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**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, 2009**

**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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of June 30, 2009:

151,866,261 shares of \$.001 par value Common Stock

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**PART I—FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Cash and cash equivalents .....	\$ 385,818	\$ 354,756
Accounts receivable, less allowances of \$25,175 and \$34,217 .....	374,020	484,808
Deferred income taxes and other current assets .....	192,650	193,335
Total current assets .....	952,488	1,032,899
Goodwill and other intangible assets, net .....	189,401	189,382
Property and equipment, net .....	137,287	145,699
Deferred income taxes .....	44,635	43,870
Total assets .....	<u>\$1,323,811</u>	<u>\$1,411,850</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses .....	\$ 95,222	\$ 111,645
Accrued payroll costs and retirement obligations .....	251,306	301,102
Current portion of notes payable and other indebtedness .....	109	105
Total current liabilities .....	346,637	412,852
Notes payable and other indebtedness, less current portion .....	1,836	1,892
Other liabilities .....	14,169	13,218
Total liabilities .....	<u>362,642</u>	<u>427,962</u>
Commitments and Contingencies (Note G)		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.001 par value authorized 5,000,000 shares; issued and outstanding zero shares .....	—	—
Common stock, \$.001 par value authorized 260,000,000 shares; issued and outstanding 151,820,544 shares and 150,943,324 shares .....	152	151
Capital surplus .....	919,357	949,474
Accumulated other comprehensive income .....	41,660	34,263
Retained earnings .....	—	—
Total stockholders' equity .....	<u>961,169</u>	<u>983,888</u>
Total liabilities and stockholders' equity .....	<u>\$1,323,811</u>	<u>\$1,411,850</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,	
	2009	2008	2009	2008
Net service revenues .....	\$749,887	\$1,224,641	\$1,573,212	\$2,450,631
Direct costs of services, consisting of payroll, payroll taxes, insurance costs and reimbursable expenses .....	484,830	708,017	1,014,427	1,423,019
Gross margin .....	265,057	516,624	558,785	1,027,612
Selling, general and administrative expenses .....	255,007	393,393	532,057	787,824
Amortization of intangible assets .....	280	618	898	1,259
Interest income, net .....	(455)	(1,506)	(1,075)	(3,520)
Income before income taxes .....	10,225	124,119	26,905	242,049
Provision for income taxes .....	4,809	49,551	12,701	96,697
Net income .....	\$ 5,416	\$ 74,568	\$ 14,204	\$ 145,352
Net income available to common stockholders .....	\$ 4,801	\$ 72,293	\$ 13,110	\$ 141,143
Net income per share (Note J):				
Basic .....	\$ .03	\$ .47	\$ .09	\$ .92
Diluted .....	\$ .03	\$ .47	\$ .09	\$ .91
Shares:				
Basic .....	146,443	152,878	146,660	153,722
Diluted .....	147,044	153,892	147,092	154,818
Cash dividends declared per share .....	\$ .12	\$ .11	\$ .24	\$ .22

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,	
	2009	2008
<b>COMMON STOCK—SHARES:</b>		
Balance at beginning of period	150,943	158,058
Net issuances of restricted stock	2,310	1,858
Repurchases of common stock	(2,696)	(5,799)
Exercises of stock options	1,264	1,353
Balance at end of period	151,821	155,470
<b>COMMON STOCK—PAR VALUE:</b>		
Balance at beginning of period	\$ 151	\$ 158
Net issuances of restricted stock	2	2
Repurchases of common stock	(2)	(6)
Exercises of stock options	1	1
Balance at end of period	\$ 152	\$ 155
<b>CAPITAL SURPLUS:</b>		
Balance at beginning of period	\$949,474	\$ 915,038
Net issuances, and other changes to, restricted stock—excess over par value	(2)	(2)
Repurchases of common stock—excess over par value	(43,465)	(34,250)
Cash dividends (\$.24 per share)	(36,438)	—
Stock-based compensation expense—restricted stock and stock units	30,128	32,249
Stock-based compensation expense—stock options	558	2,410
Exercises of stock options—excess over par value	17,906	22,065
Tax impact of equity incentive plans	1,196	3,750
Balance at end of period	\$919,357	\$ 941,260
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME:</b>		
Balance at beginning of period	\$ 34,263	\$ 68,853
Translation adjustments, net of tax	7,397	7,758
Balance at end of period	\$ 41,660	\$ 76,611
<b>RETAINED EARNINGS:</b>		
Balance at beginning of period	\$ —	\$ —
Repurchases of common stock—excess over par value	(14,204)	(110,469)
Cash dividends (\$.22 per share)	—	(34,883)
Net income	14,204	145,352
Balance at end of period	\$ —	\$ —

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

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

	Six Months Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 14,204	\$ 145,352
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	898	1,259
Depreciation expense	32,788	35,904
Stock-based compensation expense—restricted stock and stock units	30,128	32,249
Stock-based compensation expense—stock options	558	2,410
Excess tax benefits from stock-based compensation	(1,777)	(136)
Provision for deferred income taxes	1,813	(1,441)
Provision for doubtful accounts	(1,449)	7,405
Changes in assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in accounts receivable	116,824	(38,942)
(Decrease) increase in accounts payable, accrued expenses, accrued payroll costs and retirement obligations	(69,400)	55,350
(Decrease) increase in income taxes payable	(5,397)	2,224
Change in other assets, net of change in other liabilities	6,315	(3,852)
Net cash flows provided by operating activities	125,505	237,782
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of goodwill and other intangible assets and other assets	—	(272)
Capital expenditures	(24,148)	(38,837)
Increase in trusts for employee benefits and retirement plans	(1,254)	(5,867)
Net cash flows used in investing activities	(25,402)	(44,976)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchases of common stock	(57,671)	(135,285)
Cash dividends paid	(36,287)	(34,883)
Decrease in notes payable and other indebtedness	(51)	(321)
Excess tax benefits from stock-based compensation	1,777	136
Proceeds from exercises of stock options	17,907	22,066
Net cash flows used in financing activities	(74,325)	(148,287)
Effect of exchange rate changes on cash and cash equivalents	5,284	2,528
Net increase in cash and cash equivalents	31,062	47,047
Cash and cash equivalents at beginning of period	354,756	310,000
Cash and cash equivalents at end of period	\$385,818	\$ 357,047
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 212	\$ 243
Income taxes, net of refunds	\$ 6,685	\$ 94,218
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, 2009**

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

*Nature of Operations.* Robert Half International Inc. (the “Company”) provides specialized staffing and risk consulting services through such divisions as *Accountemps*®, *Robert Half*® Finance & Accounting, *OfficeTeam*®, *Robert Half*® Technology, *Robert Half*® Management Resources, *Robert Half*® Legal, *The Creative Group*®, and *Protiviti*®. The Company, through its *Accountemps*, *Robert Half Finance & Accounting*, and *Robert Half Management Resources* divisions, is a specialized provider of temporary, full-time, and project professionals in the fields of accounting and finance. *OfficeTeam* specializes in highly skilled temporary administrative support personnel. *Robert Half Technology* provides information technology professionals. *Robert Half Legal* provides temporary, project, and full-time staffing of attorneys and specialized support personnel within law firms and corporate legal departments. *The Creative Group* provides project staffing in the advertising, marketing, and web design fields. *Protiviti* provides business consulting and internal audit services, and is a wholly owned subsidiary of the Company. Revenues are predominantly derived from specialized staffing services. The Company operates in North America, South America, Europe, Asia and Australia. The Company is a Delaware corporation.

