing division, operating income was \$13 million, or 16.0% of applicable revenues, up from an operating income of \$8 million, or 11.6% of applicable revenues, in the first quarter of 2011. For the Company's risk consulting and internal audit services division, operating loss was \$2 million, or negative 2.3% of applicable revenues, which remained flat from an operating loss of \$2 million, or negative 1.6% of applicable revenues, in the first quarter of 2011.

*Provision for income taxes.* The provision for income taxes was 40% for the three months ended March 31, 2012 and 2011, respectively.

#### *Liquidity and Capital Resources*

The change in the Company's liquidity during the three months ended March 31, 2012 and 2011 is primarily the net effect of funds generated by operations and the funds used for capital expenditures, repurchases of common stock and payment of dividends.

Cash and cash equivalents were \$244 million and \$282 million at March 31, 2012 and 2011, respectively. Operating activities provided \$23 million during the three months ended March 31, 2012, which was more than offset by \$12 million and \$49 million of net cash used in investing activities and financing activities, respectively. Operating activities provided \$19 million during the three months ended March 31, 2011, which was more than offset by \$16 million and \$41 million of net cash used in investing activities and financing activities, respectively.

Operating activities—Net cash provided by operating activities for the three months ended March 31, 2012, was comprised of net income of \$48 million, adjusted for non-cash items of \$20 million, and offset by changes in working capital of \$45 million. Net cash provided by operating activities for the three months ended March 31, 2011, was composed of net income of \$27 million, adjusted for non-cash items of \$18 million, and net cash provided by changes in working capital of \$26 million.

Investing activities—Net cash used in investing activities for the three months ended March 31, 2012, was \$12 million. This was comprised of capital expenditures of \$10 million and deposits to trusts for employee benefits and retirement plans of \$2 million. Cash used in investing activities for the three months ended March 31, 2011, was \$16 million. This was composed of capital expenditures of \$15 million and deposits to trusts for employee benefits and retirement plans of \$1 million.

Financing activities—Net cash used in financing activities for the three months ended March 31, 2012, was \$49 million. This included repurchases of \$56 million in common stock and \$21 million in cash dividends to stockholders, offset by proceeds of \$26 million from exercises of stock options and \$2 million in excess tax benefits from stock-based compensation. Cash used in financing activities for the three months ended March 31, 2011, was \$41 million. This included repurchases of \$31 million in common stock and \$20 million in cash dividends to stockholders, offset by proceeds of \$10 million from exercise of stock options.

As of March 31, 2012, the Company is authorized to repurchase, from time to time, up to 5.1 million additional shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions. During the three months ended March 31, 2012 and 2011, the Company repurchased 1.0 million shares of common stock on the open market for a total cost of \$29 million and \$30 million, respectively. Additional stock repurchases were made in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of exercise price and applicable statutory withholding taxes. During the three months ended March 31, 2012 and 2011, such repurchases totaled 909 thousand shares, at a cost of \$27 million, and 45 thousand shares, at a cost of \$1 million. Repurchases of shares have been funded with cash generated from operations.

The Company's working capital at March 31, 2012, included \$244 million in cash and cash equivalents. The Company expects that internally generated cash will be sufficient to support the working capital needs of the Company, the Company's fixed payments, dividends, and other obligations on both a short- and long-term basis.

On May 2, 2012, the Company announced a quarterly dividend of \$.15 per share to be paid to all shareholders of record as of May 25, 2012. The dividend will be paid on June 15, 2012.

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to the impact of foreign currency fluctuations. The Company's exposure to foreign currency exchange rates relates primarily to the Company's foreign subsidiaries. Exchange rates impact the U.S. dollar value of the Company's reported earnings, investments in its foreign subsidiaries, and the intercompany transactions with its foreign subsidiaries.

For the three months ended March 31, 2012, approximately 28% of the Company's revenues were generated outside of the U.S. These operations transact business in their functional currency. As a result, fluctuations in the value of foreign currencies against the U.S. dollar, particularly the Canadian dollar, British pound, and Euro, have an impact on the Company's reported results. Revenues and expenses denominated in foreign currencies are translated into U.S. dollars at the monthly average exchange rates prevailing during the period. Consequently, as the value of the U.S. dollar changes relative to the currencies of the Company's non-U.S. markets, the Company's reported results vary.

Fluctuations in currency exchange rates impact the U.S. dollar amount of the Company's stockholders' equity. The assets and liabilities of the Company's non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at period end. The resulting translation adjustments are recorded in stockholders' equity as a component of accumulated other comprehensive income.

