
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008

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)

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

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 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 June 30, 2008:

155,911,790 shares of \$.001 par value Common Stock

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)

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
ASSETS		
Cash and cash equivalents	\$ 357,047	\$ 310,000
Accounts receivable, less allowances of \$29,996 and \$28,464	631,318	593,169
Deferred income taxes and other current assets	166,629	156,469
Total current assets	1,154,994	1,059,638
Goodwill and other intangible assets, net	193,963	195,143
Property and equipment, net	153,087	152,311
Deferred income taxes	49,505	43,206
Total assets	<u>\$1,551,549</u>	<u>\$1,450,298</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 127,972	\$ 108,070
Accrued payroll costs and retirement obligations	372,918	323,264
Income taxes payable	14,835	16,248
Current portion of notes payable and other indebtedness	101	370
Total current liabilities	515,826	447,952
Notes payable and other indebtedness, less current portion	3,633	3,753
Other liabilities	14,064	14,544
Total liabilities	<u>533,523</u>	<u>466,249</u>
Commitments and Contingencies (Note G)		
STOCKHOLDERS' EQUITY		
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 155,470,377 shares and 158,057,575 shares	155	158
Capital surplus	941,260	915,038
Accumulated other comprehensive income	76,611	68,853
Retained earnings	—	—
Total stockholders' equity	<u>1,018,026</u>	<u>984,049</u>
Total liabilities and stockholders' equity	<u>\$1,551,549</u>	<u>\$1,450,298</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 OPERATIONS (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net service revenues	\$1,224,641	\$1,149,128	\$2,450,631	\$2,246,553
Direct costs of services, consisting of payroll, taxes, insurance costs and reimbursable expenses	708,017	656,443	1,423,019	1,293,139
Gross margin	516,624	492,685	1,027,612	953,414
Selling, general and administrative expenses	393,393	374,636	787,824	723,015
Amortization of intangible assets	618	818	1,259	1,092
Interest income, net	(1,506)	(3,073)	(3,520)	(7,090)
Income before income taxes	124,119	120,304	242,049	236,397
Provision for income taxes	49,551	47,578	96,697	92,964
Net income	<u>\$ 74,568</u>	<u>\$ 72,726</u>	<u>\$ 145,352</u>	<u>\$ 143,433</u>
Basic net income per share	\$.49	\$.45	\$.95	\$.88
Diluted net income per share	\$.48	\$.44	\$.93	\$.86
Shares:				
Basic	152,877	160,781	153,722	162,302
Diluted	154,520	164,770	155,459	166,818
Cash dividends declared per share	\$.11	\$.10	\$.22	\$.20

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)

	Six Months Ended June 30,	
	<u>2008</u>	<u>2007</u>
COMMON STOCK—SHARES:		
Balance at beginning of period	158,058	167,848
Net issuances of restricted stock	1,858	850
Repurchases of common stock	(5,799)	(7,071)
Exercises of stock options	1,353	2,290
Balance at end of period	<u>155,470</u>	<u>163,917</u>
COMMON STOCK—PAR VALUE:		
Balance at beginning of period	\$ 158	\$ 168
Net issuances of restricted stock	2	1
Repurchases of common stock	(6)	(7)
Exercises of stock options	1	2
Balance at end of period	<u>\$ 155</u>	<u>\$ 164</u>
CAPITAL SURPLUS:		
Balance at beginning of period	\$ 915,038	\$1,003,926
Net issuances, and other changes to, restricted stock—excess over par value	(2)	(1)
Repurchases of common stock—excess over par value	(34,250)	(143,580)
Stock-based compensation expense—restricted stock and stock units	32,249	25,431
Stock-based compensation expense—stock options	2,410	5,117
Exercises of stock options—excess over par value	22,065	43,186
Tax impact of equity incentive plans	3,750	18,935
Balance at end of period	<u>\$ 941,260</u>	<u>\$ 953,014</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME:		
Balance at beginning of period	\$ 68,853	\$ 38,577
Translation adjustments, net of tax	7,758	13,808
Balance at end of period	<u>\$ 76,611</u>	<u>\$ 52,385</u>
RETAINED EARNINGS:		
Balance at beginning of period	\$ —	\$ —
Cumulative impact from adoption of FASB Interpretation No. 48	—	(1,709)
Repurchases of common stock—excess over par value	(110,469)	(108,470)
Cash dividends (\$.22 per share and \$.20 per share)	(34,883)	(33,254)
Net income	145,352	143,433
Balance at end of period	<u>\$ —</u>	<u>\$ —</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 CASH FLOWS (UNAUDITED)
(in thousands)

	Six Months Ended	
	June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 145,352	\$ 143,433
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	1,259	1,092
Depreciation expense	35,904	33,250
Stock-based compensation expense—restricted stock and stock units	32,249	25,431
Stock-based compensation expense—stock options	2,410	5,117
Excess tax benefits from stock-based compensation	(136)	(13,329)
Provision for deferred income taxes	(1,441)	8,303
Provision for doubtful accounts	7,405	4,933
Changes in assets and liabilities, net of effects of acquisitions:		
Increase in accounts receivable	(38,942)	(55,653)
Increase in accounts payable, accrued expenses, accrued payroll costs and retirement obligations	55,350	65,366
Increase in income taxes payable	2,224	23,605
Change in other assets, net of change in other liabilities	(3,852)	(7,434)
Net cash flows provided by operating activities	<u>237,782</u>	<u>234,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of goodwill and other intangible assets and other assets	(272)	(19,477)
Capital expenditures	(38,837)	(46,383)
Increase in trusts for employee benefits and retirement plans	(5,867)	(6,963)
Net cash flows used in investing activities	<u>(44,976)</u>	<u>(72,823)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchases of common stock	(135,285)	(252,057)
Cash dividends paid	(34,883)	(33,254)
Decrease in notes payable and other indebtedness	(321)	(312)
Excess tax benefits from stock-based compensation	136	13,329
Proceeds from exercises of stock options	22,066	43,188
Net cash flows used in financing activities	<u>(148,287)</u>	<u>(229,106)</u>
Effect of exchange rate changes on cash and cash equivalents	2,528	9,936
Net increase (decrease) in cash and cash equivalents	47,047	(57,879)
Cash and cash equivalents at beginning of period	310,000	447,479
Cash and cash equivalents at end of period	<u>\$ 357,047</u>	<u>\$ 389,600</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 243	\$ 258
Income taxes, net of refunds	\$ 94,218	\$ 56,113
Purchase of goodwill and other intangible assets and other assets:		
Assets acquired		
Goodwill and other intangible assets	\$ 272	\$ 16,870
Other assets	—	3,002
Liabilities incurred		
Other liabilities	—	(395)
Cash paid, net of cash acquired	<u>\$ 272</u>	<u>\$ 19,477</u>
Non-cash items:		
Stock repurchases awaiting settlement	\$ 9,440	\$ —

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)
June 30, 2008

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 and technology risk 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, 2007, 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 June 30, 2008, such estimates included allowances for uncollectible accounts receivable, workers’ compensation losses and income and other taxes.

Revenue Recognition. The Company derives its revenues from three segments: temporary and consultant staffing, permanent placement staffing, and risk consulting and internal audit services. Net service revenues as presented on the unaudited Condensed Consolidated Statements of Operations represent services rendered to customers less sales adjustments and allowances. Reimbursements, including those related to travel and out-of-pocket expenses, are also included in net service revenues, and equivalent amounts of reimbursable expenses are included in direct costs of services. The Company records revenue on a gross basis as a principal versus on a net basis as an agent in the presentation of revenues and expenses. The Company has concluded that gross reporting is appropriate because the Company (i) has the risk of identifying and hiring qualified employees, (ii) has the discretion to select the employees and establish their price and duties and (iii) bears the risk for services that are not fully paid for by customers.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note A—Summary of Significant Accounting Policies (Continued)

Temporary and consultant staffing revenues—Temporary and consultant staffing revenues are recognized when the services are rendered by the Company’s temporary employees. Employees placed on temporary assignment by the Company are the Company’s legal employees while they are working on assignments. The Company pays all related costs of employment, including workers’ compensation insurance, state and federal unemployment taxes, social security and certain fringe benefits. The Company assumes the risk of acceptability of its employees to its customers.

Permanent placement staffing revenues—Permanent placement staffing revenues are recognized when employment candidates accept offers of permanent employment. The Company has a substantial history of estimating the effect of permanent placement candidates who do not remain with its clients through the 90-day guarantee period. Allowances are established to estimate these losses. Fees to clients are generally calculated as a percentage of the new employee’s annual compensation. No fees for permanent placement services are charged to employment candidates.

Risk consulting and internal audit revenues—Risk consulting and internal audit services are generally provided on a time-and-material basis or fixed-fee basis. Revenues earned under time-and-material arrangements are recognized as services are provided. Revenues on fixed-fee arrangements are recognized using a proportional performance method as hours are incurred relative to total estimated hours for the engagement. The Company periodically evaluates the need to provide for any losses on these projects, and losses are recognized when it is probable that a loss will be incurred.

Costs of Services. Direct costs of temporary and consultant staffing services consist of payroll, payroll taxes and insurance costs for the Company’s temporary employees, as well as reimbursable expenses. Direct costs of permanent placement staffing services consist of reimbursable expenses. Risk consulting and internal audit costs of services include professional staff payroll, payroll taxes and insurance costs, as well as reimbursable expenses.

Advertising Costs. The Company expenses all advertising costs as incurred. Advertising expense totaled \$26.5 million and \$28.1 million for the six months ended June 30, 2008 and 2007, respectively.

Comprehensive Income. Comprehensive income includes net income and certain other items that are recorded directly to Stockholders’ Equity. The Company’s only source of other comprehensive income is foreign currency translation adjustments. The components of comprehensive income, net of tax, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income	\$74,568	\$72,726	\$145,352	\$143,433
Translation adjustments, net of tax	1,624	10,846	7,758	13,808
Total comprehensive income	<u>\$76,192</u>	<u>\$83,572</u>	<u>\$153,110</u>	<u>\$157,241</u>

Cash and Cash Equivalents. The Company considers all highly liquid investments with a maturity at the date of purchase of three months or less as cash equivalents.

Accounts Receivable Allowances. The Company maintains allowances for estimated losses resulting from (i) the inability of its customers to make required payments, (ii) temporary placement sales adjustments, and (iii) permanent placement candidates not remaining with the client through the 90-day guarantee period, commonly

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note A—Summary of Significant Accounting Policies (Continued)

referred to as “fall offs”. The Company establishes these allowances based on its review of customers’ credit profiles, historical loss statistics and current trends.

Goodwill and Intangible Assets. Goodwill and intangible assets primarily consist of the cost of acquired companies in excess of the fair market value of their net tangible assets at the date of acquisition. Identifiable intangible assets are amortized over their lives, typically ranging from two to five years. Goodwill is not amortized, but is tested at least annually for impairment. The Company completed its annual goodwill impairment analysis during the three months ended June 30, 2008, and determined that no adjustment to the carrying value of goodwill was required.

Income Tax Assets and Liabilities. In establishing its deferred income tax assets and liabilities, the Company makes judgments and interpretations based on the enacted tax laws and published tax guidance that are applicable to its operations. Deferred tax assets and liabilities are measured and recorded using current enacted tax rates, which the Company expects will apply to taxable income in the years in which those temporary differences are recovered or settled. The likelihood of a material change in the Company’s expected realization of these assets is dependent on future taxable income, its ability to use foreign tax credit carryforwards and carrybacks, final U.S. and foreign tax settlements, and the effectiveness of its tax planning in the various relevant jurisdictions.

Workers’ Compensation. Except for states which require participation in state-operated insurance funds, the Company retains the economic burden for the first \$0.5 million per occurrence in workers’ compensation claims. Workers’ compensation includes ongoing healthcare and indemnity coverage for claims and may be paid over numerous years following the date of injury. Claims in excess of \$0.5 million are insured. Workers’ compensation expense includes the insurance premiums for claims in excess of \$0.5 million, claims administration fees charged by the Company’s workers’ compensation administrator, premiums paid to state-operated insurance funds, and an estimate for the Company’s liability for Incurred But Not Reported (“IBNR”) claims and for the ongoing development of existing claims.

The accrual for IBNR claims and for the ongoing development of existing claims in each reporting period includes estimates. The Company has established reserves for workers’ compensation claims using loss development rates which are estimated using periodic third party actuarial valuations based upon historical loss statistics which include the Company’s historical frequency and severity of workers’ compensation claims, and an estimate of future cost trends. While management believes that its assumptions and estimates are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company’s future results.

Foreign Currency Translation. The results of operations of the Company’s foreign subsidiaries are translated at the monthly average exchange rates prevailing during the period. The financial position of the Company’s foreign subsidiaries is translated at the current exchange rates at the end of the period, and the related translation adjustments are recorded as a component of accumulated other comprehensive income within Stockholders’ Equity. Gains and losses resulting from foreign currency transactions are included as a component of selling, general and administrative expenses in the unaudited Condensed Consolidated Statements of Operations, and have not been material for all periods presented.

Stock-based Compensation. 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.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note A—Summary of Significant Accounting Policies (Continued)

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. The Company recognizes compensation expense for only the portion of restricted stock and stock units that is expected to vest, rather than record forfeitures when they occur. If the actual number of forfeitures differs from those estimated by management, additional adjustments to compensation expense may be required in future periods. For purposes of calculating stock-based compensation expense for retirement-eligible employees, the service period is assumed to be met on the grant date or retirement-eligible date, whichever is later.

No stock appreciation rights have been granted under the Company's existing stock plans.

The Company determines the fair value of options to purchase common stock using the Black-Scholes valuation model. The Company recognizes expense over the service period for options that are expected to vest and records adjustments to compensation expense at the end of the service period if actual forfeitures differ from original estimates. The Company has not granted any options to purchase common stock since 2006.

Property and Equipment. Property and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the following useful lives:

Computer hardware	2 to 3 years
Computer software	2 to 5 years
Furniture and equipment	5 years
Leasehold improvements	Term of lease, 5 years maximum

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. The Company capitalized \$5.3 million and \$5.8 million of internal-use software development costs for the six months ended June 30, 2008 and 2007, respectively.

Note B—New Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree, and the goodwill acquired. SFAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 141(R) to have a material effect on its Financial Statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51* ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained, noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 160 to have a material effect on its Financial Statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note B—New Accounting Pronouncements (Continued)

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS 157”), which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. Subsequently in February 2008, the FASB issue FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157*, which delays the effective date of SFAS 157 for non-financial assets and liabilities, except for items that are recognized and disclosed at fair value in the financial statements on a recurring basis, until fiscal years beginning after November 15, 2008. The implementation of SFAS 157 for financial assets and liabilities, effective January 1, 2008, did not impact the Company’s consolidated Financial Statements. The Company does not expect the adoption of SFAS 157 for non-financial assets and liabilities to have a material effect on its Financial Statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* (“SFAS 161”). SFAS 161 expands quarterly disclosure requirements included in SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (“SFAS 133”), about an entity’s derivative instruments and hedging activities. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The Company does not expect the adoption of SFAS 161 to have a material effect on its Financial Statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (“SFAS 162”). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS 162 is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. The Company does not expect the adoption of SFAS 162 to have a material effect on its Financial Statements.