*Basis of Presentation.* The unaudited Condensed Consolidated Financial Statements (“Financial Statements”) of the Company are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and the rules of the Securities and Exchange Commission (“SEC”). The comparative year-end condensed consolidated statement of financial position data presented was derived from audited financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of the financial position and results of operations for the periods presented have been included. These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of the Company for the year ended December 31, 2008, 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. The Company has performed an evaluation of subsequent events through July 30, 2009, which is the date the Financial Statements were issued.

*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, 2009, 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.

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

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

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

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 \$16.1 million and \$26.5 million for the six months ended June 30, 2009 and 2008, 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,	
	2009	2008	2009	2008
Net income . . . . .	\$ 5,416	\$74,568	\$14,204	\$145,352
Translation adjustments, net of tax . . . . .	16,626	1,624	7,397	7,758
Total comprehensive income . . . . .	\$22,042	\$76,192	\$21,601	\$153,110

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



**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

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

*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 as of June 30, 2009, 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.

Compensation expense for restricted stock and stock units is generally recognized on a straight-line basis over the vesting period, based on the stock's fair market value on the grant date. For restricted stock grants issued



**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

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

with performance conditions, compensation expense is recognized over each vesting tranche. 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 \$11.9 million and \$5.3 million of internal-use software development costs for the six months ended June 30, 2009 and 2008, respectively.

**Note B—New Accounting Pronouncements**

In April 2009, the Financial Accounting Standards Board ("FASB") issued Staff Position No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 requires an entity to provide disclosures about fair value of financial instruments in interim financial reporting. FSP FAS 107-1 and APB 28-1 is effective for interim periods ending after June 15, 2009. The adoption of FSP FAS 107-1 and APB 28-1 during the three months ended June 30, 2009, did not have an impact on the Company's Financial Statements.

In April 2009, the FASB issued Staff Position No. FAS 157-4, *Determining Fair Value When The Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP FAS 157-4"). FSP FAS 157-4 provides additional guidance to highlight and expand on the factors that should be considered in estimating fair value when there has been a significant decrease in market activity for a financial asset. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009. The adoption of FSP FAS 157-4 during the three months ended June 30, 2009, did not have an impact on the Company's Financial Statements.

In May 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 165, *Subsequent Events* ("SFAS 165"), which establishes standards of accounting for and disclosures of events that occur after the

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

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

balance sheet date but before financial statements are issued. SFAS 165 also requires disclosure of the date through which an entity has evaluated subsequent events and the basis for this date. SFAS 165 is effective for interim or annual periods ending after June 15, 2009. The adoption of SFAS 165 during the three months ended June 30, 2009, did not have a material effect on the Company’s Financial Statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (“SFAS 166”). SFAS 166 requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the seller retains some risk with respect to the assets. SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company does not expect the adoption of SFAS 166 to have a material effect on its Financial Statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (“SFAS 167”). SFAS 167 amends certain requirements of FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*, to improve financial reporting by companies involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. SFAS 167 is effective for fiscal years beginning after November 15, 2009. The Company does not expect the adoption of SFAS 167 to have a material effect on its Financial Statements.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—A Replacement of FASB Statement No. 162* (“SFAS 168”). SFAS 168 replaces SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, and establishes the FASB Accounting Standards Codification as the single source of authoritative U.S. generally accepted accounting principles recognized by the FASB to be applied by nongovernmental entities. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. The Company does not expect the adoption of SFAS 168 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, 2009</u>	<u>December 31, 2008</u>
Deferred income taxes . . . . .	\$ 59,364	\$ 61,955
Deposits in trusts for employee benefits and retirement plans . . . . .	73,549	72,295
Other . . . . .	59,737	59,085
	<u>\$192,650</u>	<u>\$193,335</u>

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

**Note D—Goodwill and Other Intangible Assets, Net**

The following table sets forth the activity in goodwill and other intangible assets from December 31, 2008, through June 30, 2009 (in thousands):

	<u>Goodwill</u>	<u>Other Intangible Assets</u>	<u>Total</u>
Balance as of December 31, 2008 .....	\$187,530	\$1,852	\$189,382
Translation adjustments .....	917	—	917
Amortization of intangible assets .....	—	(898)	(898)
Balance as of June 30, 2009 .....	<u>\$188,447</u>	<u>\$ 954</u>	<u>\$189,401</u>

The estimated remaining amortization expense is \$0.6 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, 2009</u>	<u>December 31, 2008</u>
Computer hardware .....	\$ 129,076	\$ 161,696
Computer software .....	246,904	259,790
Furniture and equipment .....	129,723	129,628
Leasehold improvements .....	125,286	121,861
Other .....	15,838	16,112
Property and equipment, cost .....	646,827	689,087
Accumulated depreciation .....	(509,540)	(543,388)
Property and equipment, net .....	<u>\$ 137,287</u>	<u>\$ 145,699</u>

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

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

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Payroll and benefits .....	\$125,927	\$170,123
Employee retirement obligations .....	72,193	69,868
Workers' compensation .....	30,262	29,630
Payroll taxes .....	22,924	31,481
	<u>\$251,306</u>	<u>\$301,102</u>

Included in employee retirement obligations is \$62 million at June 30, 2009, and \$61 million at December 31, 2008, 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, 2009**

**Note G—Commitments and Contingencies**

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

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

On September 24, 2007, Plaintiff Van Williamson, on behalf of himself and a putative class of salaried Account Executives and Staffing Managers, filed a complaint in California Superior Court naming the Company

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

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

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

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

The Company's Form 10-Q for the quarter ended March 31, 2009, contained disclosure regarding a complaint filed against the Company by Plaintiff Annette Johnson, on behalf of herself and a putative class of all current and former non-exempt employees of the Company. As disclosed in such filing, the Company engaged in a preliminary review of the allegations included in the complaint. Upon completion of such review, the Company determined that the litigation is not currently a material pending legal proceeding. Accordingly, the Company does not presently intend to make disclosures regarding this case in its future Securities and Exchange Commission filings.