#### **ITEM 4. Controls and Procedures**

Management, including the Company's Chairman and Chief Executive Officer and the Vice Chairman and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Chairman and Chief Executive Officer and the Vice Chairman and Chief Financial Officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal controls over financial reporting identified in connection with the evaluation required by Rule 13a-15 of the Securities Exchange Act of 1934 that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. 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 and related statutory penalties but denied certification with respect to claims relating to meal periods and rest time breaks. The stay of proceedings previously entered in this matter was lifted on March 1, 2012 and litigation has resumed. This case is set for voluntary mediation on June 18, 2012. There is no assurance that this case will settle at the mediation. A previous voluntary mediation of this case on August 10, 2010, did not result in a settlement. If settled at mediation, the amounts paid by the Company may be material. 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 Company's 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 February 23, 2011, Plaintiff Isabel Apolinario, on behalf of herself 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. The stay of proceedings previously entered in this matter was lifted on March 1, 2012 and litigation has resumed. This case is set for voluntary mediation on June 18, 2012. There is no assurance that this case will settle at the mediation. If settled at mediation, the amounts paid by the Company may be material. 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 Company's financial statements. The Company believes it has meritorious defenses to the allegations in this case, and the Company 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 stay of proceedings previously entered in this matter was lifted on April 12, 2012. This case is set for voluntary mediation on June 18, 2012. There is no assurance that this case will settle at the mediation. A previous voluntary mediation of this case on August 10, 2010, did not result in a settlement. If settled at mediation, the amounts paid by the Company may be material. 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 Company's financial statements. The Company believes it has meritorious defenses to the allegations, and the Company intends to continue to vigorously defend against the litigation.



There have been no material developments with regard to the other legal proceedings previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2011.

**ITEM 1A. Risk Factors**

There have not been any material changes with regard to the risk factors previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2011.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

*Issuer Purchases of Equity Securities*

	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans (d)</u>
January 1, 2012 to January 31, 2012 . . . . .	10,569(a)	\$28.00	—	6,085,353
February 1, 2012 to February 29, 2012 . . . . .	1,677,273(b)	\$29.38	829,700	5,255,653
March 1, 2012 to March 31, 2012 . . . . .	238,039(c)	\$28.68	187,500	5,068,153
<u>Total January 1, 2012 to March 31, 2012 . . . . .</u>	<u>1,925,881</u>		<u>1,017,200</u>	

- (a) 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.
- (b) Includes 847,573 shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for payment of applicable withholding taxes and/or exercise price.
- (c) Includes 50,539 shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for 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 88,000,000 shares have been authorized for repurchase of which 82,931,847 shares have been repurchased as of March 31, 2012.

**ITEM 3. Defaults Upon Senior Securities**

None.

**ITEM 4. Mine Safety Disclosure**

Not applicable.

**ITEM 5. Other Information**

None.

**ITEM 6. Exhibits**

- 3.1 Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009.
- 3.2 By-Laws, incorporated by reference to Exhibit 3.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.
- 10.1 Annual Performance Bonus Plan, as amended and restated.
- 31.1 Rule 13a-14(a) Certification of Chief Executive Officer.
- 31.2 Rule 13a-14(a) Certification of Chief Financial Officer.
- 32.1 Section 1350 Certification of Chief Executive Officer.
- 32.2 Section 1350 Certification of Chief Financial Officer.
- 101.1 Part I, Item 1 of this Form 10-Q formatted in XBRL.



## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROBERT HALF INTERNATIONAL INC.  
(Registrant)

/s/ M. KEITH WADDELL

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**M. Keith Waddell**  
*Vice Chairman, President and Chief Financial Officer*  
*(Principal Financial Officer and*  
*duly authorized signatory)*

Date: May 4, 2012

ROBERT HALF INTERNATIONAL INC.

Annual Performance Bonus Plan

(As amended and restated effective April 12, 2012)

1. DEFINITIONS. As used in this Plan, the following terms shall have the meanings set forth below:

Administrator means the Compensation Committee of the Board of Directors of the Company, or such other Committee as may be appointed by the Board.

Annual Determination means the Target EPS and Target Bonuses determined annually by the Administrator, as described in Section 4 of this Plan.

Award Date means the date that the Administrator makes its written certification of a Bonus pursuant to Section 5 or Section 6.

Bonus means a Preliminary Bonus, a Final Bonus, or both.

Bonus Year means the fiscal year with respect to which a Bonus is paid pursuant to the Plan.

Company means Robert Half International Inc., a Delaware corporation.

Eligible Executive means (a) any elected executive officer of the Company and (b) any executive of the Company who has senior management functions and responsibilities, as designated by the Administrator.