In June 2008, the FASB issued Staff Position No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (“FSP EITF 03-6-1”). FSP EITF 03-6-1 provides that unvested share-based payment awards that contain nonforfeitable rights to dividends are participating securities and should be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of FSP EITF 03-6-1 to have a material effect on its Financial Statements.

Note C—Deferred Income Taxes and Other Current Assets

Deferred income taxes and other current assets consisted of the following (in thousands):

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Deferred income taxes	\$ 50,761	\$ 55,522
Deposits in trusts for employee benefits and retirement plans	57,046	51,179
Other	<u>58,822</u>	<u>49,768</u>
	<u>\$166,629</u>	<u>\$156,469</u>

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note D—Goodwill and Other Intangible Assets, Net

The following table sets forth the activity in goodwill and other intangible assets from December 31, 2007 through June 30, 2008 (in thousands):

	<u>Goodwill</u>	<u>Other Intangible Assets</u>	<u>Total</u>
Balance as of December 31, 2007	\$191,068	\$ 4,075	\$195,143
Purchase of goodwill and other intangible assets	—	272	272
Translation adjustments	(193)	—	(193)
Amortization of intangible assets	—	(1,259)	(1,259)
Balance as of June 30, 2008	<u>\$190,875</u>	<u>\$ 3,088</u>	<u>\$193,963</u>

The estimated remaining amortization expense is \$1.2 million for 2008, \$1.5 million for 2009 and \$0.4 million for 2010.

Note E—Property and Equipment, Net

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

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Computer hardware	\$ 158,989	\$ 151,924
Computer software	253,993	243,216
Furniture and equipment	132,283	129,103
Leasehold improvements	123,419	113,654
Other	15,893	16,089
Property and equipment, cost	684,577	653,986
Accumulated depreciation	(531,490)	(501,675)
Property and equipment, net	<u>\$ 153,087</u>	<u>\$ 152,311</u>

Note F—Accrued Payroll Costs and Retirement Obligations

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

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Payroll and benefits	\$236,473	\$195,383
Employee retirement obligations	66,413	64,049
Workers' compensation	34,200	28,996
Payroll taxes	35,832	34,836
	<u>\$372,918</u>	<u>\$323,264</u>

Included in employee retirement obligations is \$59 million at June 30, 2008, and \$57 million at December 31, 2007, related to the Company's Chief Executive Officer for a deferred compensation plan and other benefits.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

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 June 22, 2006, the Court heard cross-motions concerning class certification. 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. The Court has set a trial date of April 20, 2009. 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 December 6, 2004, Plaintiffs Ian O'Donnell and David Jolicoeur, on behalf of themselves and a putative class of salaried Staffing Managers, Account Executives and Account Managers, filed a complaint in Massachusetts Superior Court naming the Company and one of its wholly owned subsidiaries as Defendants. The complaint alleges that salaried Staffing Managers, Account Executives and Account Managers based in Massachusetts within the past two years have been misclassified under Massachusetts law as exempt employees and seeks an unspecified amount equal to three times their unpaid overtime compensation alleged to be due to them had they been paid as non-exempt, hourly employees, plus costs and legal fees. The complaint also makes similar allegations under the U.S. Fair Labor Standards Act on behalf of all Staffing Managers, Account Executives and Account Managers employed in any state other than Massachusetts and California within the past three years and seeks an unspecified amount for unpaid overtime pay alleged to be due to them had they been paid as non-exempt, hourly employees, plus an equal amount as liquidated damages. The case has been removed to the United States District Court for the District of Massachusetts. On March 30, 2006, the Court allowed Plaintiffs to amend their complaint to add claims that the Company failed to pay its exempt employees on a "salary basis" as required by Massachusetts and federal law, but denied Plaintiffs' first motion seeking conditional certification of their federal claims as a collective action on behalf of a group of Staffing Managers, Account Executives and Account Managers. The Plaintiffs later filed a second motion for conditional certification, which the Court denied on May 10, 2007. On January 9, 2008, the Court denied motions brought by the Plaintiffs: (1) for reconsideration of the Court's denial of conditional certification of their federal claims as a collective action on behalf of a group of Staffing Managers, Account Executives and Account Managers and (2) for certification of that question to the First Circuit Court of Appeals. In the same January 9, 2008 decision, the Court also denied cross-motions for summary judgment on Plaintiffs' salary basis claims. On March 27, 2008, the Court denied Plaintiffs' motion to certify a state law class. Plaintiffs petitioned for permission to appeal the Court's March 27, 2008 decision to the U.S. Court of Appeals for the First Circuit, which petition was denied on July 14, 2008. At this stage of the litigation, it is not feasible to predict its outcome or a range of loss, should a loss occur. 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 August 9, 2005, Plaintiff Lizette Greene, on behalf of herself and a putative class of salaried "inside sales persons," filed a complaint in United States District Court for the Northern District of California naming the Company and three of its wholly owned subsidiaries as Defendants. On December 1, 2005, the Plaintiff amended the Complaint. The Amended Complaint alleges that purported "inside sales persons" based in California have been misclassified under federal law as exempt employees and seeks an unspecified amount for unpaid overtime

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note G—Commitments and Contingencies (Continued)

pay alleged to be due to them had they been paid as non-exempt, hourly employees. In addition, the Plaintiff also makes two claims under the California Private Attorney Generals Act seeking 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. Plaintiff also makes a claim under California Business and Professions Code § 17200 for a putative nation wide class of purported “inside sales persons.” On December 22, 2006, the Plaintiff filed a motion for conditional certification of their federal claims in which they seek to represent a class of salaried employees who worked for the Company and certain of its subsidiaries in California within three years before the complaint was filed and seeking permission to mail class members a notice regarding their right to opt into the case as plaintiffs. On June 7, 2007, the Court stayed this litigation pending resolution of the Lafitte action described in the first paragraph of this Note G. 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. 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 Lafitte against the Company and three of its wholly owned subsidiaries on September 10, 2004, and described above. 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.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note G—Commitments and Contingencies (Continued)

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.

Note H—Stockholders' Equity

Stock Repurchase Program. As of June 30, 2008, the Company is authorized to repurchase, from time to time, up to 4.7 million additional shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions. During the six months ended June 30, 2008 and 2007, the Company repurchased 4.5 million shares and 5.7 million shares of common stock on the open market for a total cost of \$110 million and \$202 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 six months ended June 30, 2008 and 2007, such repurchases totaled 1.3 million shares and 1.4 million shares at a cost of \$35 million and \$50 million, respectively. Repurchases of securities have been funded with cash generated from operations.

Repurchases of shares 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 June 30, 2008, or December 31, 2007.

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 six months ended June 30, 2008 and 2007 (consisting of stock option exercises and the purchase of shares for the treasury) is presented in the unaudited Condensed Consolidated Statements of Stockholders' Equity.

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.

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 receive all dividends with respect to such shares, whether or not the shares have vested. 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.

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.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note J—Net Income Per Share

The calculation of net income per share for the three and six months ended June 30, 2008 and 2007, is reflected in the following table (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net income	\$ 74,568	\$ 72,726	\$145,352	\$143,433
Basic:				
Weighted average shares	<u>152,877</u>	<u>160,781</u>	<u>153,722</u>	<u>162,302</u>
Diluted:				
Weighted average shares	152,877	160,781	153,722	162,302
Potentially dilutive shares	<u>1,643</u>	<u>3,989</u>	<u>1,737</u>	<u>4,516</u>
Diluted shares	<u>154,520</u>	<u>164,770</u>	<u>155,459</u>	<u>166,818</u>
Net Income Per Share:				
Basic	\$.49	\$.45	\$.95	\$.88
Diluted	\$.48	\$.44	\$.93	\$.86

The weighted average diluted common shares outstanding for the three months ended June 30, 2008 and 2007, excludes the effect of 3.6 million and 1.4 million anti-dilutive options, restricted stock and stock units, respectively. The weighted average diluted common shares outstanding for the six months ended June 30, 2008 and 2007, excludes the effect of 4.3 million and 0.5 million anti-dilutive options, restricted stock and stock units, respectively. 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 restricted stock and stock units had vested. The computation of potentially dilutive shares also included unvested restricted stock and stock units.

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. The Company evaluates performance based on income or loss from operations before interest income, intangible amortization expense, and income taxes.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

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

June 30, 2008

Note K—Business Segments (Continued)

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

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net service revenues				
Temporary and consultant staffing	\$ 955,695	\$ 903,841	\$1,923,940	\$1,772,198
Permanent placement staffing	127,850	115,023	243,464	213,709
Risk consulting and internal audit services	141,096	130,264	283,227	260,646
	<u>\$1,224,641</u>	<u>\$1,149,128</u>	<u>\$2,450,631</u>	<u>\$2,246,553</u>
Operating income				
Temporary and consultant staffing	\$ 96,499	\$ 90,659	\$ 195,394	\$ 178,456
Permanent placement staffing	25,439	23,829	42,576	43,941
Risk consulting and internal audit services	1,293	3,561	1,818	8,002
	<u>123,231</u>	<u>118,049</u>	<u>239,788</u>	<u>230,399</u>
Amortization of intangible assets	618	818	1,259	1,092
Interest income, net	<u>(1,506)</u>	<u>(3,073)</u>	<u>(3,520)</u>	<u>(7,090)</u>
Income before income taxes	<u>\$ 124,119</u>	<u>\$ 120,304</u>	<u>\$ 242,049</u>	<u>\$ 236,397</u>

Note L—Subsequent Events

On July 29, 2008, the Company announced a quarterly dividend of \$.11 per share to be paid to all shareholders of record on August 25, 2008. The dividend will be paid on September 15, 2008.

On July 29, 2008, the Company authorized the repurchase, from time to time, of up to 10 million shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions. The authorization is in addition to the 4.7 million shares remaining under the existing repurchase program.

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: 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; whether governments will impose additional regulations or licensing requirements on personnel services businesses in particular or on employer/employee relationships in general; whether there will be ongoing demand for Sarbanes-Oxley or other regulatory compliance services; and 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. 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

As described below, the Company’s most critical accounting policies and estimates are those that involve subjective decisions or assessments.

Accounts Receivable Allowances. The Company maintains allowances for estimated losses resulting from (i) the inability of its customers to make required payments, (ii) temporary placement sales adjustments, and (iii) permanent placement candidates not remaining with the client through the 90-day guarantee period, commonly referred to as “fall offs”. The Company establishes these allowances based on its review of customers’ credit profiles, historical loss statistics and current trends. The adequacy of these allowances is reviewed each reporting period. Historically, the Company’s actual losses and credits have been consistent with these allowances. As a percentage of gross accounts receivable, the Company’s accounts receivable allowances totaled 4.5% and 4.6% as of June 30, 2008, and December 31, 2007, respectively. As of June 30, 2008, a five-percentage point deviation in the Company’s accounts receivable allowances balance would have resulted in an increase or decrease in the allowance of \$1.5 million. Although future results cannot always be predicted by extrapolating past results, management believes that it is reasonably likely that future results will be consistent with historical trends and experience. However, if the financial condition of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, or if unexpected events or significant future changes in trends were to occur, additional allowances may be required.

Income Tax Assets and Liabilities. In establishing its deferred income tax assets and liabilities, the Company makes judgments and interpretations based on the enacted tax laws and published tax guidance that are

applicable to its operations. Deferred tax assets and liabilities are measured and recorded using current enacted tax rates, which the Company expects will apply to taxable income in the years in which those temporary differences are recovered or settled. The likelihood of a material change in the Company's expected realization of these assets is dependent on future taxable income, its ability to use foreign tax credit carryforwards and carrybacks, final U.S. and foreign tax settlements, and the effectiveness of its tax planning in the various relevant jurisdictions.

The Company also evaluates the need for valuation allowances to reduce the deferred tax assets to realizable amounts. Management evaluates all positive and negative evidence and uses judgment regarding past and future events, including operating results, to help determine when it is more likely than not that all or some portion of our deferred tax assets may not be realized. When appropriate, a valuation allowance is recorded against deferred tax assets to offset future tax benefits that may not be realized. In relation to actual net operating losses in certain foreign operations, valuation allowances of \$14.9 million were recorded as of June 30, 2008. If such losses are ultimately utilized to offset future operating income, the Company will benefit its deferred tax assets up to the full amount of the valuation reserve.

While management believes that its judgments and interpretations regarding income taxes are appropriate, significant differences in actual experience may materially affect the future financial results of the Company.

Goodwill Impairment. The Company assesses the impairment of goodwill annually, or more often if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment assessments for goodwill are done at a reporting unit level. For purposes of this assessment, the Company's reporting units are its lines of business. In performing periodic impairment tests, the fair value of the reporting unit is compared to the carrying value, including goodwill and intangible assets. If the fair value exceeds the carrying value, there is no impairment. If the carrying value exceeds the fair value, however, an impairment condition exists.

The goodwill impairment assessment is based upon a discounted cash flow analysis. The estimate of future cash flows is based upon, among other things, a discount rate and certain assumptions about expected future operating performance. The discount rate used by management has been calculated on a consistent basis and has not fluctuated significantly. The primary assumptions related to future operating performance include revenue growth rates and expense levels. These assumptions are updated annually and are primarily based upon historical trends. Although management does not anticipate that these assumptions will change materially in the future, the Company's estimates of discounted cash flow may differ from actual cash flow due to, among other things, economic conditions, changes to its business model or changes in its operating performance. The Company completed its annual goodwill impairment analysis during the three months ended June 30, 2008, and determined that no adjustment to the carrying value of goodwill was required. Based upon the Company's most recent goodwill impairment analysis, management believes that unless a reporting unit were to be abandoned, the possibility of goodwill impairment as a result of a change in assumptions is unlikely.

Workers' Compensation. Except for states which require participation in state-operated insurance funds, the Company retains the economic burden for the first \$0.5 million per occurrence in workers' compensation claims. Workers' compensation includes ongoing healthcare and indemnity coverage for claims and may be paid over numerous years following the date of injury. Claims in excess of \$0.5 million are insured. Workers' compensation expense includes the insurance premiums for claims in excess of \$0.5 million, claims administration fees charged by the Company's workers' compensation administrator, premiums paid to state-operated insurance funds, and an estimate for the Company's liability for Incurred But Not Reported ("IBNR") claims and for the ongoing development of existing claims. Total workers' compensation expense was \$9.7 million and \$6.9 million, representing 0.55% and 0.40% of applicable U.S. revenue for the six months ended June 30, 2008 and 2007, respectively.