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

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

**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

**Note H—Stockholders' Equity**

*Stock Repurchase Program.* As of June 30, 2009, the Company is authorized to repurchase, from time to time, up to 8.3 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, 2009 and 2008, the Company repurchased 1.5 million shares and 4.5 million shares of common stock on the open market for a total cost of \$31 million and \$110 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, 2009 and 2008, such repurchases totaled 1.2 million shares and 1.3 million shares, at a cost of \$27 million and \$35 million, respectively. Repurchases of shares have been funded with cash generated from operations.

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, 2009 and 2008 (consisting of stock option exercises and the purchase of shares for the treasury), is presented in the unaudited Condensed Consolidated Statements of Stockholders' Equity.

*Cash Dividends.* The Company's Board of Directors may at their discretion declare and pay dividends upon the shares of the Company's stock either out of the Company's retained earnings or capital surplus. During the six months ended June 30, 2009 and 2008, the Company declared cash dividends of \$.24 per share and \$.22 per share, respectively.

Repurchases of shares and issuances of cash dividends are applied first to the extent of retained earnings and any remaining amounts are applied to capital surplus. As a result, the Company had no retained earnings as of June 30, 2009, and December 31, 2008.

**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.

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

Recipients of restricted stock do not pay any cash consideration to the Company for the shares, have the right to vote all shares subject to such grant, and receive all dividends with respect to such shares, whether or not the shares have vested as long as any performance condition has been met. Recipients of stock units do not pay any cash consideration for the units, do not have the right to vote, and do not receive dividends with respect to such units. Compensation expense for restricted stock and stock units is generally recognized on a straight-line basis over the vesting period, based on the stock's fair market value on the grant date. For restricted stock grants issued with performance conditions, compensation expense is recognized over each vesting tranche.



**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

**Note J—Net Income Per Share**

The calculation of net income per share for the three and six months ended June 30, 2009 and 2008, is reflected in the following table (in thousands, except per share amounts):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Basic net income per share:				
Net income .....	\$ 5,416	\$ 74,568	\$ 14,204	\$145,352
Income allocated to participating securities .....	615	2,286	1,094	4,231
Net income available to common stockholders .....	<u>\$ 4,801</u>	<u>\$ 72,282</u>	<u>\$ 13,110</u>	<u>\$141,121</u>
Basic weighted average shares .....	146,443	152,878	146,660	153,722
Basic net income per share .....	\$ .03	\$ .47	\$ .09	\$ .92
Diluted net income per share:				
Net income .....	\$ 5,416	\$ 74,568	\$ 14,204	\$145,352
Income allocated to participating securities .....	615	2,275	1,094	4,209
Net income available to common stockholders .....	<u>\$ 4,801</u>	<u>\$ 72,293</u>	<u>\$ 13,110</u>	<u>\$141,143</u>
Basic weighted average shares .....	146,443	152,878	146,660	153,722
Dilutive effect of stock options, unvested performance-based restricted stock and stock units .....	601	1,014	432	1,096
Diluted weighted average shares .....	<u>147,044</u>	<u>153,892</u>	<u>147,092</u>	<u>154,818</u>
Diluted net income per share .....	\$ .03	\$ .47	\$ .09	\$ .91

Effective January 1, 2009, the Company implemented FASB Staff Position No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (“FSP EITF 03-6-1”). Based on the provisions of FSP EITF 03-6-1 the Company’s unvested restricted stock awards which, other than for executive officer grants that contain a performance condition, contain nonforfeitable rights to dividends and are therefore participating securities that are included in the earnings allocation in computing net income per share pursuant to the two-class method described in SFAS 128, *Earnings per Share*.

Upon implementation, the Company retrospectively adjusted its net income per share data to conform to the provisions of FSP EITF 03-6-1. For the three months ended June 30, 2008, the retrospective application resulted in a \$.02 per share reduction in basic net income per share and a \$.01 per share reduction in diluted net income per share. For the six months ended June 30, 2008, the retrospective application resulted in a \$.03 per share reduction in basic net income per share and a \$.02 per share reduction in diluted net income per share.

The weighted average diluted common shares outstanding for the three months ended June 30, 2009 and 2008, respectively, excludes the effect of 4.7 million and 2.7 million anti-dilutive options and stock units. The weighted average diluted common shares outstanding for the six months ended June 30, 2009 and 2008, respectively, excludes the effect of 5.8 million and 2.8 million anti-dilutive options and stock units. Employee stock options will have a dilutive effect under the treasury method only when the respective period’s average market value of the Company’s common stock exceeds the exercise proceeds. Under the treasury method, exercise proceeds include the amount the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefits that would be recorded in capital surplus, if the options were exercised and the stock units and performance-based restricted stock had vested.



**ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES**

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

**June 30, 2009**

**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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net service revenues				
Temporary and consultant staffing . . . . .	\$616,333	\$ 955,695	\$1,288,918	\$1,923,940
Permanent placement staffing . . . . .	43,526	127,850	93,467	243,464
Risk consulting and internal audit services . . . . .	90,028	141,096	190,827	283,227
	\$749,887	\$1,224,641	\$1,573,212	\$2,450,631
Operating income (loss)				
Temporary and consultant staffing . . . . .	\$ 25,208	\$ 96,499	\$ 65,045	\$ 195,394
Permanent placement staffing . . . . .	(1,965)	25,439	(6,198)	42,576
Risk consulting and internal audit services . . . . .	(13,193)	1,293	(32,119)	1,818
	10,050	123,231	26,728	239,788
Amortization of intangible assets . . . . .	280	618	898	1,259
Interest income, net . . . . .	(455)	(1,506)	(1,075)	(3,520)
Income before income taxes . . . . .	\$ 10,225	\$ 124,119	\$ 26,905	\$ 242,049

**Note L—Subsequent Events**

On July 28, 2009, the Company announced a quarterly dividend of \$.12 per share to be paid to all shareholders of record on August 25, 2009. The dividend will be paid on September 15, 2009.

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

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

### *Critical Accounting Policies and Estimates*

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 6.3% and 6.6% as of June 30, 2009, and December 31, 2008, respectively. As of June 30, 2009, 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 \$1.3 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 \$18.8 million were recorded as of June 30, 2009. 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 in the second quarter, or more often if events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). The Company completed its annual goodwill impairment analysis as of June 30, 2009, and determined that no adjustment to the carrying value of goodwill was required.