EPS means diluted earnings per share, determined in accordance with generally accepted accounting principles. For purposes of the foregoing sentence, earnings shall mean income before extraordinary items, discontinued operations and cumulative effect of changes in accounting principles and any other objectively verifiable adjustment(s) thereto permitted and pre-established by the Administrator in accordance with Section 162(m) of the Internal Revenue Code of 1986, as amended, and after full accrual for the bonuses paid under this Plan. Earnings shall also be determined, with respect to any Target Bonus without regard to the effects of mergers, acquisitions, dispositions and material restructuring of the business occurring after the Target EPS for such Target Bonus was established.

Final Bonus means the Year-End Bonus less the Preliminary Bonus, but only if such number is greater than zero.

Final EPS means EPS calculated as of the end of a fiscal year.

Final Multiplier means (a) the Final Ratio, if the Final Ratio is greater than or equal to .5 and less than or equal to 2, (b) 2, if the Final Ratio is greater than 2, or (c) 0, if the Final Ratio is less than .5.

Final Ratio means the result obtained by dividing Final EPS by Target EPS.

Nine-Month Period means the first three fiscal quarters of the Bonus Year.

Plan means this Annual Performance Bonus Plan.

Potential Preliminary Bonus means, with respect to each Eligible Executive, 70% of the Product of the Preliminary Multiplier and such Eligible Executive's Target Bonus, but in no event may such amount be in excess of \$9,000,000.

Potential Year-End Bonus means, with respect to each Eligible Executive, the product of the Final Multiplier and such Eligible Executive's Target Bonus, but in no event may such amount be in excess of \$9,000,000.

Preliminary Bonus means, with respect to each Eligible Executive, that amount that the Administrator determines in accordance with Section 5 hereof, but in no event may such amount be in excess of \$9,000,000

Preliminary EPS means 1.334 multiplied by EPS for a Nine-Month Period.

Preliminary Multiplier means (a) the Preliminary Ratio, if the Preliminary Ratio is greater than or equal to .5 and less than or equal to 2, (b) 2, if the Preliminary Ratio is greater than 2, or (c) 0, if the Preliminary Ratio is less than .5.

Preliminary Ratio means the result obtained by dividing Preliminary EPS by Target EPS.

Repayment Amount means that amount calculated in accordance with Section 7.3 hereof.

Target Bonus means that amount set forth, with respect to each Eligible Executive, in an Annual Determination.

Target EPS means the EPS goal set annually by the Administrator, as set forth in an Annual Determination.

Year-End Bonus means, with respect to each Eligible Executive, that amount that the Administrator determines in accordance with Section 6 hereof, but in no event may such amount be in excess of \$9,000,000.

2. **PURPOSE.** The purpose of the Plan is to attract, retain and motivate key senior management employees by providing additional compensation, in accordance with the terms and conditions set forth herein, based on the Company's earnings.

3. **ADMINISTRATION.** The Administrator is authorized to construe and interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all determinations and to take all actions necessary or advisable for the Plan's administration. Whenever the Plan authorizes or requires the Administrator to take any action, make any determination or decision, or form any opinion, then any such action, determination, decision or opinion by or of the Administrator shall be in the absolute discretion of the Administrator and shall be final and binding upon all persons in interest, including the Company and all Eligible Executives.

4. **ANNUAL DETERMINATION.** On an annual basis, and in accordance with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, the Administrator shall determine the following with respect to the Bonus Year:

- (i) the Eligible Executives;
- (ii) the Target EPS for the Bonus Year;
- (iii) the Target Bonus for the Bonus Year for each Eligible Executive; and
- (iv) such other matters as are appropriate with respect to the Plan (together, the "Annual Determination").

5. **DETERMINATION OF PRELIMINARY BONUS.** After the public release by the Company of its audited results for the third fiscal quarter of the Bonus Year, the Chief Financial Officer shall (a) calculate the Preliminary EPS, (b) determine the Preliminary Multiplier for the Bonus Year, (c) calculate, with respect to each Eligible Executive, his Potential Preliminary Bonus, (d) deliver each calculation to the Administrator. The Administrator shall, prior to the end of the Bonus Year, review the information submitted by the Chief Financial Officer and certify, in writing, each Eligible Executive's Preliminary Bonus, which, except as provided in the next sentence, shall be the Potential Preliminary Bonus. Notwithstanding the foregoing, if any Eligible Executive's Preliminary Bonus would be greater than his Target Bonus, the Administrator, in its sole discretion, may reduce the Preliminary Bonus of such Eligible Executive to such amount that is not less than the Target Bonus as it may determine.