The accrual for IBNR claims and for the ongoing development of existing claims in each reporting period includes estimates. The Company has established reserves for workers' compensation claims using loss

development rates which are estimated using periodic third party actuarial valuations based upon historical loss statistics which include the Company's historical frequency and severity of workers' compensation claims, and an estimate of future cost trends. While management believes that its assumptions and estimates are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's future results. Based on the Company's results for the six months ended June 30, 2008, a five-percentage point deviation in the Company's estimated loss development rates would have resulted in an increase or decrease in the allowance of \$0.4 million.

Stock-based Compensation. 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.

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. The Company recognizes compensation expense for only the portion of restricted stock and stock units that is expected to vest, rather than record forfeitures when they occur. If the actual number of forfeitures differs from those estimated by management, additional adjustments to compensation expense may be required in future periods. For purposes of calculating stock-based compensation expense for retirement-eligible employees, the service period is assumed to be met on the grant date or retirement-eligible date, whichever is later.

No stock appreciation rights have been granted under the Company's existing stock plans.

The Company determines the fair value of options to purchase common stock using the Black-Scholes valuation model. The Company recognizes expense over the service period for options that are expected to vest and records adjustments to compensation expense at the end of the service period if actual forfeitures differ from original estimates. The Company has not granted any options to purchase common stock since 2006.

For the three and six months ended June 30, 2008, compensation expense related to restricted stock and stock units was \$16.6 million and \$32.2 million, respectively, of which \$4.2 million and \$7.3 million, respectively, was related to grants made in 2008. A one-percentage point deviation in the estimated forfeiture rates would have resulted in a \$0.2 million and \$0.3 million increase or decrease in compensation expense related to restricted stock and stock units for the three and six months ended June 30, 2008, respectively.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree, and the goodwill acquired. SFAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 141(R) to have a material effect on its Financial Statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51* ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained, noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 160 to have a material effect on its Financial Statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value

measurements. Subsequently in February 2008, the FASB issue FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157*, which delays the effective date of SFAS 157 for non-financial assets and liabilities, except for items that are recognized and disclosed at fair value in the financial statements on a recurring basis, until fiscal years beginning after November 15, 2008. The implementation of SFAS 157 for financial assets and liabilities, effective January 1, 2008, did not impact the Company's consolidated Financial Statements. The Company does not expect the adoption of SFAS 157 for non-financial assets and liabilities to have a material effect on its Financial Statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 expands quarterly disclosure requirements included in SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"), about an entity's derivative instruments and hedging activities. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The Company does not expect the adoption of SFAS 161 to have a material effect on its Financial Statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. The Company does not expect the adoption of SFAS 162 to have a material effect on its Financial Statements.

In June 2008, the FASB issued Staff Position No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP EITF 03-6-1"). FSP EITF 03-6-1 provides that unvested share-based payment awards that contain nonforfeitable rights to dividends are participating securities and should be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of FSP EITF 03-6-1 to have a material effect on its Financial Statements.

Results of Operations for the Three and Six Months Ended June 30, 2008 and 2007

Temporary and consultant staffing services revenues were \$956 million and \$904 million for the three months ended June 30, 2008 and 2007, respectively, increasing by 6% during the three months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, temporary and consultant staffing services revenues increased 3% during the three months ended June 30, 2008, compared to the same period in 2007. Temporary and consultant staffing services revenues were \$1.9 billion and \$1.8 billion for the six months ended June 30, 2008 and 2007, respectively, increasing by 9% during the six months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, temporary and consultant staffing services revenues increased 6% during the six months ended June 30, 2008, compared to the same period in 2007. The 2008 increase in temporary and consultant staffing services revenues is primarily due to higher international revenues, particularly in Continental Europe.

Permanent placement revenues were \$128 million and \$115 million for the three months ended June 30, 2008 and 2007, respectively, increasing by 11% during the three months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, permanent placement revenues increased 7% during the three months ended June 30, 2008, compared to the same period in 2007. Permanent placement revenues were \$243 million and \$214 million for the six months ended June 30, 2008 and 2007, respectively, increasing by 14% during the six months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, permanent placement revenues increased 9% during the six months ended June 30, 2008, compared to the same period in 2007. The 2008 increase in permanent placement revenues is primarily due to higher international revenues, particularly in Continental Europe.

Risk consulting and internal audit services revenues were \$141 million and \$130 million for the three months ended June 30, 2008 and 2007, respectively, increasing by 8% during the three months ended June 30,

2008, compared to the same period in 2007. On a constant-currency basis, risk consulting and internal audit services revenues increased 5% during the three months ended June 30, 2008, compared to the same period in 2007. Risk consulting and internal audit services revenues were \$283 million and \$261 million for the six months ended June 30, 2008 and 2007, respectively, increasing by 9% during the six months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, risk consulting and internal audit services revenues increased 5% during the six months ended June 30, 2008, compared to the same period in 2007. The 2008 increase in risk consulting and internal audit services revenues is primarily due to higher international revenues, particularly in Asia.

There can be no assurances that there will be ongoing demand for Sarbanes-Oxley or other regulatory compliance services, or that future results can be reliably predicted by considering past trends or extrapolating past results. We expect total Company revenues to continue to be impacted by general macroeconomic conditions in 2008.

The Company's temporary and permanent staffing services business has more than 370 offices in 42 states, the District of Columbia and 18 foreign countries, while Protiviti has more than 60 offices in 23 states and 15 foreign countries. Revenues from foreign operations represented 29% and 23% of revenues for the six months ended June 30, 2008 and 2007, respectively.

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 were \$349 million and \$336 million for the three months ended June 30, 2008 and 2007, respectively, increasing by 4% during the three months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, temporary and consultant staffing services gross margin dollars increased 2% for the three months ended June 30, 2008, compared to the same period in 2007. Gross margin amounts equaled 37% of revenues for temporary and consultant staffing services for both the three months ended June 30, 2008 and 2007. Gross margin dollars for the Company's temporary and consultant staffing services were \$705 million and \$656 million for the six months ended June 30, 2008 and 2007, respectively, increasing by 7% during the six months ended June 30, 2008, compared to the same period in 2007. On a constant-currency basis, temporary and consultant staffing services gross margin dollars increased 5% for the six months ended June 30, 2008, compared to the same period in 2007. Gross margin amounts equaled 37% of revenues for temporary and consultant staffing services for both the six months ended June 30, 2008 and 2007.

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 \$128 million and \$115 million for the three months ended June 30, 2008 and 2007, respectively, increasing by 11% during the three months ended June 30, 2008, compared to the same period in 2007. On a constant currency basis, permanent placement staffing services gross margin dollars increased 7% for the three months ended June 30, 2008, compared to the same period in 2007. Gross margin dollars for the Company's permanent placement staffing division were \$243 million and \$214 million for the six months ended June 30, 2008 and 2007, respectively, increasing by 14% during the six months ended June 30, 2008, compared to the same period in 2007. On a constant currency basis, permanent placement staffing services gross margin dollars increased 9% for the six months ended June 30, 2008, compared to the same period in 2007.

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 \$40 million and \$42 million for the three months ended June 30, 2008 and 2007, respectively, decreasing by 6% in 2008. On a constant currency basis, risk consulting and internal audit services gross margin dollars decreased 8% for the three months ended June 30, 2008, compared to the same period in 2007. Gross margin amounts equaled 28% and 32% of revenues for risk consulting and internal audit services for the three months ended June 30, 2008 and 2007, respectively. Gross margin dollars for the Company's risk consulting and internal audit division were \$80

million and \$84 million for the six months ended June 30, 2008 and 2007, respectively, decreasing by 5% in 2008. On a constant currency basis, risk consulting and internal audit services gross margin dollars decreased 7% for the six months ended June 30, 2008, compared to the same period in 2007. Gross margin amounts equaled 28% and 32% of revenues for risk consulting and internal audit services for the six months ended June 30, 2008 and 2007, respectively. The year-over-year margin decline is due to the higher mix of non-U.S. revenues and investments in staff during the past year to drive the expansion of the division's solutions practices.

Selling, general and administrative expenses were \$393 million and \$788 million in the three and six months ended June 30, 2008, compared to \$375 million and \$723 million in the three and six months ended June 30, 2007. Selling, general and administrative expenses as a percentage of revenues were 32% for both the three and six months ended June 30, 2008, compared to 33% and 32% for the three and six months ended June 30, 2007, respectively. Selling, general and administrative expenses consist primarily of staff compensation, advertising, depreciation and occupancy costs.

For acquisitions, the Company allocates the excess of cost over the fair market value of the net tangible assets first to identifiable intangible assets, if any, and then to goodwill. Identifiable intangible assets are amortized over their lives, typically ranging from two to five years. Goodwill is not amortized, but is tested at least annually for impairment. The Company completed its annual goodwill impairment analysis during the three months ended June 30, 2008, and determined that no adjustment to the carrying value of goodwill was required. Net intangible assets, consisting primarily of goodwill, represented 13% of total assets and 19% of total stockholders' equity at June 30, 2008.

Interest income for the three months ended June 30, 2008 and 2007, was \$3.0 million and \$4.2 million, respectively. Interest income for the six months ended June 30, 2008 and 2007, was \$6.1 million and \$9.2 million, respectively. The lower 2008 interest income was primarily due to lower average cash balances and lower interest rates. Interest expense for the three months ended June 30, 2008 and 2007, was \$1.5 million and \$1.1 million, respectively. Interest expense for the six months ended June 30, 2008 and 2007, was \$2.6 million and \$2.1 million, respectively.

The provision for income taxes was 40% of income before taxes for both the three and six months ended June 30, 2008, and 40% and 39% for the three and six months ended June 30, 2007, respectively.

Liquidity and Capital Resources

The change in the Company's liquidity during the six months ended June 30, 2008 and 2007, 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 \$357 million and \$390 million at June 30, 2008 and 2007, respectively. Operating activities provided \$238 million during the six months ended June 30, 2008, partially offset by \$45 million and \$148 million of net cash used in investing activities and financing activities, respectively. Operating activities provided \$234 million during the six months ended June 30, 2007, offset by \$73 million and \$229 million of net cash used in investing activities and financing activities, respectively.

Operating activities—Net cash provided by operating activities for the six months ended June 30, 2008, was composed of net income of \$145 million, adjusted for non-cash items of \$78 million, and net cash provided by changes in working capital of \$15 million. Net cash provided by operating activities for the six months ended June 30, 2007, was composed of net income of \$143 million, adjusted for non-cash items of \$65 million, and net cash provided by changes in working capital of \$26 million.

Investing activities—Cash used in investing activities for the six months ended June 30, 2008, was \$45 million. This was primarily composed of capital expenditures of \$39 million and deposits to trusts for employee benefits and retirement plans of \$6 million. Cash used in investing activities for the six months ended

June 30, 2007 was \$73 million. This was primarily composed of capital expenditures of \$46 million, purchases of goodwill and other intangible assets of \$20 million and deposits to trusts for employee benefits and retirement plans of \$7 million.

Financing activities—Cash used in financing activities for the six months ended June 30, 2008, was \$148 million. This included repurchases of \$135 million in common stock and \$35 million in cash dividends to stockholders, offset by proceeds of \$22 million from exercises of stock options. Cash used in financing activities for the six months ended June 30, 2007 was \$229 million. This included repurchases of \$252 million in common stock and \$33 million in cash dividends to stockholders, partially offset by proceeds of \$43 million from exercises of stock options and the excess tax benefits from stock-based compensation of \$13 million.

On July 29, 2008, the Company authorized the repurchase, from time to time, of up to 10 million shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions. The authorization is in addition to the 4.7 million shares remaining under the existing repurchase program. During the six months ended June 30, 2008 and 2007, the Company repurchased 4.5 million shares and 5.7 million shares of common stock on the open market for a total cost of \$110 million and \$202 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 six months ended June 30, 2008 and 2007, such repurchases totaled 1.3 million shares and 1.4 million shares at a cost of \$35 million and \$50 million, respectively. Repurchases of securities have been funded with cash generated from operations.

The Company's working capital at June 30, 2008, included \$357 million in cash and cash equivalents. The Company's working capital requirements relate primarily to accounts receivable. While there can be no assurances in this regard, 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 July 29, 2008, the Company announced a quarterly dividend of \$.11 per share to be paid to all shareholders of record on August 25, 2008. The dividend will be paid on September 15, 2008.

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 six months ended June 30, 2008, approximately 29% of the Company's revenues were generated outside of the United States. 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

The Company's Form 10-Q for the quarter ended March 31, 2008, and the Company's Form 10-K for the year ended December 31, 2007, contained disclosure regarding Plaintiffs Ian O'Donnell and David Jolicoeur. As disclosed in the Company's Form 10-Q for the quarter ended March 31, 2008, Plaintiffs petitioned the Court for permission to appeal to the U.S. Court of Appeals for the First Circuit the Court's March 27, 2008 decision denying their motion for conditional certification. On July 14, 2008, the Court denied the petition.

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, 2007 and its quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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)
April 1, 2008 to April 30, 2008	533,787(a)	\$23.91	533,204	7,612,253
May 1, 2008 to May 31, 2008	1,499,947(b)	\$24.29	1,499,900	6,112,353
June 1, 2008 to June 30, 2008	1,508,794(c)	\$24.64	1,436,234	4,676,119
Total April 1, 2008 to June 30, 2008	3,542,528		3,469,338	

- (a) Includes 583 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 47 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) Includes 72,560 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. As of June 30, 2008, a total of 68,000,000 shares had been authorized for repurchase since plan inception, of which, 63,323,881 shares had been repurchased. On July 29, 2008, the Company's Board of Directors authorized the repurchase, from time to time, of up to 10,000,000 additional shares of the Company's common stock on the open market or in privately negotiated transactions, depending on market conditions, bringing the total authorization since plan inception to 78,000,000 shares and the remaining authorization to 14,676,119 shares.

Item 3. Defaults Upon Senior Securities

None.

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

On May 6, 2008, the registrant held its annual meeting of stockholders. The three matters presented to the stockholders at the annual meeting were (a) the election of seven directors, (b) the ratification of the appointment of PricewaterhouseCoopers, LLP as auditors for 2008, and (c) the approval of the continuation of the Company's Stock Incentive Plan for an additional three year-year period, including making an additional 10,000,000 shares of the Company's common stock available for grant under the plan.