SFAS 142 requires a two-step approach for determining goodwill impairment. In the first step the Company determines the fair value of each reporting unit utilizing a present value technique derived from a discounted cash flow methodology. For purposes of this assessment the Company's reporting units are its lines of business. The fair value of the reporting unit is then compared to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further testing is performed. The second step under the provisions of SFAS 142 is contingent upon the results of the first step. To the extent a reporting unit's carrying value exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform a second more detailed impairment assessment. The second impairment assessment involves allocating the reporting unit's fair value to its net assets in order to determine the implied fair value of the reporting unit's goodwill as of the assessment date. The implied fair value of the reporting unit's goodwill is then compared to the carrying amount of goodwill to quantify an impairment charge as of the assessment date.

The Company's reporting units are *Accountemps*, *Robert Half Finance & Accounting*, *OfficeTeam*, *Robert Half Technology*, *Robert Half Management Resources* and *Protiviti*, which had goodwill balances at June 30, 2009, of \$127.6 million, \$26.4 million, \$0.0 million, \$7.0 million, \$0.0 million and \$27.4 million, respectively, totaling \$188.4 million. There were no changes to the Company's reporting units or to the allocations of goodwill by reporting unit through June 30, 2009.

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 for all reporting units was determined by management based on

estimates of risk free interest rates, beta and market risk premiums. The discount rate used was compared to the rate published in various third party research reports, which indicated that the rate was within a range of reasonableness. The primary assumptions related to future operating performance include revenue growth rates and profitability levels. In addition, the impairment assessment requires that management make certain judgments in allocating shared assets and liabilities to the balance sheets of the reporting units. Solely for purposes of establishing inputs for the fair value calculations described above related to its annual goodwill impairment testing, the Company made the following assumptions. The Company assumed that the current economic downturn would continue for all reporting units through 2010, followed by a recovery period in 2011 and 2012, using unique assumptions for each reporting unit. In addition, the Company applied profitability assumptions consistent with each reporting unit's historical trends at various revenue levels and, for years beyond 2012, used a 5% growth factor to calculate the terminal value at the end of ten years for each unit. This rate is consistent with the rate used for the Company's interim test during the first quarter of 2009, and is significantly lower than the Company's historical ten-year annual compound revenue growth rate. In its most recent calculation, the Company used a 10.7% discount rate, which is slightly lower than the 10.9% discount rate used for the Company's interim test during the first quarter of 2009. This decline in discount rate is primarily due to a decline in the market risk premium partially offset by an increase in the risk free rate.

In order to evaluate the sensitivity of the fair value calculations on the goodwill impairment test, the Company applied hypothetical decreases to the fair values of each reporting unit. The Company determined that hypothetical decreases in fair value of at least 30% would be required before any reporting unit would have a carrying value in excess of its fair value.

Given the current economic environment and the uncertainties regarding the impact on the Company's business, there can be no assurance that the Company's estimates and assumptions regarding the duration of the ongoing economic downturn, or the period or strength of recovery, made for purposes of the Company's goodwill impairment testing will prove to be accurate predictions of the future. If the Company's assumptions regarding forecasted revenue or profitability growth rates of certain reporting units are not achieved, the Company may be required to recognize goodwill impairment charges in future periods. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material.

*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 \$5.4 million and \$9.7 million, representing 0.48% and 0.55% of applicable U.S. revenue for the six months ended June 30, 2009 and 2008, 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, 2009, 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 \$0.2 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. For restricted stock grants issued with performance conditions, compensation expense is recognized over each vesting tranche. 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 months ended June 30, 2009 and 2008, compensation expense related to restricted stock and stock units was \$15.7 million and \$16.6 million, respectively, of which \$3.3 million and \$4.2 million was related to grants made in 2009 and 2008, respectively. A one-percentage point deviation in the estimated forfeiture rates would have resulted in a \$0.2 million increase or decrease in compensation expense related to restricted stock and stock units for both the three months ended June 30, 2009 and 2008. For the six months ended June 30, 2009 and 2008, compensation expense related to restricted stock and stock units was \$30.1 million and \$32.2 million, respectively, of which \$4.9 million and \$7.3 million was related to grants made in 2009 and 2008, respectively. A one-percentage point deviation in the estimated forfeiture rates would have resulted in a \$0.3 million increase or decrease in compensation expense related to restricted stock and stock units for both the six months ended June 30, 2009 and 2008.

#### *Recent Accounting Pronouncements*

In April 2009, the Financial Accounting Standards Board ("FASB") issued Staff Position FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 requires an entity to provide disclosures about fair value of financial instruments in interim financial reporting. FSP FAS 107-1 and APB 28-1 is effective for interim periods ending after June 15, 2009. The adoption of FSP FAS 107-1 and APB 28-1 during the three months ended June 30, 2009, did not have an impact on the Company's Financial Statements.

In April 2009, the FASB issued Staff Position No. FAS 157-4, *Determining Fair Value When The Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP FAS 157-4"). FSP FAS 157-4 provides additional guidance to highlight and expand on the factors that should be considered in estimating fair value when there has been a significant decrease in market activity for a financial asset. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009. The adoption of FSP FAS 157-4 during the three months ended June 30, 2009, did not have an impact on the Company's Financial Statements.

In May 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 165, *Subsequent Events* ("SFAS 165"), which establishes standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued. SFAS 165 also requires disclosure of the date through which an entity has evaluated subsequent events and the basis for this date. SFAS 165 is effective for



interim or annual periods ending after June 15, 2009. The adoption of SFAS 165 during the three months ended June 30, 2009, did not have a material effect on the Company's Financial Statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* ("SFAS 166"). SFAS 166 requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the seller retains some risk with respect to the assets. SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company does not expect the adoption of SFAS 166 to have a material effect on its Financial Statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* ("SFAS 167"). SFAS 167 amends certain requirements of FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*, to improve financial reporting by companies involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. SFAS 167 is effective for fiscal years beginning after November 15, 2009. The Company does not expect the adoption of SFAS 167 to have a material effect on its Financial Statements.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—A Replacement of FASB Statement No. 162* ("SFAS 168"). SFAS 168 replaces SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, and establishes the FASB Accounting Standards Codification as the single source of authoritative U.S. generally accepted accounting principles recognized by the FASB to be applied by nongovernmental entities. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. The Company does not expect the adoption of SFAS 168 to have a material effect on its Financial Statements.

### *Results of Operations*

Demand for the Company's temporary and permanent staffing services and risk consulting and internal audit services is largely dependent upon general economic and labor market conditions both domestically and abroad. Correspondingly, results of operations for the three and six months ended June 30, 2009, were negatively impacted by difficult global economic conditions. Because of the inherent difficulty in predicting economic trends and the absence of material long-term contracts in any of our business units, future demand for the Company's services cannot be forecasted with certainty. We expect the Company's results to continue to be negatively impacted by a relatively prolonged period of global economic contraction.