6. DETERMINATION OF YEAR-END BONUS. After the public release by the Company of its audited results for the Bonus Year, the Chief Financial Officer shall (a) calculate the Final EPS, (b) determine the Final Multiplier for the Bonus Year, (c) calculate, with respect to each Eligible Executive, the Potential Year-End Bonus and (d) deliver such calculations to the Administrator. The Administrator shall, within 90 days of the end of the Bonus Year, review the information submitted by the Chief Financial Officer and certify, in writing, each Eligible Executive's Year-End Bonus, which shall be the Potential Year-End Bonus; provided, however, that if any Eligible Executive's Potential Year-End Bonus is greater than such Eligible Executive's Preliminary Bonus, the Administrator may, in its sole discretion, reduce such Year-End Bonus to such amount that is not less than the Eligible Executive's Preliminary Bonus as the Administrator may determine.

7. BONUS PAYMENTS. Each Eligible Executive shall be paid a Bonus in accordance with the following:

7.1. Preliminary Bonus. The Company shall pay the Preliminary Bonus to each Eligible Executive after such Preliminary Bonus is certified by the Administrator but prior to the end of the Bonus Year. Notwithstanding the foregoing, or anything appearing elsewhere herein, if an Eligible Executive is not employed by the Company on the date that Preliminary Bonuses are certified by the Administrator, then a pro-rated Preliminary Bonus shall be paid to such Eligible Executive (a) if the termination of employment was by reason of the Eligible Executive's death, (b) as provided by any agreement or arrangement in existence on the date the Plan was approved by the stockholders or (c) under such circumstances as the Administrator, in its sole discretion, may determine; otherwise, no Preliminary Bonus in any amount shall be paid to such Eligible Executive.

7.2. Final Bonus. The Company shall pay the Final Bonus to each Eligible Executive after such Final Bonus is certified by the Administrator but prior to the fifteenth day of the third month following the end of the Bonus Year. Notwithstanding the foregoing, or anything appearing elsewhere herein, if an Eligible Executive is not employed by the Company on the last day of the Bonus Year, then a pro-rated Final Bonus shall be paid to such Eligible Executive (a) if the termination of employment was by reason of the Eligible Executive's death, (b) as provided by any agreement or arrangement in existence on the date the Plan was approved by the stockholders or (c) under such circumstances as the Administrator, in its sole discretion, may determine; otherwise, no Final Bonus in any amount shall be paid to such Eligible Executive.

7.3. Repayment of Preliminary Bonus. If the Year-End Bonus for an Eligible Executive is less than such Eligible Executive's Preliminary Bonus, such Eligible Executive shall repay such difference (the "Repayment Amount") within fifteen (15) business days of notification thereof. To the extent the Repayment Amount is unpaid, the Company shall, consistent with applicable law, be entitled to deduct the Repayment Amount from any other amounts due by the Company to such Eligible Executive, and to pursue any and all other legal and equitable remedies to recover such Repayment Amount.

8. EMPLOYMENT. The selection of an employee as an Eligible Executive shall not affect any right of the Company to terminate, with or without cause, such person's employment at any time.

9. WITHHOLDING TAXES. The Company shall, to the extent permitted by law, have the right to deduct from a Bonus any federal, state or local taxes of any kind required by law to be withheld with respect to such Bonus.

10. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN. The Administrator may at any time amend, alter, suspend, or discontinue this Plan.

11. INDEMNIFICATION OF ADMINISTRATOR. Indemnification of members of the group constituting the Administrator for actions with respect to the Plan shall be in accordance with the terms and conditions of separate indemnification agreements, if any, that have been or shall be entered into from time to time between the Company and any such person.

12. HEADINGS. The headings used in this Plan are for convenience only, and shall not be used to construe the terms and conditions of the Plan.

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

I, Harold M. Messmer, Jr., certify that:

1. I have reviewed this report on Form 10-Q of Robert Half International 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: May 4, 2012

/s/ Harold M. Messmer, Jr.

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Harold M. Messmer, Jr.  
Chairman & CEO

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

I, M. Keith Waddell, certify that:

1. I have reviewed this report on Form 10-Q of Robert Half International 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: May 4, 2012

/s/ M. Keith Waddell

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M. Keith Waddell  
Vice Chairman, President & CFO

**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 Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 of Robert Half International Inc. (the "Form 10-Q"), I, Harold M. Messmer, Jr., Chief Executive Officer of Robert Half International Inc., certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Robert Half International Inc.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Robert Half International Inc. and will be retained by Robert Half International Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Harold M. Messmer, Jr.

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Harold M. Messmer, Jr.  
Chief Executive Officer  
Robert Half International Inc.

May 4, 2012

**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 Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 of Robert Half International Inc. (the "Form 10-Q"), I, M. Keith Waddell, Chief Financial Officer of Robert Half International Inc., certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Robert Half International Inc.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Robert Half International Inc. and will be retained by Robert Half International Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ M. Keith Waddell

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M. Keith Waddell  
Chief Financial Officer  
Robert Half International Inc.

May 4, 2012