The vote for directors was as follows:

<u>Nominee</u>	<u>Shares For</u>	<u>Shares Withheld</u>
Andrew S. Berwick, Jr.	125,179,607	21,635,794
Frederick P. Furth	125,186,011	21,629,390
Edward W. Gibbons	144,079,184	2,736,217
Harold M. Messmer, Jr.	144,217,325	2,598,076
Thomas J. Ryan	125,171,749	21,643,652
J. Stephen Schaub	144,142,201	2,673,200
M. Keith Waddell	139,459,533	7,355,868

The proposal regarding the ratification of the appointment of PricewaterhouseCoopers, LLP as auditors for 2008 was approved by the following vote:

For	145,653,315
Against	127,471
Abstain	1,034,615

The proposal regarding the Stock Incentive Plan was approved by the following vote:

For	81,667,573
Against	49,508,216
Abstain	2,014,952
Broker Non-Vote	13,624,660

Item 5. Other Information

Election of New Director

On July 29, 2008, Frederick A. Richman was elected a director of the Company by the Board of Directors. Mr. Richman was also appointed to the Nominating and Governance Committee. Since January 1, 2007, there have been no transactions between the Company and Mr. Richman of the type that are required to be disclosed pursuant to Item 404(a) of Regulation S-K adopted by the Securities and Exchange Commission.

Mr. Richman previously served as a director of the Company from March 1994 through April 2001. From April 2001 through his retirement in May 2008, Mr. Richman was a Principal with Deloitte Tax, LLP. Prior to April 2001, Mr. Richman was a partner with O’Melveny & Myers LLP.

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 June 30, 2001.
- 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 Senior Executive Retirement Plan, as amended and restated.
- 10.2 Form of Part-Time Employment Agreement, as amended and restated.
- 10.3 Annual Performance Bonus Plan, as amended and restated.
- 10.4 Amended and Restated Deferred Compensation Plan
- 10.5 Amendment to Employment Agreement between the registrant and Harold M. Messmer, Jr. The original Employment Agreement and the previous amendments thereto are incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.
- 10.6 Excise Tax Restoration Agreement, as amended and restated.
- 10.7 Form of Amended and Restated Severance Agreement.
- 10.8 Amended and Restated Severance Agreement dated as of July 29, 2008, between Registrant and Paul F. Gentzkow.
- 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.

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

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

Date: July 31, 2008

**ROBERT HALF INTERNATIONAL INC.
SENIOR EXECUTIVE RETIREMENT PLAN**
(As Amended and Restated Effective July 29, 2008)

1. INTRODUCTION. This Plan was adopted by the Company to provide retirement benefits to those individuals, other than any individual holding the office of Chief Executive Officer or President, who participated in the Company's Deferred Compensation Plan and, with respect to those individuals, this Plan shall supersede the Deferred Compensation Plan. The Administrator or the Chief Executive Officer may also select other Participants to be eligible for benefits hereunder. It is amended and restated effective July 29, 2008, to comply with the regulations adopted by the Internal Revenue Service in connection with Section 409A of the Internal Revenue Code ("Section 409A).

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

ADMINISTRATOR means the Compensation Committee of the Board.

BOARD means the Board of Directors of the Company.

CHANGE IN CONTROL means the occurrence of any of the following:

(a) Any person or group (as such terms are defined in Section 13(d)(3) of the Exchange Act), other than an employee benefit plan sponsored by the Company or a subsidiary thereof or a corporation owned (directly or indirectly), by the stockholders of the Company in substantially the same proportions of the ownership of stock of the Company, shall become the beneficial owner of securities of the Company representing 20% or more, or commences a tender or exchange offer following the successful consummation of which the offerer and its affiliates would beneficially own securities representing 20% or more, of the combined voting power of then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise; PROVIDED, HOWEVER, that a Change in Control shall not be deemed to include the acquisition by any such person or group of securities representing 20% or more of the Company if such party has acquired such securities not with the purpose nor with the effect of changing or influencing the control of the Company, nor in connection with or as a participant in any transaction having such purposes or effect, including, without limitation, not in connection with such party (i) making any public announcement with respect to the voting of such shares at any meeting to consider a merger, consolidation, sale of substantial assets or other business combination or extraordinary transaction involving the Company, (ii) making, or in any way participating in, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) to vote any voting securities of the Company (including, without limitation, any such solicitation subject to Rule 14a-11 under the Exchange Act) or seeking to advise or influence any party with respect to the voting of any voting securities of the Company, directly or indirectly, relating to a merger or other business combination involving the Company or the sale or transfer of substantial assets of the Company, (iii) forming, joining or in any way participating in any "group" within the meaning of Section 13(d)(3) of the Exchange Act with respect to any voting securities of the Company, directly or indirectly, relating to a merger or other business combination involving the Company or the sale or transfer of any substantial assets of the Company, or (iv) otherwise acting, alone or in concert with others, to seek control of the Company or to seek to control or influence the management or policies of the Company.

(b) The stockholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company.

(c) A change in the composition of the Board of Directors of the Company occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (i) are directors of the Company as of the date hereof, or (ii) are elected, or nominated for election, to the Board of Directors of the Company with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include

an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company). As a result of or in connection with any cash tender offer, merger, or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Company just prior to such event shall cease within one year to constitute a majority of the Board.

(d) The Company's stockholders approve a definitive agreement providing for a transaction in which the Company will cease to be an independent publicly owned corporation.

(e) The stockholders of the Company approve a definitive agreement (i) to merge or consolidate the Company with or into another corporation in which the holders of the Stock immediately before such merger or reorganization will not, immediately following such merger or reorganization, hold as a group on a fully-diluted basis both the ability to elect at least a majority of the directors of the surviving corporation and at least a majority in value of the surviving corporation's outstanding equity securities, or (ii) to sell or otherwise dispose of all or substantially all of the assets of the Company.

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

EARLIEST PAYMENT DATE shall mean six months following Separation from Service or such alternate date as future modifications or amendments to Section 409A and the rules and regulations thereunder may specify as the earliest permitted date for a payment to be made, or, if earlier the date of Employee's death.

EXCHANGE ACT means the Securities Exchange Act of 1934, as amended.

OFFER means a tender offer or an exchange offer for shares of the Company's Stock.

PARTICIPANT means any elected executive officer or any key executive, other than any individual holding the office of Chief Executive Officer or President, approved by the Administrator or the Chief Executive Officer for participation in the Plan. The benefits of individuals (other than any individual holding the office of Chief Executive Officer or President) who had accounts (whether or not vested) under the Deferred Compensation Plan shall be transferred to this Plan, effective December 31, 1995, with interest for 1995 credited at the rate and as provided in Section 7 hereof instead of at the rate and as provided in the Deferred Compensation Plan. With respect to the year ended December 31, 1995 those individuals will thereafter be Participants hereunder and will no longer participate in the Deferred Compensation Plan.

PLAN means the Senior Executive Retirement Plan.

SEPARATION FROM SERVICE shall have the meaning specified by Section 409A and the rules and regulations thereunder, as such meaning may be modified or amended from time to time.

SPECIFIED EMPLOYEE shall have the meaning specified by Section 409A and the rules and regulations thereunder, as such meaning may be modified or amended from time to time.

VOTING SHARES means the outstanding shares of the Company entitled to vote for the election of directors.

3. PURPOSE OF THE PLAN. The purpose of the Plan is to attract, retain and reward Participants by providing them with supplemental income for use after their retirement. The Plan is designed to qualify as an unfunded ERISA "top-hat" plan for a select group of management or highly compensated employees of the Company and its subsidiaries designated by the Administrator. The Plan is intended to satisfy the requirements of, and shall be implemented and administered in a manner consistent with, Section 409A of the Internal Revenue Code of 1986, as amended (the "Section 409A").

4. ADMINISTRATION. The Administrator shall have full power to interpret, construe and administer the Plan, except as otherwise provided in the Plan. The expense of administering the Plan shall be borne by the Company and shall not be charged against benefits payable hereunder.

5. DEFERRED COMPENSATION FORMULA. Each Participant shall receive the base salary and annual cash bonus payable to that Participant for services rendered in his capacity as an employee of the Company or a designated subsidiary during the calendar year of participation, plus fifteen percent (15%) of such base salary and annual cash bonus as deferred compensation pursuant to this Plan, provided he is employed by the Company on the last day of such calendar year (December 31, 1995 for the first year). A Participant's allocation of deferred compensation hereunder shall be deemed to have been made, for all purposes relating to this Plan, as of the first business day of the year following the year with respect to which the deferred compensation has been earned.

The Administrator or the Chief Executive Officer may at any time designate any Participant as entitled to receive a Change in Control Allocation. Once a Participant is so designated, such designation may not be rescinded. With respect to any Participant who has been designated as entitled to receive a Change in Control Allocation, there shall be allocated to such Participant's account promptly following a Change in Control (if such Participant is employed by the Company on the date of the Change in Control) an amount equal to the product of (a) the number of whole years remaining until the Participant attains age 62 and (b) the last annual allocation made under the Plan. After such Change in Control Allocation has been made, each subsequent annual allocation under the Plan for such Participant following the Change in Control and prior to such Participant's 62nd birthday shall be reduced by an amount equal to the last annual allocation made to such Participant prior to the Change in Control.

6. SEPARATE ACCOUNTS. The Administrator shall maintain two individual accounts under the name of each Participant entitled to allocations pursuant to the Plan. Each such account shall be adjusted, as described in the next paragraph, to reflect any amounts transferred from the Deferred Compensation Plan, deferred compensation credited hereunder, interest credited on such amounts and any distribution of such amounts hereunder. The establishment and maintenance of separate accounts for each Participant shall not be construed as giving any person any interest in any assets of the Company or any right to payment other than as provided hereunder or any right to participate hereunder or in future years of employment. Such accounts shall be unfunded and maintained only for bookkeeping convenience; provided, however, the Company may establish an irrevocable grantor trust and contribute amounts to such trust to support its obligations hereunder.

One account for each individual (the "First Account") shall consist of (a) all vested allocations for the individual as of December 31, 2004, and (b) all interest on such allocations, regardless of when credited. The other account for each individual (the "Second Account") shall consist of (a) all allocations earned after December 31, 2004, (b) all allocations that become vested after December 31, 2004, (c) all interest on such amounts and (d) any other amounts that may be credited to the individual hereunder from time-to-time.

7. INVESTMENT PERFORMANCE. Each account shall be credited on the last day of each calendar year with interest on the balance of such account as of the first day of the calendar year. Interest credited for a calendar year shall be at a rate equal to one hundred (100%) of the Moody's Corporate bond Yield Average reported in THE WALL STREET JOURNAL on the last business day of the calendar year (or the valuation date selected by the Administrator preceding a distribution).

8. VESTING. Each Participant's interest under the Plan shall be forfeitable upon such Participant's termination of employment for any reason, except to the extent it becomes vested hereunder. Each Participant's interest, regardless of when allocated, will be deemed unvested unless and until such Participant has completed ten years of service with the Company. "Years of Service" shall be based on the anniversary of the later of the Participant's date of hire or his or her transfer to Company headquarters. At such time as the Participant has completed ten years service with the Company, the amount vested at any given time shall be (a) 50%, if Participant is age 50 or younger, (b) the sum of (i) 50% and (ii) $4\frac{1}{6}\%$ times the difference between Participant's age and 50, if Participant is between age 51 and age 62, or (c) 100%, if Participant is age 62 or older. In the event of a Change in Control, all amounts credited under the Plan to each affected Participant shall become fully vested and nonforfeitable as a result of such event. Notwithstanding the foregoing, amounts shall vest hereunder in accordance with the terms of any severance agreement or other written arrangement between the Participant and the Company. In addition and notwithstanding the foregoing, the accounts transferred to this Plan from the Company's Deferred Compensation Plan, including any and all investment performance hereunder, shall continue to vest under the terms of the Deferred Compensation Plan.

9. TIME OF DISTRIBUTION. No vested amounts shall be payable hereunder until the first to occur of the following events, the first date on which any such event occurs being hereinafter referred to as the "Termination Date":

(a) The date of the Participant's complete and total disability, as determined by the Administrator in its sole discretion (without regard to eligibility for benefits under any disability plan or program of the Company and/or its subsidiaries);

(b) The Participant's death; or

(c) The date of the Participant's Separation from Service with the Company and/or its subsidiaries for any reason.

Notwithstanding anything to the contrary, the date of a Participant's "complete and total disability" shall be determined by the Administrator in a manner consistent with any applicable provisions of Section 409A and the rules and regulations promulgated thereunder.

Notwithstanding the foregoing, distribution may occur at an earlier date as provided in Section 10 hereunder.

If distribution occurs before the end of a year a Participant shall receive a pro rata amount of deferred compensation under Section 5 hereof.

All vested amounts in a Participant's First Account shall be valued and paid within 90 days following the occurrence of any of the events referred to above in clauses (a) through (c) of this Section 9.

In the event of a Participant's death, all vested amounts in the Participant's Second Account shall be valued and paid within 90 days thereafter. In the event of a Participant's Separation from Service pursuant to clauses (a) or (c) above, all vested amounts in the Participant's Second Account shall be valued and paid within 90 days thereafter, provided, however, that if Participant is a Specified Employee, vested amounts in the Second Account shall be paid no earlier than the Earliest Payment Date and no later than ten business days thereafter.

10. WITHDRAWALS. Notwithstanding Section 9, the Administrator may direct payment of all or any portion of a Participant's First Account, after application by the Participant. Any such application must show demonstrable financial need for distribution in order to meet extraordinary medical or medically related expenses, substantial costs related to residential requirements of the Participant, family educational expenses in an amount considered by the Administrator burdensome in relation to the Participant's other available financial resources for meeting such expenses, extraordinary expenses related to an unanticipated casualty, accident or other misfortune or any other similar need approved by the Administrator.

Any such distribution shall be made in the sole discretion of the Administrator.

11. METHOD OF DISTRIBUTION. Upon a Separation from Service, the Participant shall receive a lump-sum distribution of all amounts payable hereunder.

12. DEATH OF PLAN PARTICIPANT. In the event that a Participant shall die at any time prior to complete distribution of all amounts payable to him hereunder, the remaining unpaid amounts shall be paid in a lump-sum to the beneficiary or beneficiaries designated by the Participant, or in the absence of any such designation, to his estate. Each Participant shall have the right to designate a beneficiary (or beneficiaries) in the event of his death; provided that in the event that the Participant is married and designates a beneficiary other than his spouse, his spouse must consent to such designation.

13. PAYMENT IN THE EVENT OF DISABILITY. If a person entitled to any payment hereunder shall be under a legal disability, or in the sole judgment of the Administrator shall otherwise be unable to apply such payment to his own interest and advantage, the Administrator in the exercise of its discretion may direct the Company to make any such payment in any one (1) or more of the following ways:

- (a) Directly to such person;
- (b) To his legal guardian or conservator; or
- (c) To his spouse or to any person charged with his support;

to be expended for the benefit of Participant. The decision of the Administrator shall in each case be final and binding upon all persons in interest. Any such payment shall completely discharge the obligations of the Administrator and Company with regard to such payment.