The Company's temporary and permanent staffing services business has 370 offices in 42 states, the District of Columbia and 20 foreign countries, while Protiviti has more than 60 offices in 23 states and 16 foreign countries.

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

### *Three months ended June 30, 2009 and 2008*

*Revenues.* The Company's revenues were \$750 million for the three months ended June 30, 2009, decreasing by 39% compared to \$1.2 billion for the three months ended June 30, 2008. Revenues from foreign operations represented 28% and 30% of total revenues for the three months ended June 30, 2009 and 2008, respectively. The Company analyzes its revenues for three reportable segments: temporary and consultant staffing, permanent placement staffing and risk consulting and internal audit services. In the second quarter of 2009, revenues for all three of the Company's reportable segments were down compared to the second quarter of 2008. Contributing factors for each reportable segment are discussed below in further detail.

Temporary and consultant staffing services revenues were \$616 million for the three months ended June 30, 2009, decreasing by 36% compared to revenues of \$956 million for the three months ended June 30, 2008. On a constant-currency basis, temporary and consultant staffing services revenues decreased 32% for the second quarter of 2009 compared to the second quarter of 2008. In the second quarter of 2009, demand for the Company's temporary and consultant staffing services decreased as global labor markets and general macroeconomic conditions remained weak. In the United States, revenues in the second quarter of 2009 decreased 34% compared to the second quarter of 2008. For the Company's foreign operations, constant-currency revenues in the second quarter of 2009 decreased 28% compared to the second quarter of 2008.

Permanent placement revenues were \$44 million for the three months ended June 30, 2009, decreasing by 66% compared to revenues of \$128 million for the three months ended June 30, 2008. On a constant-currency basis, permanent placement revenues decreased 63% for the second quarter of 2009 compared to the second quarter of 2008. In the United States, revenues in the second quarter of 2009 decreased 70% compared to the second quarter of 2008. Historically, demand for permanent placement services is even more sensitive to economic and labor market conditions than demand for temporary and consulting staffing services and this is expected to continue. The June 2009 unemployment rate in the U.S. was 9.5%, its highest level since 1983. For the Company's foreign operations, constant-currency revenues in the second quarter of 2009 decreased 55% compared to the second quarter of 2008.

Risk consulting and internal audit services revenues were \$90 million for the three months ended June 30, 2009, decreasing by 36% compared to revenues of \$141 million for the three months ended June 30, 2008. On a constant-currency basis, risk consulting and internal audit services revenues decreased 34% for the second quarter of 2009 compared to the second quarter of 2008 as weak global macroeconomic conditions negatively impacted demand. Contributing to the decrease was a significant decline in revenues produced by compliance-related projects, mainly those tied to the Sarbanes-Oxley Act, a trend which may continue. In the United States, revenues in the second quarter of 2009 decreased 34% compared to the second quarter of 2008. For the Company's foreign operations, constant-currency revenues in the second quarter of 2009 decreased 33% compared to the second quarter of 2008.

*Gross Margin.* The Company's gross margin dollars were \$265 million for the three months ended June 30, 2009, decreasing by 49% from \$517 million for the three months ended June 30, 2008. For the second quarter of 2009 compared to the second quarter of 2008, gross margin dollars for all three of the Company's reportable segments decreased under difficult economic conditions. Gross margin as a percentage of revenues also decreased for the Company's temporary and consultant staffing services and risk consulting and internal audit services divisions on a year-over-year basis. Contributing factors for each reportable segment are discussed below in further detail.

Gross margin dollars from the Company's temporary and consultant staffing services represent revenues less direct costs of services, which consist of payroll, payroll taxes and insurance costs for temporary employees, and reimbursable expenses. Gross margin dollars for the Company's temporary and consultant staffing services division were \$207 million for the three months ended June 30, 2009, decreasing by 41% compared to \$349 million for the three months ended June 30, 2008. On a constant-currency basis, temporary and consultant staffing services gross margin dollars decreased 38% for the second quarter of 2009 compared to the second quarter of 2008. As a percentage of revenues, gross margin for temporary and consultant staffing services was 33.5% in the second quarter of 2009, down from 36.5% in the second quarter of 2008. This year-over-year decrease was the result of record-low conversion revenues and continued compression of pay/bill spreads in the second quarter of 2009. Conversion revenues are earned when a temporary position converts to a permanent position. As there are no direct costs related to conversion revenues, the gross margin percentage is favorably impacted as the mix of conversion revenues increases.

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 \$43 million for



the three months ended June 30, 2009, decreasing by 66% compared to \$128 million for the three months ended June 30, 2008. On a constant-currency basis, permanent placement gross margin dollars decreased 63% for the second quarter of 2009 compared to the second quarter of 2008. Because reimbursable expenses for permanent placement staffing services are de minimis, the decrease in gross margin dollars is substantially explained by the decrease in revenues previously discussed.

Gross margin dollars for risk consulting and internal audit services represent revenues less direct costs of services, which consist primarily of professional staff payroll, payroll taxes, insurance costs and reimbursable expenses. Gross margin dollars for the Company's risk consulting and internal audit division were \$15 million for the three months ended June 30, 2009, decreasing by 62% compared to \$40 million for the three months ended June 30, 2008. On a constant-currency basis, risk consulting and internal audit gross margin dollars decreased 62% for the second quarter of 2009 compared to the second quarter of 2008. As a percentage of revenues, gross margin for risk consulting and internal audit services was 16.5% in the second quarter of 2009, down from 28.0% in the second quarter of 2008. The year-over-year margin decline is primarily due to lower staff utilization levels resulting from lower revenues.

*Selling, General and Administrative Expenses.* The Company's selling, general and administrative expenses were \$255 million for the three months ended June 30, 2009, decreasing by 35% compared to \$393 million for the three months ended June 30, 2008. As a percentage of revenues, the Company's selling, general and administrative expenses were 34.0% for the second quarter of 2009, up from 32.1% for the second quarter of 2008. For the second quarter of 2009 compared to the second quarter of 2008, selling, general and administrative expenses decreased for all three of the Company's reportable segments. Selling, general and administrative expenses as a percentage of revenues increased for all three of the Company's reportable segments in the second quarter of 2009 compared to the second quarter of 2008. Contributing factors for each reportable segment are discussed below in further detail.

Selling, general and administrative expenses for the Company's temporary and consultant staffing services division were \$182 million for the three months ended June 30, 2009, down 28% from \$253 million for the three months ended June 30, 2008. As a percentage of revenues, selling, general and administrative expenses for temporary and consultant staffing services were 29.4% in the second quarter of 2009, up from 26.4% in the second quarter of 2008. For the second quarter of 2009 compared to the second quarter of 2008, increases as a percentage of revenues for fixed overhead, administration costs, variable overhead and advertising were partially offset by decreases as a percentage of revenues for field compensation and expenses related to doubtful accounts receivable.