14. ASSIGNMENT. No Participant or beneficiary of a Participant shall have any right to assign, pledge, hypothecate, anticipate or in any way create a lien upon any amounts payable hereunder. No amounts payable hereunder shall be subject to assignment or transfer or otherwise be alienable, either by voluntary or involuntary act or by operation of law, or subject to attachment, execution, garnishment, sequestration or other seizure under any legal, equitable or other process, or be liable in any way for the debts or defaults of Participants and their beneficiaries, except to the extent permitted by applicable law and pursuant to the Administrator's receipt and approval of a "qualified domestic relations order."

15. WITHHOLDING. Any taxes required to be withheld from deferrals or payments to Participants hereunder shall be deducted and withheld by the Company.

16. AMENDMENT AND TERMINATION. This Plan may be amended in whole or in part by action of the Administrator and may be terminated at any time by action of the Administrator; provided, however, that no such amendment or termination shall reduce any amount credited hereunder to the extent such amount was credited prior to the date of amendment or termination; and provided, further, that the duties and liabilities of the members of the Administrator hereunder shall not be increased without their consent.

17. RIGHTS OF PARTICIPANTS. The Company's sole obligation to Participants and their beneficiaries shall be to make payment as provided hereunder. All payments shall be made from the general assets of the Company, and no Participant shall have any right hereunder to any specific assets of the Company or to be retained in the employment of the Company. All amounts of compensation allocated under this Plan, any property purchased therewith and all income attributable thereto shall remain the property and rights of the Company subject to the claims of the Company's general creditors.

18. BINDING PROVISIONS. All of the provisions of this Plan shall be binding upon all persons who shall be entitled to any benefits hereunder, and their heirs, and personal representatives.

19. EFFECTIVE DATE. This Plan shall be effective December 31, 1995, as amended and rested effective July 29, 2008.

20. GOVERNING LAW. This Plan and all determinations made and actions taken pursuant hereto shall, to the extent not preempted by ERISA, be governed by the law of the State of California and construed accordingly.

21. SEVERABILITY. If any provision of this Plan is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Plan shall be deemed valid and enforceable to the full extent possible.

EXHIBIT 10.2

The amended and restated Part-Time Employment Agreement substantially in the form attached hereto has been entered into by the Registrant with each of Harold M. Messmer, Jr., M. Keith Waddell, Paul F. Gentzkow, Robert W. Glass and Steven Karel. Pursuant to Instruction 2 to Item 601 of Regulation S-K, the individual agreements are not being filed.

PART-TIME EMPLOYMENT AGREEMENT

The Consulting Agreement (originally made as of January 1, 1999, and subsequently amended and restated in 2000 and 2001) by and between Robert Half International Inc. (“Company”) and (“Employee”), is amended and restated to read in its entirety as set forth herein, effective as of July 29, 2008, in order to comply with Section 409A of the Internal Revenue Code and the rules and regulations thereunder (collectively, “Section 409A”).

Whereas, Employee currently serves as an Executive Officer of Company.

Whereas, Company wishes to make arrangements now to insure the availability of the advice, counsel and experience of Employee after Employee retires as an executive officer and Company considers such services to be very important in view of the personal service nature of Company’s business and Employee’s vital role in helping to build such business.

NOW, THEREFORE, Company and Employee agree as follows:

1. *Engagement.* Commencing on the Part-Time Employment Commencement Date, Employee shall become a part-time employee of the Company during the Part-Time Employment Period upon the terms and conditions hereinafter set forth. Nothing herein shall in any way modify, affect or govern the terms and conditions of Employee’s employment by Company prior to the Part-Time Employment Commencement Date. If Employee’s full-time employment with Company shall terminate prior to the Part-Time Employment Commencement Date under any circumstances other than Employee’s Retirement, this Agreement shall immediately terminate and be of no further force or effect.

2. *Services.* During the Part-Time Employment Period, Employee shall provide advice and counsel to Company at such time and in such manner as reasonably requested from time to time. Company agrees that Employee shall not be required to render more than 40 hours of services during any calendar quarter during the Part-Time Employment Period, nor shall Employee be required to (a) travel outside the United States, (b) travel more than 50 miles from Employee’s then current principal home more than once in any year, or (c) render services during other than ordinary business hours. The terms of Employee’s part-time employment during the Part-Time Employment Period are determined hereunder and no employee manual, policy statement or similar item issued from time to time by Company to its employees shall constitute part of this Agreement or modify, affect or govern the terms of the engagement of Employee during the Part-Time Employment Period.

3. *Compensation.*

(a) During the Part-Time Employment Period, Employee shall be paid a monthly salary equal to 1/12 of the product of (i) 8% and (ii) Employee’s total base salary and cash bonus with respect to the last complete calendar year prior to the Part-Time Employment Commencement Date. Such salary shall be payable in accordance with the Company’s standard payroll procedures and shall be subject to required withholding for income and other applicable taxes and contributions.

(b) Employee shall be reimbursed, upon presentation of proper receipts, for Employee’s reasonable business expenses related to travel requested by Company. Company shall also, if requested by Employee, provide Employee with such computer equipment and support as Employee may need to render services hereunder.

(c) During the Part-Time Employment Period, any shares of restricted stock held by Employee on the Part-Time Employment Commencement Date shall remain outstanding and shall continue to vest in accordance with their existing terms.

(d) Effective on the Part-Time Employment Commencement Date, any unexercised option granted after January 1, 1999, and then held by Employee shall vest and shall no longer be subject to forfeiture. No portion of any such option, however, may be exercised until the original vesting date for such portion.

4. *Other Employment.* Except as provided in Sections 2 and 7 hereof, nothing herein shall be construed as in any way prohibiting or preventing Employee from accepting employment with any other entity subsequent to the Part-Time Employment Commencement Date.

5. *Use of Name.* Employee hereby consents to the use and publication, without further consideration, of his name, picture and image in training materials and other materials relating to the business of any of the RHI Companies, regardless of whether such use or publication is in the form of printed matter, photographs, audio tape, video tape, computer disk, electronic transmission, or otherwise. Such consent applies to both the use and publication of such items during Employee's engagement.

6. *Disclosure or Misuse of Confidential Information.* Employee shall not, at any time during the Part-Time Employment Period or thereafter, directly or indirectly, disclose, furnish or make accessible to any person, firm, corporation, or other entity, or make use of, any confidential information obtained at any time from any of the RHI Companies (whether prior or subsequent to the Part-Time Employment Commencement Date), including, without limitation, information with respect to the name, address, contact persons or requirements of any customer, client, applicant or employee of any of the RHI Companies (whether having to do with temporary or permanent employment) and information with respect to the procedures, advertising, finances, organization, personnel, plans, objectives or strategies of the RHI Companies. Employee acknowledges that such information is safeguarded by the RHI Companies as trade secrets. Upon termination of Employee's employment, Employee shall deliver to the RHI Companies all copies of all records, manuals, training kits, and other property belonging to the RHI Companies or used in connection with their business which may be in Employee's possession. The provisions of this Section shall survive termination of either Employee's employment or this Agreement for any reason.

7. *Restrictive Covenant.* In consideration and view of (i) the valuable consideration furnished to Employee by Company entering into this Agreement, (ii) Employee's access to confidential information and trade secrets of the RHI Companies and (iii) the value of such confidential information and trade secrets to the RHI Companies, during the period commencing on the Part-Time Employment Commencement Date and ending on the fourth anniversary thereof, Employee shall not render services to any other firm, person, corporation, partnership or other entity or individual engaged in the business of temporary, contract or permanent placement of individuals or in the staffing services business (including, but not limited to, any executive recruiting firm, employment agency or temporary personnel service). The covenants of Employee contained in this section are in addition to, and not in amendment, modification or replacement of, any obligations of Employee contained in any other agreement between Employee and Company.

8. *Non-solicitation of Other Employees.* In consideration and view of (i) the valuable consideration furnished to Employee by Company entering into this Agreement, (ii) Employee's access to confidential information and trade secrets of the RHI Companies, and (iii) the value of such confidential information and trade secrets to the RHI Companies, during the period commencing on the Part-Time Employment Commencement Date and ending on the fourth anniversary thereof, Employee shall not, directly or indirectly, solicit, induce, encourage (or assist any other person, firm, entity, business or organization in soliciting, inducing or encouraging) any employee of any of the RHI Companies to leave the employ of the RHI Companies. The covenants of Employee contained in this section are in addition to, and not in amendment, modification or replacement of, any obligations of Employee contained in any other agreement between Employee and Company.

9. *Injunction.* In view of Employee's access to confidential information and trade secrets and in consideration of the value of such property to the RHI Companies, Employee expressly acknowledges that the covenants set forth herein are reasonable and necessary in order to protect and maintain the proprietary and other legitimate business interests of the RHI Companies, and that the enforcement thereof would not prevent Employee from earning a livelihood. Employee further agrees that in the event of an actual or threatened breach by Employee of such covenants, the RHI Companies would be irreparably harmed and the full extent of injury resulting therefrom would be impossible to calculate and the RHI Companies therefore will not have an adequate remedy at law. Accordingly, Employee agrees that temporary and permanent injunctive relief would be appropriate remedies against such breach, without bond or security; provided, that nothing herein shall be construed as limiting any other legal or equitable remedies the RHI Companies might have.

10. *Termination.*

(a) Employee may terminate Employee's employment during the Part-Time Employment Period at any time on written notice to Company.

(b) Company may terminate Employee's employment during the Part-Time Employment Period at any time on written notice to Employee.

(c) If Employee's employment is terminated on or after the Part-Time Employment Commencement Date and prior to the fourth anniversary of the Part-Time Employment Commencement Date (1) by Employee as a result of a willful and material breach of this agreement by Company or (2) by Company other than a Termination for Cause or Termination for Nonperformance, Company shall continue to pay Employee the salary specified herein following Employee's Separation from Service (as such term is defined by Section 409A) until the earlier of (i) the fourth anniversary of the Part-Time Employment Commencement Date, or (ii) any breach by Employee of the provisions of Sections 6, 7, or 8, hereof, provided that any such payment will not be made until six months after Employee's Separation from Service (as such term is defined by Section 409A) to the extent required to render such payment not subject to the excise tax under Section 409A.

(d) If Employee's engagement hereunder is terminated on or after the Part-Time Employment Commencement Date and prior to the fourth anniversary of the Part-Time Employment Commencement Date (1) by Employee as a result of a willful and material breach of this agreement by Company or (2) by Company other than a Termination for Cause, effective upon the date of such termination, (i) any outstanding unexercised options granted by Company after January 1, 1999, then held by Employee shall remain outstanding for the full length of their original term, and (ii) any unvested shares of restricted stock granted by Company then held by Employee shall vest and shall not be forfeited.

(e) If the Part-Time Employment Period ends on the fourth anniversary of the Part-Time Employment Commencement Date, then any outstanding unexercised options granted by Company subsequent to the date hereof and then held by Employee shall remain outstanding for the full length of their original term.

11. *Waiver.* Failure of any party to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of the right to subsequently insist upon strict compliance with such term, covenant or condition or a waiver or relinquishment of any similar right or power hereunder at any subsequent time.

12. *Amendment.* No provision of this Agreement may be changed or waived except by an agreement in writing signed by the party against whom enforcement of any such waiver or change is sought.

13. *Severability.* The provisions of this Agreement are severable. If any provision is found by any court of competent jurisdiction to be unreasonable and invalid, that determination shall not affect the enforceability of the other provisions. Furthermore, if any of the restrictions against various activities is found to be unreasonable and invalid, the court before which the matter is pending shall enforce the restriction to the maximum extent it deems to be valid. Such restrictions shall be considered divisible both as to time and as to geographical area, with each month being deemed a separate period of time and each one mile radius from any office being deemed a separate geographical area. The restriction shall remain effective so long as the same is not unreasonable, arbitrary or against public policy.

14. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the state of California, except with respect to Sections 6, 7, 8 and 9, which shall be governed by and construed in accordance with the law of the jurisdiction in which an activity in violation thereof occurred or threatens to occur and with respect to which legal and equitable relief is sought. In no event shall the choice of law be predicated upon the fact that Company is incorporated or has its corporate headquarters in a certain state.

15. *Entire Agreement.* This Agreement contains all of the agreements, conditions, promises and covenants between the parties with respect to the subject matter hereof and supersedes all prior or

contemporaneous agreements, representations, arrangements or understandings, whether written or oral, with respect to the subject matter hereof.

16. *Counterparts*. This Agreement may be executed in one or more counterparts, all of which shall constitute one agreement.

17. *Successors and Assigns*. This Agreement shall be binding upon and shall inure to the benefit of Company (including its direct and indirect subsidiaries) and its successors and assigns. This Agreement may not be assigned by Employee.

18. *Third Party Beneficiary*. Each of the RHI Companies is a third party beneficiary of this Agreement and each of them has the full right and power to enforce rights, interests and obligations under this Agreement without limitation or other restriction.

19. *Definitions*.

“Termination for Cause” shall mean termination by Company of Employee’s employment by Company by reason of (a) Employee’s willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to Company which has resulted in material injury to Company, or (b) violation by Employee of the provisions of Section 6, 7, or 8 hereof which has resulted in material injury to Company; provided, however, that Employee’s employment shall not be deemed to have been a “Termination for Cause” if such termination took place as a result of any act or omission believed by Employee in good faith to have been in the interest of Company.

“Termination for Nonperformance” shall mean termination by Company of Employee’s employment by Company by reason of repeated failure by Employee, following written notice, to materially perform the service obligations contained in Section 2 hereof.

“Part-Time Employment Commencement Date” shall be the date of Employee’s Retirement.

“Part-Time Employment Period” means the period of time commencing on the Part-Time Employment Commencement Date and ending on the earlier to occur of (a) the fourth anniversary of the Part-Time Employment Commencement Date or (b) the date on which this agreement is terminated in accordance with the terms hereof.

“Retirement” means any voluntary resignation by Employee of any and all officer positions held by Employee with any of the RHI Companies, accompanied by written notification to the Company by Employee that Employee wishes to become a part-time employee, on or after the later to occur of (a) Employee’s 55th birthday, or (b) the 20th anniversary of Employee’s first day of service with Company as a director or full-time employee.

“RHI Companies” means Company and its subsidiaries and affiliates.

20. *Indemnification*. The Company shall indemnify Employee for all actions taken while performing services hereunder to the fullest extent permitted by Delaware law, the Certificate of Incorporation and the By-laws of the Company and by the terms of any indemnification agreement that has been or shall be entered into from time to time between the Company and Employee, which indemnification agreement shall remain in full force and effect during the Part-Time Employment Period and shall cover the actions of Employee during the Part-Time Employment Period as if he were a director or an officer during the Part-Time Employment Period.

21. *Attorneys’ Fees*. In the event of any litigation pertaining to this agreement, the prevailing party shall be reimbursed by the non-prevailing party for the prevailing party’s reasonable attorney’s fees and expenses incurred in such litigation.

22. *Other Agreements*. Employee’s Retirement shall be deemed a voluntary termination of employment by Employee under the agreements and plans set forth on Schedule A hereto.

IN WITNESS WHEREOF, the parties have set their hands hereto.

ROBERT HALF INTERNATIONAL INC.

By _____

Employee

Schedule A

Part-Time Employment Agreement

between

Robert Half International Inc. and Harold M. Messmer, Jr.

1. Employment Agreement dated as of October 2, 1985, as amended, between Robert Half International Inc. (formerly named Boothe Financial Corporation) and Harold M. Messmer, Jr.

2. Collateral Assignment Split Dollar Insurance Agreement dated as of November 15, 1996, between Robert Half International Inc. and the Messmer Family 1996 Trust, as amended.

3. Robert Half International Inc. Annual Performance Bonus Plan.

4. Robert Half International Inc. Deferred Compensation Plan.

5. Amended and Restated Severance Agreement dated as of July 29, 2008, between Robert Half International Inc. and Harold M. Messmer, Jr.

Schedule A
Part-Time Employment Agreement
between

Robert Half International Inc. and M. Keith Waddell

1. Collateral Assignment Split Dollar Insurance Agreement dated as of November 15, 1996, between Robert Half International Inc. and the Waddell 1996 Trust, as amended.
2. Robert Half International Inc. Annual Performance Bonus Plan.
3. Robert Half International Inc. Senior Executive Retirement Plan.
4. Amended and Restated Severance Agreement dated as of July 29, 2008, between Robert Half International Inc. and M. Keith Waddell.

Schedule A
Part-Time Employment Agreement
between
Robert Half International Inc. and Robert W. Glass

1. Collateral Assignment Split Dollar Insurance Agreement dated as of November 15, 1996, between Robert Half International Inc. and the Glass Family 1996 Trust, as amended.
2. Robert Half International Inc. Annual Performance Bonus Plan.
3. Robert Half International Inc. Senior Executive Retirement Plan.
4. Amended and Restated Severance Agreement dated as of July 29, 2008, between Robert Half International Inc. and Robert W. Glass.

Schedule A
Part-Time Employment Agreement

between

Robert Half International Inc. and Steven Karel

1. Collateral Assignment Split Dollar Insurance Agreement dated as of November 15, 1996, between Robert Half International Inc. and the Karel Family 1996 Trust, as amended.
2. Robert Half International Inc. Annual Performance Bonus Plan.
3. Robert Half International Inc. Senior Executive Retirement Plan.
4. Amended and Restated Severance Agreement dated as of July 29, 2008, between Robert Half International Inc. and Steven Karel.

Schedule A
Part-Time Employment Agreement
between

Robert Half International Inc. and Paul F. Gentzkow

1. Collateral Assignment Split Dollar Insurance Agreement, between Robert Half International Inc. and the Gentzkow Trust Agreement, as amended.
2. Robert Half International Inc. Annual Performance Bonus Plan.
3. Robert Half International Inc. Senior Executive Retirement Plan.
4. Severance Agreement dated July 29, 2008, between Robert Half International Inc. and Paul F. Gentzkow.
5. Employment Agreement dated March 24, 1986, between Robert Half of Minnesota, Inc. and Paul F. Gentzkow.
6. Severance Agreement dated October 1, 1991, between Robert Half International Inc. and Paul F. Gentzkow.
7. Agreement dated July 31, 1995, between Robert Half International Inc. and Paul F. Gentzkow.

ROBERT HALF INTERNATIONAL INC.

Annual Performance Bonus Plan

(As amended and restated effective July 29, 2008)

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 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, 85% 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, not later than the end of the first fiscal quarter of the Bonus Year, 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.* Within five business days 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.* Within ten business days 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.

**AMENDED AND RESTATED
DEFERRED COMPENSATION PLAN
OF
ROBERT HALF INTERNATIONAL INC.**
(As Amended and Restated Effective July 29, 2008)

1. *DEFINITIONS.*

As used in this Plan, the following terms have the meanings set forth below:

1.1 *Administrator* means a committee appointed by the Board and composed of independent members of the Board who are not employees of the Company.

1.2 *Board* means the Board of Directors of the Company.

1.3 *Code* means the Internal Revenue Code of 1986, as amended.

1.4 *Company* means Robert Half International Inc.

1.5 *KERP* means the Company's Key Executive Retirement Plan—Level II that was previously maintained for the Participant until it was merged into this Plan effective October 1, 2006.

1.6 *Participant* means the individual who was the Company's Chief Executive Officer as of October 1, 2006.

1.7 *Plan* means this Amended and Restated Deferred Compensation Plan.

1.8 *Restated Retirement Agreement* means the retirement agreement, as amended effective October 1, 2006, that was entered into by and between the Company and the Participant pursuant to the KERP.

1.9 *Trust Agreement* means the Amended and Restated Trust Agreement under the Robert Half International Inc. Amended and Restated Deferred Compensation Plan between the Company and U.S. Trust Company of California, N.A., effective October 1, 2006.

2. *PURPOSE OF THE PLAN.* The purpose of the Plan is to retain and reward the Participant by offering flexible compensation opportunities and to incentivize the Participant to remain with the Company until retirement. Effective as of October 1, 2006, the KERP merged into this Plan and the Company's obligation to the Participant under the KERP and Restated Retirement Agreement will instead entirely be satisfied through this Plan. Effective January 1, 2005 and to the extent applicable, the Plan is intended to satisfy the requirements of, and shall be implemented and administered in a manner consistent with, Section 409A of the Code.

3. *ADMINISTRATION.* The Administrator shall have full power to interpret, construe and administer the Plan, except as otherwise provided in the Plan. The expense of administering the Plan shall be borne by the Company and shall not be charged against benefits payable hereunder.

4. *ELIGIBILITY AND PARTICIPATION.* The Plan will cover the Participant. The fact that the Participant is also a director of the Company or a subsidiary shall not prevent his participation.

5. *DEFERRED COMPENSATION FORMULA.* The amount of deferred compensation that the Participant will be allocated under the Plan for each calendar year of participation shall be based on a percentage of the Participant's total annual base salary and annual cash bonus income payable to the Participant for services rendered during such calendar year and the performance of the Company as compared to the goal for the year established by the Board according to the following schedule:

<u>Earnings Per Share as Percent of Company Goal</u>	<u>Allocation to the Participant as a Percent of Pay</u>
125% or more	10%
120 -124%	9%
115 -119%	8%
110- 114%	7%
105 -109%	6%
95 -104%	5%
75 -94%	4%
Less than 75%	3%

The Company goal for each year will be established by the Compensation Committee of the Board. Such allocation shall be deemed to have been made, for all purposes relating to this Plan, as of the first business day of the year following the year with respect to which the deferred compensation has been earned. Calculation and allocation of deferred compensation pursuant to the above formula shall be completed within 105 days following year end.

6. *SEPARATE ACCOUNTS.* The Administrator shall maintain an individual account under the name of the Participant (the "First Account"). The First Account shall be adjusted to reflect deferred compensation credited under Section 5 through December 31, 2004, interest credited on such amounts and any distribution of such amounts hereunder. Effective January 1, 2005, the First Account shall cease to be credited with deferred compensation allocations under Section 5 although the First Account will continue to be adjusted for interest crediting and distributions.

Effective January 1, 2005, the Administrator shall maintain an additional individual account, separate and apart from the First Account, under the name of the Participant (the "Second Account"). The Second Account shall be adjusted to reflect deferred compensation credited under Section 5 on or after January 1, 2005, interest credited on such amounts and any distribution of such amounts hereunder.

Effective October 1, 2006, the Administrator shall establish and maintain an additional individual account, separate and apart from the First Account and Second Account, under the name of the Participant (the "KERP Account"). On October 1, 2006, the KERP Account shall be credited with a starting bookkeeping balance that is equal to the "Converted Lump Sum Amount" (as defined under the Restated Retirement Agreement) and such starting balance shall be \$48,981,459. The KERP Account shall be adjusted to reflect interest crediting and any distributions. The KERP Account shall not be credited with any deferred compensation allocations that is provided to the other individual accounts pursuant to Section 5.

The First Account, Second Account and KERP Account shall each separately be adjusted on the last day of each calendar quarter to reflect interest accrued on the balance of such accounts as of the last day of the previous calendar quarter, including any amount of deferred compensation and interest which accrued before the end of such previous calendar quarter. In addition, for the calendar year ending December 31, 2006, the KERP Account shall be adjusted on December 31, 2006 to reflect interest accrued on the balance of such account as of October 1, 2006.

The establishment and maintenance of the foregoing separate individual accounts for the Participant shall not be construed as giving the Participant any interest in any assets of the Company or any right to payment other than as provided hereunder or any right to participate hereunder in future years of employment. Such individual accounts shall be unfunded and maintained only for bookkeeping convenience.

Interest credited for a calendar quarter shall be at a rate equal to the 10+ Year High Quality yield for the valuation reporting date which coincides with or immediately precedes the last day of such calendar quarter as expressed in the Merrill Lynch Bond Index reported by *The Wall Street Journal*.

7. *VESTING*. The Participant's interest under the Plan, including future crediting of deferred compensation and/or interest, is vested and nonforfeitable hereunder.

8. *TIME OF DISTRIBUTION*. Subject to Section 9, no amount shall be payable hereunder until the first to occur of the following events:

- (a) The date of the Participant's disability determined by the Administrator in accordance with Section 409A of the Code and applicable guidance and Treasury regulations promulgated thereunder;
- (b) The Participant's death; or
- (c) The date of the Participant's separation from service (notwithstanding Participant's entering into a Part-Time Employment Agreement), determined by the Administrator in accordance with Section 409A of the Code and applicable guidance and Treasury regulations promulgated thereunder.

All vested amounts will be valued and paid within 30 days following the occurrence of any such event; provided, however, that amounts in the Second Account and KERP Account that are payable upon a separation from service shall be valued and paid (to the extent required by Section 409A of the Code) 6 months following such separation from service (and both such accounts shall continue to accrue interest during such 6 month period). If distribution occurs within 105 days after the end of any calendar year and, as a result, the Participant's accounts do not include the amount allocable to the prior year, a pro-rata amount (based on the Participant's method of distribution) of the vested portion of such prior year amount will be paid to the Participant promptly following its calculation pursuant to the Plan and in no event later than March 15 of the following year.

9. *FINANCIAL NECESSITY DISTRIBUTIONS*. Notwithstanding Section 8, the Administrator may direct payment of all or any portion of amounts credited to the Participant's accounts prior to his separation from service after application by the Participant. Any such application must show demonstrable financial need for distribution: (i) for the First Account, the amount needed to meet extraordinary medical or medically-related expenses, substantial costs related to residential requirements of the Participant, family educational expenses must be considered by the Administrator burdensome in relation to the Participant's other available financial resources for meeting such expenses, extraordinary expenses related to an unanticipated casualty, accident or other misfortune or any other similar need approved by the Administrator; and (ii) for the Second Account or KERP Account, the amount must be needed for an unforeseeable emergency as defined under Code Section 409A and applicable regulations promulgated thereunder.

10. *METHOD OF DISTRIBUTION*.

(a) *First Account*. Upon separation from service, the Participant shall be eligible to receive a lump-sum distribution of all amounts payable under the First Account. Notwithstanding the foregoing, the Participant may elect to have payment in the form of installments over a period of time not extending beyond the life expectancy of the Participant. To be effective, any election(s) to change the form of payment must be made at least 12 months before the Participant's separation from service and payments under the new election must commence at least 12 months after the date the Participant makes the new election.

(b) *Second Account and KERP Account*. Upon separation from service and subject to Section 8, the Participant shall be eligible to receive a lump-sum distribution of all amounts payable under the Second Account and the KERP Account. Notwithstanding the foregoing, the Participant may elect (prior to January 1, 2009) in accordance with procedures prescribed by the Internal Revenue Service to have payment of either the Second Account and/or the KERP Account in the form of installments over a period of time not extending beyond the life expectancy of the Participant and, to the extent required by Section 409A of the Code and any Treasury regulations promulgated thereunder, payments under such election must commence at least 12 months after the date the Participant makes this election. Any subsequent election(s) (made after December 31, 2008) to change the form of payment shall not become effective for 12 months from the date

the election is made and payments under any such new election(s) must be delayed for at least five years after the payments otherwise would have commenced (except that such five year delay is no longer applicable upon the Participant's death or disability (as defined under Code Section 409A)) . Notwithstanding the foregoing, a change in form of payment for an account under this Section 10(b) shall not accelerate payment of such account, except as allowed by Section 409A of the Code and the Treasury regulations promulgated thereunder.

(c) *Elections.* Any change in payment election(s) made under this Section 10 shall be made in writing and the date of such election(s) shall be the date the election is received by the Administrator.

11. *DEATH OF PARTICIPANT.* In the event of the Participant's death at any time prior to the complete distribution of all amounts payable to him hereunder, all unpaid amounts shall be paid in a single lump-sum to the beneficiary or beneficiaries designated by the Participant or to his estate in the absence of any such designation. The Participant shall have the right to designate a beneficiary (or beneficiaries) in the event of his death; provided that in the event that the Participant is married and designates a beneficiary other than his spouse, his spouse must have provided the Administrator with written consent to such designation.

12. *PAYMENT IN THE EVENT OF DISABILITY.* If the Participant is entitled to any payment hereunder and is under a legal disability, or in the sole judgment of the Administrator shall otherwise be unable to apply such payment to his own interest and advantage, the Administrator in the exercise of its discretion may direct the Company to make any such payment in any one (1) or more of the following ways:

(a) Directly to the Participant;

(b) To the Participant's legal guardian or conservator; or

(c) To the Participant's spouse or to any person charged with his support; to be expended for the benefit of the Participant. The decision of the Administrator shall in each case be final and binding upon all persons in interest. Any such payment shall completely discharge the obligations of the Administrator and Company with regard to such payment.

13. *ASSIGNMENT.* No Participant or beneficiary of the Participant shall have any right to assign, pledge, hypothecate, anticipate or in any way create a lien upon any amounts payable hereunder. No amounts payable hereunder shall be subject to assignment or transfer or otherwise be alienable, either by voluntary or involuntary act or by operation of law, or subject to attachment, execution, garnishment, sequestration or other seizure under any legal, equitable or other process, or be liable in any way for the debts or defaults of the Participant and his beneficiaries.

14. *WITHHOLDING.* Any taxes required to be withheld from payments to the Participant hereunder shall be deducted and withheld in amounts determined by the Company.

15. *OTHER BENEFIT PLANS OF THE COMPANY.* Nothing contained in this Plan shall prevent the Participant prior to his death, or his dependents or beneficiaries after his death, from receiving, in addition to any payments provided for under this Plan, any salary, any payments under a Company retirement plan or any amounts otherwise payable or distributable to him, his dependents or beneficiaries, under any other plan or policy of the Company or otherwise. Nothing in this Plan shall be construed as preventing the Company from establishing any other or different plans providing for deferred compensation for the Participant or other employees.