Selling, general and administrative expenses for the Company's permanent placement staffing division were \$45 million for the three months ended June 30, 2009, decreasing by 56% compared to \$102 million for the three months ended June 30, 2008. As a percentage of revenues, selling, general and administrative expenses for permanent placement staffing services were 104.4% in the second quarter of 2009, up from 80.1% in the second quarter of 2008. For the second quarter of 2009 compared to the second quarter of 2008, increases as a percentage of revenues for fixed overhead, administration costs, field compensation, variable overhead and advertising were partially offset by decreased expenses related to doubtful accounts receivable as a percentage of revenues.

Selling, general and administrative expenses for the Company's risk consulting and internal audit services division were \$28 million for the three months ended June 30, 2009, decreasing by 27% compared to \$38 million for the three months ended June 30, 2008. As a percentage of revenues, selling, general and administrative expenses for risk consulting and internal audit services were 31.2% in the second quarter of 2009, up from 27.1% in the second quarter of 2008. For the second quarter of 2009 compared to the second quarter of 2008, increases as a percentage of revenues for fixed overhead and administration costs were partially offset by decreases as a percentage of revenues for variable overhead and expenses related to doubtful accounts receivable.

*Operating Income.* The Company's total operating income was \$10 million, or 1.3% of revenues, for the three months ended June 30, 2009, decreasing by 92% from \$123 million, or 10.1% of revenues, for the three months ended June 30, 2008. For the Company's temporary and consultant staffing services division, operating income was \$25 million, or 4.1% of applicable revenues, down from \$97 million, or 10.1% of applicable revenues, in the second quarter of 2008. For the Company's permanent placement staffing division, operating loss was \$2 million, or negative 4.5% of applicable revenues, down from operating income of \$25 million, or 19.9% of applicable revenues, in the second quarter of 2008. For the Company's risk consulting and internal audit services division, operating loss was \$13 million, or negative 14.7% of applicable revenues, down from operating income of \$1 million, or 0.9% of applicable revenues, in the second quarter of 2008.

*Amortization of intangible assets.* Amortization of intangible assets was \$0.3 and \$0.6 million for the three months ended June 30, 2009 and 2008, respectively. Intangible assets result from the Company's acquisitions. 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. Net intangible assets, consisting primarily of goodwill, represented 14% of total assets and 20% of total stockholders' equity at June 30, 2009.

*Interest income and expense.* Interest income for the three months ended June 30, 2009 and 2008, was \$0.5 million and \$3.0 million, respectively. Lower second quarter 2009 interest income was due to lower interest rates partially offset by modestly higher cash balances. Interest expense for the three months ended June 30, 2009 and 2008, was \$0.0 million and \$1.5 million, respectively.

*Provision for income taxes.* The provision for income taxes was 47% and 40% for the three months ended June 30, 2009 and 2008, respectively. The 2009 increase is partially due to losses in international locations where corresponding tax benefits are not being recognized. Also contributing to the increase is the larger percentage impact that permanent non-deductible tax items have on lower year-over-year income before taxes.

#### *Six months ended June 30, 2009 and 2008*

*Revenues.* The Company's revenues were \$1.6 billion for the six months ended June 30, 2009, decreasing by 36% compared to \$2.5 billion for the six months ended June 30, 2008. Revenues from foreign operations represented 28% and 29% of total revenues for the six months ended June 30, 2009 and 2008, respectively. The Company analyzes its revenues for three reportable segments: temporary and consultant staffing, permanent placement staffing and risk consulting and internal audit services. In the first half of 2009, revenues for all three of the Company's reportable segments were down compared to the first half of 2008. Contributing factors for each reportable segment are discussed below in further detail.

Temporary and consultant staffing services revenues were \$1.3 billion for the six months ended June 30, 2009, decreasing by 33% compared to revenues of \$1.9 billion for the six months ended June 30, 2008. On a constant-currency basis, temporary and consultant staffing services revenues decreased 29% for the first half of 2009 compared to the first half of 2008. In the first half of 2009, demand for the Company's temporary and consultant staffing services decreased as global labor markets and general macroeconomic conditions remained weak. In the United States, revenues in the first half of 2009 decreased 33% compared to the first half of 2008. For the Company's foreign operations, constant-currency revenues in the first half of 2009 decreased 19% compared to the first half of 2008.

Permanent placement revenues were \$93 million for the six months ended June 30, 2009, decreasing by 62% compared to revenues of \$243 million for the six months ended June 30, 2008. On a constant-currency basis, permanent placement revenues decreased 58% for the first half of 2009 compared to the first half of 2008. In the United States, revenues in the first half of 2009 decreased 65% compared to the first half of 2008. Historically, demand for permanent placement services is even more sensitive to economic and labor market

conditions than demand for temporary and consulting staffing services and this is expected to continue. The June 2009 unemployment rate in the U.S. was 9.5%, its highest level since 1983. For the Company's foreign operations, constant-currency revenues in the first half of 2009 decreased 49% compared to the first half of 2008.

Risk consulting and internal audit services revenues were \$191 million for the six months ended June 30, 2009, decreasing by 33% compared to revenues of \$283 million for the six months ended June 30, 2008. On a constant-currency basis, risk consulting and internal audit services revenues decreased 30% for the first half of 2009 compared to the first half of 2008 as weak global macroeconomic conditions negatively impacted demand. Contributing to the decrease was a significant decline in revenues produced by compliance-related projects, mainly those tied to the Sarbanes-Oxley Act, a trend which may continue. In the United States, revenues in the first half of 2009 decreased 32% compared to the first half of 2008. For the Company's foreign operations, constant-currency revenues in the first half of 2009 decreased 26% compared to the first half of 2008.

*Gross Margin.* The Company's gross margin dollars were \$559 million for the six months ended June 30, 2009, decreasing by 46% from \$1.0 billion for the six months ended June 30, 2008. For the first half of 2009 compared to the first half of 2008, gross margin dollars for all three of the Company's reportable segments decreased under difficult economic conditions. Gross margin as a percentage of revenues also decreased for the Company's temporary and consultant staffing services and risk consulting and internal audit services divisions on a year-over-year basis. Contributing factors for each reportable segment are discussed below in further detail.

Gross margin dollars from the Company's temporary and consultant staffing services represent revenues less direct costs of services, which consist of payroll, payroll taxes and insurance costs for temporary employees, and reimbursable expenses. Gross margin dollars for the Company's temporary and consultant staffing services division were \$440 million for the six months ended June 30, 2009, decreasing by 38% compared to \$705 million for the six months ended June 30, 2008. On a constant-currency basis, temporary and consultant staffing services gross margin dollars decreased 34% for the first half of 2009 compared to the first half of 2008. As a percentage of revenues, gross margin for temporary and consultant staffing services was 34.1% in the first half of 2009, down from 36.6% in the first half of 2008. This year-over-year decrease was the result of record-low conversion revenues and continued compression of pay/bill spreads in first half of 2009. Conversion revenues are earned when a temporary position converts to a permanent position. As there are no direct costs related to conversion revenues, the gross margin percentage is favorably impacted as the mix of conversion revenues increases.

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 \$93 million for the six months ended June 30, 2009, decreasing by 62% compared to \$243 million for the six months ended June 30, 2008. On a constant-currency basis, permanent placement gross margin dollars decreased 58% for the first half of 2009 compared to the first half of 2008. Because reimbursable expenses for permanent placement staffing services are de minimis, the decrease in gross margin dollars is substantially explained by the decrease in revenues previously discussed.

Gross margin dollars for risk consulting and internal audit services represent revenues less direct costs of services, which consist primarily of professional staff payroll, payroll taxes, insurance costs and reimbursable expenses. Gross margin dollars for the Company's risk consulting and internal audit division were \$26 million for the six months ended June 30, 2009, decreasing by 68% compared to \$80 million for the six months ended June 30, 2008. On a constant-currency basis, risk consulting and internal audit gross margin dollars decreased 68% for the first half of 2009 compared to the first half of 2008. As a percentage of revenues, gross margin for risk consulting and internal audit services was 13.3% in for the first half of 2009, down from 28.1% in the first half of 2008. The year-over-year margin decline is primarily due to lower staff utilization levels resulting from lower revenues, as well as staff reduction charges of \$10 million.

*Selling, General and Administrative Expenses.* The Company's selling, general and administrative expenses were \$532 million for the six months ended June 30, 2009, decreasing by 32% compared to \$788 million for the

six months ended June 30, 2008. As a percentage of revenues, the Company's selling, general and administrative expenses were 33.8% for the first half of 2009, up from 32.1% for the first half of 2008. For the first half of 2009 compared to the first half of 2008, selling, general and administrative expenses decreased for all three of the Company's reportable segments. Selling, general and administrative expenses as a percentage of revenues increased for all three of the Company's reportable segments in the first half of 2009 compared to the first half of 2008. Contributing factors for each reportable segment are discussed below in further detail.

Selling, general and administrative expenses for the Company's temporary and consultant staffing services division were \$375 million for the six months ended June 30, 2009, down 26% from \$509 million for the six months ended June 30, 2008. As a percentage of revenues, selling, general and administrative expenses for temporary and consultant staffing services were 29.1% in the first half of 2009, up from 26.5% in the first half of 2008. For the first half of 2009 compared to the first half of 2008, increases as a percentage of revenues for fixed overhead, administration costs and variable overhead were partially offset by decreases as a percentage of revenues for field compensation and expenses related to doubtful accounts receivable.

Selling, general and administrative expenses for the Company's permanent placement staffing division were \$100 million for the six months ended June 30, 2009, decreasing by 50% compared to \$201 million for the six months ended June 30, 2008. As a percentage of revenues, selling, general and administrative expenses for permanent placement staffing services were 106.5% in the first half of 2009, up from 82.5% in the first half of 2008. For the first half of 2009 compared to the first half of 2008, increases as a percentage of revenues for fixed overhead, field compensation, administration costs, variable overhead, advertising and expenses related to doubtful accounts receivable drove the overall increase.

Selling, general and administrative expenses for the Company's risk consulting and internal audit services division were \$57 million for the six months ended June 30, 2009, decreasing by 26% compared to \$78 million for the six months ended June 30, 2008. As a percentage of revenues, selling, general and administrative expenses for risk consulting and internal audit services were 30.2% in the first half of 2009, up from 27.5% in the first half of 2008. For the first half of 2009 compared to the first half of 2008, increases as a percentage of revenues for fixed overhead and administration costs were partially offset by decreases as a percentage of revenues for variable overhead and advertising.

*Operating Income.* The Company's total operating income was \$27 million, or 1.7% of revenues, for the six months ended June 30, 2009, decreasing by 89% from \$240 million, or 9.8% of revenues, for the six months ended June 30, 2008. For the Company's temporary and consultant staffing services division, operating income was \$65 million, or 5.0% of applicable revenues, down from \$195 million, or 10.2% of applicable revenues, in the first half of 2008. For the Company's permanent placement staffing division, operating loss was \$6 million, or negative 6.6% of applicable revenues, down from operating income of \$43 million, or 17.5% of applicable revenues, in the first half of 2008. For the Company's risk consulting and internal audit services division, operating loss was \$32 million, or negative 16.8% of applicable revenues, down from operating income of \$2 million, or 0.6% of applicable revenues, in the first half of 2008.

*Amortization of intangible assets.* Amortization of intangible assets was \$0.9 and \$1.3 million for the six months ended June 30, 2009 and 2008, respectively. Intangible assets result from the Company's acquisitions. 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. Net intangible assets, consisting primarily of goodwill, represented 14% of total assets and 20% of total stockholders' equity at June 30, 2009.

*Interest income and expense.* Interest income for the six months ended June 30, 2009 and 2008, was \$1.2 million and \$6.1 million, respectively. Lower interest income in the first half of 2009 was due to lower interest rates partially offset by higher average cash balances. Interest expense for the six months ended June 30, 2009 and 2008, was \$0.1 million and \$2.6 million, respectively.

*Provision for income taxes.* The provision for income taxes was 47% and 40% for the six months ended June 30, 2009 and 2008, respectively. The 2009 increase is partially due to losses in international locations where corresponding tax benefits are not being recognized. Also contributing to the increase is the larger percentage impact that permanent non-deductible tax items have on lower year-over-year income before taxes.

#### *Liquidity and Capital Resources*

The change in the Company's liquidity during the six months ended June 30, 2009 and 2008, 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 \$386 million and \$357 million at June 30, 2009 and 2008, respectively. Operating activities provided \$126 million during the six months ended June 30, 2009, partially offset by \$25 million and \$74 million of net cash used in investing activities and financing activities, 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—Net cash provided by operating activities for the six months ended June 30, 2009, was composed of net income of \$14 million, adjusted for non-cash items of \$63 million, and net cash provided by changes in working capital of \$49 million. 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.

Investing activities—Cash used in investing activities for the six months ended June 30, 2009, was \$25 million. This was primarily composed of capital expenditures of \$24 million and deposits to trusts for employee benefits and retirement plans of \$1 million. 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.

Financing activities—Cash used in financing activities for the six months ended June 30, 2009, was \$74 million. This included repurchases of \$58 million in common stock and \$36 million in cash dividends to stockholders, offset by proceeds of \$18 million from exercises of stock options and \$2 million in excess tax benefits from stock-based compensation. 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.