16. *AMENDMENT AND TERMINATION.* This Plan may be amended in whole or in part by action of the Board and may be terminated at any time by action of the Board; provided, however, that no such amendment or termination shall reduce any amount payable hereunder or change the timing of any distribution to the extent such amount accrued prior to the date of amendment or termination or cause the Participant to incur any tax liability under the Code, including but not limited to Section 409A thereof; and provided further, that the duties and liabilities of the members of the Administrator hereunder shall not be increased without their written consent.

17. *RIGHTS OF PARTICIPANT.* The Company's sole obligation to the Participant and his beneficiaries shall be to make payment as provided hereunder. All payments shall be made from the general assets of the Company, and the Participant shall have no right hereunder to any specific assets of the Company or to be retained in the employment of the Company. All amounts of compensation allocated under this Plan, any property purchased therewith and all income attributable thereto shall remain the property and rights of the Company subject to the claims of the Company's general creditors.

18. *BINDING PROVISIONS.* All of the provisions of this Plan shall be binding upon all persons who shall be entitled to any benefits hereunder, and their heirs, and personal representatives.

19. *INDEMNIFICATION OF COMMITTEE.* Members of the group constituting the Administrator shall be indemnified for actions with respect to the Plan to the fullest extent permitted by the Restated Certificate of Incorporation, as amended, and the By-laws of the Company and by the terms of any indemnification agreement that has been or shall be entered into from time to time between the Company and any such person.

20. *EFFECTIVE DATE.* This Plan was originally effective for allocation of compensation with respect to the year beginning January 1, 1989.

21. *GOVERNING LAW.* This Plan and all determinations made and actions taken pursuant hereto shall be governed by the law of the State of California and construed accordingly.

22. *SEVERABILITY.* If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

23. *DISPUTE RESOLUTION.* Any dispute, controversy or claim arising under the Plan shall be definitively resolved in accordance with the arbitration provisions contained in Section 2(a) ('Payments to the Participant and His Beneficiaries') of the Trust Agreement with references to the 'Trust Agreement' in such Section 2(a) being replaced by references to this Plan. Furthermore, if any such arbitration or action at law or in equity is brought to enforce or interpret the terms of the Plan, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in an addition to any other relief to which it may be entitled. Upon written request by the Participant, the Company shall advance to Participant amounts equal to all reasonable attorneys' fees, costs, and necessary disbursements incurred by Participant in seeking to obtain, enforce, or retain any right, benefit, or payment provided for in the Plan or in otherwise pursuing or settling any claim hereunder. If the Company is the prevailing party in any arbitration or action to enforce or interpret the Plan, the Participant shall reimburse the Company in the full amount of the advances made pursuant to the preceding sentence.

24. *RABBI TRUST.* Pursuant to the Trust Agreement, the Company established an irrevocable "grantor trust". The Company has deposited with the trustee cash and/or property and these trust assets, subject to the provisions of the Trust Agreement, may be used to help satisfy the Company's obligations to the Participant under the KERP Account.

Effective as of October 1, 2006, the Company shall calculate the percentage by which the assets in the Trust, taking into account those assets transferred to the Trust from the trust for the KERP, is less than the balance of the KERP Account ("Shortfall Percentage"). The Company shall then divide the Shortfall Percentage by 16 ("Quarterly Shortfall Percentage"), and no later than 60 days after the end of each calendar quarter following the quarter ending September 30, 2006, shall deposit sufficient additional amounts to the Trust so as to reduce the resulting Shortfall Percentage to the difference between the original Shortfall Percentage and the product of the Quarterly Shortfall Percentage and the number of calendar quarters following September 30, 2006 which difference shall be applied to the balance of the KERP Account at the end of such calendar quarter. In clarification and amplification of the foregoing, at the end of that calendar quarter ending September 30, 2010 and for each subsequent calendar quarter until the Company's obligations hereunder have been satisfied in full, the value of the assets in the Trust shall be no less than the balance of the KERP Account on that same date, and

to the extent necessary, the Company shall use its best efforts to deposit sufficient additional amounts to the Trust as promptly as practicable in order to eliminate any such deficiency, but in no event shall make such deposit later than 60 days after the end of such calendar quarter.

Notwithstanding the foregoing, Participant shall have the right at any time to request that the Company deposit sufficient additional amounts such that the value of the assets in the Trust shall be at least equal to then current balance of the KERP Account. The Company's obligation shall be effective upon the delivery of a written request from Participant to an officer of the Company. If such request is delivered, it shall trigger a deposit obligation on the part of the Company. The Participant's delivery of such a request is sufficient in and of itself to trigger the Company's deposit obligation, and no additional action need be taken or consent be obtained to trigger such obligation. The amount necessary to satisfy the Company's deposit obligation shall be deposited in cash or property (reasonably acceptable to Participant) with the trustee as promptly as practicable, but in no event later than 60 days after the date such request is received by the Company.

SIXTEENTH AMENDMENT TO EMPLOYMENT AGREEMENT

This Sixteenth Amendment to Employment Agreement (the "Amendment") is made and entered into as of July 29, 2008, by and between Robert Half International Inc. (formerly Boothe Financial Corporation), a Delaware corporation, (the "Corporation") and Harold M. Messmer, Jr. (the "Officer").

WHEREAS, the Corporation and the Officer have entered into an employment agreement, dated as of October 2, 1985, which has been amended previously (the "Employment Agreement").

WHEREAS, Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and the Treasury regulations promulgated thereunder prescribe new Federal tax rules that govern certain payments and benefits made under the Employment Agreement.

NOW, THEREFORE, the Corporation and Officer agree that the Employment Agreement is further amended as follows:

1. Section 2.1(d) of the Employment Agreement is hereby amended to read in its entirety as follows:

"(d) "Termination Upon a Change in Control" shall mean a termination by Officer, in his discretion, of Officer's employment with Corporation within one year following a "Change in Control" as defined in the Corporation's Stock Incentive Plan, as in effect on July 29, 2008, ("Option Plan")."

2. Section 4.1 of the Employment Agreement is hereby amended to read in its entirety as follows:

"4.1 *Severance Compensation.* In the event Officer's employment is terminated in a Termination Other Than For Cause or a Termination Upon a Change in Control, Officer shall be paid as severance compensation (a) the lump-sum present value of the amount he would have received if Base Salary (at the rate payable at the time of such termination) had been paid through the term of this Agreement and any extensions thereof plus (b) the lump-sum present value of the amount he would have received if a yearly bonus in an amount equal to the annual cash bonus paid (or to be paid) to Officer with respect to the last full calendar year completed prior to the Termination had been paid yearly over the term of this Agreement and any extensions thereof. Such present value shall be determined as of the date of termination and shall be based on a discount rate equal to the interest rate on 90-day U.S. Treasury bills, as reported in the *Wall Street Journal* (or similar publication), on the date of termination. To the extent required by Section 409A, if Officer is a Specified Employee (as such term is defined from time to time by Section 409A and the rules and regulations thereunder), this lump sum shall be paid no earlier than (a) six months following Separation from Service (as such term is defined from time to time by Section 409A and the rules and regulations thereunder), or such alternate date as future modifications or amendments to Section 409A and the rules and regulations thereunder may specify or (b) if earlier, Officer's date of death, and no later than ten business days thereafter."

3. Section 4.4 of the Employment Agreement is hereby amended to read in its entirety as follows:

"4.4 *Disability Benefits.* In the event of termination of Officer's employment by reason of disability pursuant to Section 2.5, Corporation shall pay to Officer a cash lump sum equal to the excess, if any, of (i) 75% of the total Base Salary (at the rate payable at the time of termination) that would have been paid Officer from the date of such termination through the term of this Agreement and extensions thereof, over(ii) the total amounts received or to be received by Officer from long-term disability insurance carried by Corporation with respect to the period extending from the date of such termination through the term of this Agreement and any extensions thereof. In the event of a termination of Officer's employment by reason of disability pursuant to Section 2.5, Officer shall continue to participate in all plans and programs of the Corporation referred to in Section 3.3.1 hereof to the extent that such continued participation is possible under applicable law and the terms and provisions of such plans and programs. To the extent required by Section 409A, if Officer is a Specified Employee (as such term is defined from time to time by Section 409A and the rules and regulations thereunder), this lump sum shall be paid no earlier than (a) six months following Separation

from Service (as such term is defined from time to time by Section 409A and the rules and regulations thereunder), or such alternate date as future modifications or amendments to Section 409A and the rules and regulations thereunder may specify or (b) if earlier, Officer's date of death, and no later than ten business days thereafter. For the avoidance of doubt, to the extent that the disability qualifies as a disability within the meaning of Section 409A(a)(2)(C) of the Code, the six-month delay referred to in the immediately-preceding sentence shall not apply."

4. In all other respects, the Employment Agreement as previously amended is hereby ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Corporation and Officer hereto have executed this Amendment effective as of the date first written above.

ROBERT HALF INTERNATIONAL INC.

HAROLD M. MESSMER, JR.

By: /s/ M. KEITH WADDELL

 /s/ HAROLD M. MESSMER, JR.

M. Keith Waddell
Vice Chairman and President

ROBERT HALF INTERNATIONAL INC.
EXCISE TAX RESTORATION AGREEMENT

Effective November 5, 1996

**Amended and Restated Effective July 29, 2008, to Comply with
Section 409A of the Internal Revenue Code**

In consideration of the willingness of the individual executives and directors of Robert Half International Inc. (the "Company") who are listed in Attachment A to continue to serve the Company until a change of control of the Company, the Company agrees to pay to each of such individuals (the "Employees") the following amount:

(a) *Excise Tax Restoration Payment.* In the event that it is determined that any payment or distribution of any type to or for the benefit of the Employee made by the Company, by any of its affiliates, by any person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company's assets (within the meaning of section 280G of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code")) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of an employment agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the "Excise Tax"), then the Employee shall be entitled to receive an additional payment (an "Excise Tax Restoration Payment") in an amount that shall fund the payment by the Employee of any Excise Tax on the Total Payments as well as all income taxes imposed on the Excise Tax Restoration Payment, any Excise Tax imposed on the Excise Tax Restoration Payment and any interest or penalties imposed with respect to taxes on the Excise Tax Restoration Payment or any Excise Tax.

(b) *Determination by Auditors.* All mathematical determinations and all determinations of whether any of the Total Payments are "parachute payments" (within the meaning of section 280G of the Code) that are required to be made under this agreement, including all determinations of whether an Excise Tax Restoration Payment is required, of the amount of such Excise Tax Restoration Payment and of amounts relevant to the last sentence of this agreement, shall be made by the independent auditors retained by the Company most recently prior to the change in control (the "Auditors"), who shall provide their determination (the "Determination"), together with detailed supporting calculations regarding the amount of any Excise Tax Restoration Payment and any other relevant matters, both to the Company and to the Employee within seven business days of the Employee's termination date, if applicable, or such earlier time as is requested by the Company or the Employee (if the Employee reasonably believes that any of the Total Payments may be subject to the Excise Tax). If the Auditors determine that no Excise Tax is payable by the Employee, it shall furnish the Employee with a written statement that such Auditors have concluded that no Excise Tax is payable (including the reasons therefor) and that the Employee has substantial authority not to report any Excise Tax on the Employee's federal income tax return. If an Excise Tax Restoration Payment is determined payable, it shall be paid to the Employee within five business days after the Determination is delivered to the Company or the Employee. Any determination by the Auditors shall be binding upon the Company and the Employee, absent manifest error.

(c) *Underpayments and Overpayments.* As a result of uncertainty in the application of section 4999 of the Code at the time of initial determination by the Auditors hereunder, it is possible that Excise Tax Restoration Payments not made by the Company should have been made ("Underpayments") or that Excise Tax Restoration Payments will have been made by the Company which should not have been made ("Overpayments"). In either event, the Auditors shall determine the amount of the Underpayment or Overpayment that has occurred. In the case of an Underpayment, the amount of such Underpayment shall promptly be paid by the Company to or for the benefit of the Employee. In no event will payment be made later than the end of the calendar year next following the calendar year in which the Employee remits the related taxes. In the case of an Overpayment, the Employee shall, at the direction and expense of the Company, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures

established by, the Company and otherwise reasonably cooperate with the Company to correct such Overpayment; *provided, however,* that (i) the Employee shall in no event be obligated to return to the Company an amount greater than the net after-tax portion of the Overpayment that the Employee has retained or has recovered as a refund from the applicable taxing authorities and (ii) this provision shall be interpreted in a manner consistent with the intent of this agreement, which is to make the Employee whole, on an after-tax basis, for the application of the Excise Tax, it being understood that the correction of an Overpayment may result in the Employee's repaying to the Company an amount which is less than the Overpayment.

(d) This agreement amends and supersedes provisions concerning parachute payments under section 280G of the Code and excise taxes under section 4999 of the Code in any other employment agreements or other agreements between the Employee and the Company.

This agreement is amended and restated effective July 29, 2008.

ROBERT HALF INTERNATIONAL INC.

By /s/ M. KEITH WADDELL

M. Keith Waddell
Vice Chairman, President and
Chief Financial Officer

Excise Tax Restoration Agreement
Attachment A
Individuals Covered by This Agreement
July 29, 2008

Harold M. Messmer, Jr.

Andrew S. Berwick, Jr.

Frederick P. Furth

Edward W. Gibbons

Frederick A. Richman

Thomas J. Ryan

J. Stephen Schaub

M. Keith Waddell

Robert W. Glass

Steven Karel

Paul F. Gentzkow

EXHIBIT 10.7

The Amended and Restated Severance Agreement substantially in the form attached hereto has been entered into by the Registrant with each of Harold M. Messmer, Jr., M. Keith Waddell, Robert W. Glass and Steven Karel. Pursuant to Instruction 2 to Item 601 of Regulation S-K, the individual agreements are not being filed.

Amended and Restated Severance Agreement
(Effective as of July 29, 2008)

This Amended and Restated Severance Agreement is entered into as of July 29, 2008, by and between Robert Half International Inc., a Delaware corporation (the "Company") and _____ (the "Employee").

WHEREAS, the Company and Employee have previously entered into an Amended and Restated Severance Agreement dated as of January 1, 2000, which amended and restated an agreement originally entered into in 1990.

WHEREAS, the Severance Agreement was entered into because the Company believed it to be in the best interest of the Company and its shareholders to provide for stability in the management of the Company.

WHEREAS, the Compensation Committee of the Board of Directors of the Company has approved certain amendments to the Amended and Restated Severance Agreement in order to comply with the regulations adopted by the Internal Revenue Service in connection with Section 409A of the Internal Revenue Code ("Section 409A").

WHEREAS, certain modifications to the wording of certain sections of the Severance Agreement, as amended, are deemed advisable in order to clarify the intent of the parties.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth herein, the Company and the Employee hereby agree that the Amended and Restated Severance Agreement dated January 1, 2000, shall be amended and restated to read in its entirety as set forth herein:

1. *Definitions*

"Change in Control" shall have the meaning specified in the Company's Stock Incentive Plan, as in effect on July 29, 2008.

"Continuation Number" means (a) 36, if Employee has served as a Director of the Company at any time prior to the Termination Date, and (b) 24, in all other cases.

"Earliest Payment Date" shall mean six months following Separation from Service or such alternate date as future modifications or amendments to Section 409A and the rules and regulations thereunder may specify as the earliest permitted date for a payment to be made, or, if earlier the date of Employee's death.

"Monthly Base Salary" means the highest monthly base salary paid to Employee within the six (6) months preceding the Termination Date.

"Separation from Service" shall have the meaning specified by Section 409A and the rules and regulations thereunder, as such meaning may be modified or amended from time to time.

"Specified Employee" shall have the meaning specified by Section 409A and the rules and regulations thereunder, as such meaning may be modified or amended from time to time.

"Stock" means the Common Stock, \$.001 par value, of the Company.

"Termination Date" means the date on which Employee's employment with the Company is terminated.

"Termination For Cause" means termination by the Company of Employee's employment by the Company by reason of Employee's willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to the Company, or by reason of Employee's willful material breach of any employment agreement with the Company, which has resulted in material injury to the Company; provided, however, that Employee's employment shall not be deemed to have terminated in a Termination For Cause if such termination took place as a result of any act or omission believed by Employee in good faith to have been in the interest of the Company.

“Termination Without Cause” means (1) termination by the Company of Employee’s employment other than pursuant to a Termination For Cause or (2) termination by Employee following (a) a reduction by more than 5% of Employee’s base salary per month, exclusive of bonus, fringe benefits and other non-salary compensation, or (b) a request by the Company that Employee relocate more than 50 miles away from the current location of the principal executive offices of the Company.

“Termination Following a Change in Control” means a voluntary termination by Employee within one year following Change in Control.

2. *Payments and Benefits Upon Termination Without Cause.* In the event of a Termination Without Cause, the Employee shall be entitled to receive the following:

2.1. *Monthly Base Salary.* Employee shall be paid a lump-sum amount equal to the product of Employee’s Monthly Base Salary and Employee’s Continuation Number. To the extent required by Section 409A, if Employee is a Specified Employee, this lump sum shall be paid no earlier than the Earliest Payment Date and no later than ten business days thereafter.

2.2. *Bonus.*

(a) If the Termination Date occurs within 12 months after a Change in Control, Employee shall be paid a lump-sum amount equal to the product of (i) 1/12 of the annual cash bonus paid (or to be paid) to Employee with respect to the last full calendar year completed prior to the Change in Control and (ii) Employee’s Continuation Number. To the extent required by Section 409A, if Employee is a Specified Employee, this lump sum shall be paid no earlier than the Earliest Payment Date and no later than ten business days thereafter.

(b) If the Termination Date does not occur within 12 months after a Change in Control, Employee shall be paid, when such bonus payments would otherwise typically be made to Employee, but in no event later than the March 15 of the calendar year immediately following the Calendar year in which the Termination Date occurs, a lump-sum amount equal to the product of (i) a fraction, the numerator of which shall be the number of months that, as of the last day of the month in which the Termination Date occurs, shall have passed since the beginning of that calendar year, and the denominator of which shall be twelve and (ii) the bonus to which Employee would have been entitled had such termination not occurred. For purposes of the foregoing clause (ii), Employee shall be not be entitled to a pro rata amount of bonus that is discretionary unless such Employee is specifically awarded such discretionary amount in accordance with the terms and conditions of the applicable bonus plan or program.

2.3. *Benefits.* For such number of months following the Termination Date as is equal to the Continuation Number, or until Employee is reemployed, whichever first occurs, Employee also shall be entitled to all employee benefits, including medical and life insurance, pension, retirement and other benefits to which Employee was entitled on the Termination Date.

2.4. *Vesting.* If, on the Termination Date, Employee holds any Stock or options or other rights to acquire Stock which are subject to restrictions or vesting based on continued employment with the Company, such restrictions shall lapse and such vesting shall occur effective as of the Termination Date. Each option held by Employee shall remain outstanding and exercisable until the earlier of its exercise or its original expiration date. In addition, if Employee is a participant in the Company’s Deferred Compensation Plan, Senior Executive Retirement Plan or any successor plans, all amounts credited under such plans to Employee shall become fully vested and nonforfeitable.

2.5. *Outplacement Services.* The Company shall pay, on behalf of Employee, expenses and fees relating to outplacement services utilized by Employee, in an amount that is the usual and customary rate for such services for an individual at Employee’s level.

2.6. *Multiple Benefits.* To the extent that any other agreement (“Other Agreement”) between the Employee and the Company would provide for salary continuation (or a lump sum payment in lieu of salary continuation) and bonus payments under the same circumstances as such benefits would be provided pursuant to Sections 2.1 and 2.2 hereof, then Employee shall not receive such benefits under both the Other

Agreement and Sections 2.1 and 2.2, but shall instead receive the greater of the salary continuation benefit payable under either Section 2.1 or the Other Agreement and the greater of the bonus benefit payable under either Section 2.2 and the Other Agreement. Except as provided by the foregoing sentence, the benefits payable under this Agreement shall be in addition to, and not in lieu of, any other benefits that may be provided under any plan, program or agreement.

3. *Termination Following a Change in Control.* If Employee has served as a Director of the Company at any time prior to the Termination Date, Employee shall be entitled to the benefits described in Section 2 hereof in the event of a Termination Following a Change in Control.

4. *Additional Medical Benefits.* If Employee has served as a Director of the Company at any time prior to the Termination Date, then, in the event of any termination of Employee's employment on or after the first January 1 occurring after the Employee's 53rd birthday, other than a Termination For Cause, Employee and his then current wife shall each continue to participate until his or her death, at the Company's expense, in whatever healthcare plan may be maintained by the Company from time to time for its then current employees as if Employee were still a full time employee of the Company.

5. *Employment.* The sole purpose of this Agreement is to provide Employee with severance benefits under the circumstances described herein. This Agreement is not an employment agreement. This Agreement shall not affect any right of the Company to terminate Employee's employment at any time.

6. *Headings.* The headings used in this Agreement are for convenience only, and shall not be used to construe the terms and conditions of the Agreement.

7. *Governing Law.* This Agreement shall be governed by and construed according to the laws of the State of California. The terms of this Agreement shall bind and shall inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Company and the Employee have executed this Agreement as of the date first set forth above.

ROBERT HALF INTERNATIONAL INC.

(Employee)

Amended and Restated Severance Agreement
(Effective as of July 29, 2008)

This Amended and Restated Severance Agreement is entered as of July 29, 2008, by and between Robert Half International Inc., a Delaware corporation (the "Company") and Paul F. Gentzkow (the "Employee").

WHEREAS, the Company and Employee have previously entered into a Severance Agreement dated as of August 2, 2000.

WHEREAS, the Severance Agreement was entered into because the Company believed it to be in the best interest of the Company and its shareholders to provide for stability in the management of the Company.

WHEREAS, the Compensation Committee of the Board of Directors of the Company has approved certain amendments to the Severance Agreement, including amendments made in order to comply with the regulations adopted by the Internal Revenue Service in connection with Section 409A of the Internal Revenue Code ("Section 409A").

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth herein, the Company and the Employee hereby agree that the Severance Agreement dated August 2, 2000, shall be amended and restated to read in its entirety as set forth herein:

1. Definitions

"Change in Control" shall have the meaning specified in the Company's Stock Incentive Plan, as in effect on July 29, 2008.

"Continuation Number" means (a) 36, if Employee has served as a Director of the Company at any time prior to the Termination Date, and (b) 24, in all other cases.

"Earliest Payment Date" shall mean six months following Separation from Service or such alternate date as future modifications or amendments to Section 409A and the rules and regulations thereunder may specify as the earliest permitted date for a payment to be made, or, if earlier the date of Employee's death.

"Monthly Base Salary" means the highest monthly base salary paid to Employee within the six (6) months preceding the Termination Date.

"Future Equity Award" means a grant of options or restricted stock made by the Company after August 2, 2000.

"Previous Equity Award" means a grant of options or restricted stock made by the Company prior to August 2, 2000.

"Separation from Service" shall have the meaning specified by Section 409A and the rules and regulations thereunder, as such meaning may be modified or amended from time to time.

"Specified Employee" shall have the meaning specified by Section 409A and the rules and regulations thereunder, as such meaning may be modified or amended from time to time.

"Termination Date" means the date on which Employee's employment with the Company is terminated.

“Termination For Cause” means termination by the Company of Employee’s employment by the Company by reason of Employee’s willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to the Company, or by reason of Employee’s willful material breach of any employment agreement with the Company, which has resulted in material injury to the Company; provided, however, that Employee’s employment shall not be deemed to have terminated in a Termination For Cause if such termination took place as a result of any act or omission believed by Employee in good faith to have been in the interest of the Company.

“Termination Without Cause” means (1) termination by the Company of Employee’s employment other than pursuant to a Termination For Cause or (2) termination by Employee following (a) a reduction by more than 5% of Employee’s base salary per month, exclusive of bonus, fringe benefits and other non-salary compensation, or (b) a request by the Company that Employee relocate more than 50 miles away from the current location of the principal executive offices of the Company.

“Termination Following a Change in Control” means a voluntary termination by Employee within one year following Change in Control.

2. *Payments and Benefits Upon Termination Without Cause.* In the event of a Termination Without Cause, the Employee shall be entitled to receive the following:

2.1. *Monthly Base Salary.* Employee shall be paid a lump-sum amount equal to the product of Employee’s Monthly Base Salary and Employee’s Continuation Number. To the extent required by Section 409A, if Employee is a Specified Employee, this lump sum shall be paid no earlier than the Earliest Payment Date and no later than ten business days thereafter.

2.2. *Bonus.*

(a) If the Termination Date occurs within 12 months after a Change in Control, Employee shall be paid a lump-sum amount equal to the product of (i) 1/12 of the annual cash bonus paid (or to be paid) to Employee with respect to the last full calendar year completed prior to the Change in Control and (ii) Employee’s Continuation Number. To the extent required by Section 409A, if Employee is a Specified Employee, this lump sum shall be paid no earlier than the Earliest Payment Date and no later than ten business days thereafter.

(b) If the Termination Date does not occur within 12 months after a Change in Control, Employee shall be paid, when such bonus payments would otherwise typically be made to Employee, but in no event later than the March 15 of the calendar year immediately following the Calendar year in which the Termination Date occurs, a lump-sum amount equal to the product of (i) a fraction, the numerator of which shall be the number of months that, as of the last day of the month in which the Termination Date occurs, shall have passed since the beginning of that calendar year, and the denominator of which shall be twelve and (ii) the bonus to which Employee would have been entitled had such termination not occurred. For purposes of the foregoing clause (ii), Employee shall be not be entitled to a pro rata amount of bonus that is discretionary unless such Employee is specifically awarded such discretionary amount in accordance with the terms and conditions of the applicable bonus plan or program.

2.3. *Benefits.* For such number of months following the Termination Date as is equal to the Continuation Number, or until Employee is reemployed, whichever first occurs, Employee also shall be entitled to all employee benefits, including medical and life insurance, pension, retirement and other benefits to which Employee was entitled on the Termination Date.

2.4. *Vesting.*

(a) If, on the Termination Date, Employee holds any Future Equity Award which is subject to restrictions or vesting based on continued employment with the Company, such restrictions shall lapse and such vesting shall occur effective as of the Termination Date. Each option that is a Future Equity Award held by Employee shall remain outstanding and exercisable until the earlier of its exercise or its original expiration date.

(b) If, on the Termination Date, Employee holds any Previous Equity Award which is subject to restrictions or vesting based on continued employment with the Company, the provisions of the Previous Agreements shall continue to apply to such Previous Equity Award.

(c) If Employee is a participant in the Company's Deferred Compensation Plan, Senior Executive Retirement Plan or any successor plan, all amounts credited under such plan to Employee shall become fully vested and nonforfeitable.

2.5. *Outplacement Services.* The Company shall pay, on behalf of Employee, expenses and fees relating to outplacement services utilized by Employee, in an amount that is the usual and customary rate for such services for an individual at Employee's level.

2.6. *Multiple Benefits.* To the extent that any other agreement ("Other Agreement") between the Employee and the Company would provide for salary continuation (or a lump sum payment in lieu of salary continuation) and bonus payments under the same circumstances as such benefits would be provided pursuant to Sections 2.1 and 2.2 hereof, then Employee shall not receive such benefits under both the Other Agreement and Sections 2.1 and 2.2, but shall instead receive the greater of the salary continuation benefit payable under either Section 2.1 or the Other Agreement and the greater of the bonus benefit payable under either Section 2.2 and the Other Agreement. Notwithstanding the foregoing, the Benefits provided by Sections 2.1, 2.2 and 2.3 hereof shall supersede the provisions of Sections 2.1 and 2.2 of the 1991 Agreement and Sections 2(a), 2(b) and 2(c) of the 1995 Agreement, which superseded sections are of no further force or effect.

3. *Termination Following a Change in Control.* If Employee has served as a Director of the Company at any time prior to the Termination Date, Employee shall be entitled to the benefits described in Section 2 hereof in the event of a Termination Following a Change in Control.

4. *Additional Medical Benefits.* If Employee has served as a Director of the Company at any time prior to the Termination Date, then, in the event of any termination of Employee's employment on or after the first January 1 occurring after the Employee's 53rd birthday, other than a Termination For Cause, Employee and his then current wife shall each continue to participate until his or her death, at the Company's expense, in whatever healthcare plan may be maintained by the Company from time to time for its then current employees as if Employee were still a full time employee of the Company.

5. *Employment.* The sole purpose of this Agreement is to provide Employee with severance benefits under the circumstances described herein. This Agreement is not an employment agreement. This Agreement shall not affect any right of the Company to terminate Employee's employment at any time.

6. *Headings.* The headings used in this Agreement are for convenience only, and shall not be used to construe the terms and conditions of the Agreement.

7. *Governing Law.* This Agreement shall be governed by and construed according to the laws of the State of California. The terms of this Agreement shall bind and shall inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Company and the Employee have executed this Agreement as of the date first set forth above.

ROBERT HALF INTERNATIONAL INC.

Harold M. Messmer, Jr.
Chairman and Chief Executive Officer

Paul F. Gentzkow

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: July 31, 2008

/s/ Harold M. Messmer, Jr.

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: July 31, 2008

/s/ M. Keith Waddell

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 June 30, 2008 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.

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

July 31, 2008

**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 June 30, 2008 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

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

July 31, 2008