As of June 30, 2009, the Company is authorized to repurchase, from time to time, up to 8.3 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, 2009 and 2008, the Company repurchased 1.5 million shares and 4.5 million shares of common stock on the open market for a total cost of \$31 million and \$110 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, 2009 and 2008, such repurchases totaled 1.2 million shares and 1.3 million shares, at a cost of \$27 million and \$35 million, respectively. Repurchases of shares have been funded with cash generated from operations.

The Company's working capital at June 30, 2009, included \$386 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. However, continued or increased volatility and disruption in the global capital and credit markets could negatively impact the Company's business operations and therefore its liquidity and ability to meet working capital needs.



On July 28, 2009, the Company announced a quarterly dividend of \$.12 per share to be paid to all shareholders of record on August 25, 2009. The dividend will be paid on September 15, 2009.

### **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, 2009, approximately 28% 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, 2009, contained disclosure regarding a complaint filed against the Company by Plaintiff Annette Johnson on behalf of herself and a putative class of all current and former non-exempt employees of the Company. As disclosed in such filing, the Company engaged in a preliminary review of the allegations included in the complaint. Upon completion of such review, the Company determined that the litigation is not currently a material pending legal proceeding. Accordingly, the Company does not presently intend to make disclosures regarding this case in its future Securities and Exchange Commission filings.

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, 2008 and its quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2009.

### ITEM 1A. Risk Factors

In the risk factor disclosed in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2008 and quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2009 titled "*The Company and certain subsidiaries are defendants in several class and representative action lawsuits alleging various wage and hour claims that could cause the Company to incur substantial liabilities,*" the Company references a total of five class and representative lawsuits, all of which are pending in California. As disclosed in Part II, Item 1 of this Form 10-Q, upon the completion of its preliminary review of the complaint filed against the Company by Plaintiff Annette Johnson (the "Johnson Action"), the Company determined that the Johnson Action is not a material pending legal proceeding, and the Company does not presently intend to make disclosures regarding such case in its future Securities and Exchange Commission filings. Accordingly, the above titled risk factor is revised to reflect that there are four class or representative actions referenced in such risk factor, all of which are pending in California. The description of the allegations and the relief sought with respect to the other actions contained in such risk factor remain unchanged.

There have not been any material changes with regard to the other risk factors disclosed in such Form 10-K.

### 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, 2009 to April 30, 2009 .....	832,501(a)	\$23.35	—	9,289,050
May 1, 2009 to May 31, 2009 .....	673,694(b)	\$21.94	659,584	8,629,466
June 1, 2009 to June 30, 2009 .....	451,948(c)	\$22.36	350,000	8,279,466
Total April 1, 2009 to June 30, 2009 .....	1,958,143		1,009,584	

- (a) Represents shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable withholding taxes and/or exercise price.
- (b) Includes 14,110 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 101,948 shares repurchased in connection with employee stock plans, whereby Company shares were tendered by employees for the payment of applicable withholding taxes and/or exercise price.
- (d) Commencing in October 1997, the Company's Board of Directors has, at various times, authorized the repurchase, from time to time, of the Company's common stock on the open market or in privately negotiated transactions depending on market conditions. Since plan inception, a total of 78,000,000 shares have been authorized for repurchase of which 69,720,534 shares have been repurchased as of June 30, 2009.

### ITEM 3. Defaults Upon Senior Securities

None.



#### ITEM 4. Submission of Matters to a Vote of Security Holders

On May 5, 2009, the registrant held its annual meeting of stockholders. The four matters presented to the stockholders at the annual meeting were (1) the election of nine directors, (2) the ratification of the appointment of PricewaterhouseCoopers LLP as auditors for 2009, (3) the approval of amendments to the registrant's Restated Certificate of Incorporation deleting Article 7, which required a supermajority stockholder vote to approve certain transactions with related corporations, and (4) the approval of an amendment to Article 6 of the Restated Certificate confirming that the stockholders of the Company may make, alter or repeal the Company's Bylaws.

The vote for directors was as follows:

<u>Nominee</u>	<u>Shares For</u>	<u>Shares Withheld</u>
Andrew S. Berwick, Jr. ....	132,711,309	4,116,642
Frederick P. Furth ....	132,709,245	4,118,706
Edward W. Gibbons ....	132,780,142	4,047,809
Harold M. Messmer, Jr. ....	132,100,251	4,727,700
Barbara J. Novogradac ....	136,154,369	673,582
Robert J. Pace ....	136,174,874	653,077
Frederick A. Richman ....	136,117,416	710,535
J. Stephen Schaub ....	132,824,679	4,003,272
M. Keith Waddell ....	126,852,279	9,975,672

The proposal regarding the ratification of the appointment of PricewaterhouseCoopers LLP as auditors for 2009 was approved by the following vote:

For .....	136,670,213
Against .....	126,086
Abstain .....	31,652

The proposal regarding the amendment of Article 7 of the Restated Certificate of Incorporation was approved by the following vote:

For .....	136,180,928
Against .....	542,774
Abstain .....	104,249

The proposal regarding the amendment of Article 6 of the Restated Certificate of Incorporation was approved by the following vote:

For .....	136,243,960
Against .....	484,888
Abstain .....	99,103

#### ITEM 5. Other Information

None.

#### ITEM 6. Exhibits

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

**SIGNATURES**

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

ROBERT HALF INTERNATIONAL INC.  
(Registrant)

/s/ M. KEITH WADDELL

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

Date: July 30, 2009

**ROBERT HALF INTERNATIONAL INC.**  
**STOCK INCENTIVE PLAN**  
**(As Amended and Restated Effective July 28, 2009)**

**SECTION 1. ESTABLISHMENT AND PURPOSE.**

The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by (a) encouraging Participants to focus on critical long-range objectives, (b) encouraging the attraction and retention of individuals with exceptional qualifications and (c) linking Participants directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for Awards in the form of Restricted Shares, Stock Units, Options (which may constitute incentive stock options or nonstatutory stock options) or stock appreciation rights. Subject to approval by RHI's stockholders, this Plan supersedes the Existing Equity Plans, as described herein.

**SECTION 2. DEFINITIONS.**

*"Actual Performance Goal"* shall mean the actual results for the Performance Goal for the Performance Period.

*"Affiliate"* shall mean any entity other than a Subsidiary, if RHI and/or one of more Subsidiaries own not less than fifty percent (50%) of such entity.

*"Award"* shall mean any award of an Option, a SAR, a Restricted Share or a Stock Unit under the Plan.

*"Board of Directors"* shall mean the Board of Directors of RHI, as constituted from time to time.

*"Certification Date"* means the date that the Committee makes its written certification of a Final Award.

*"Change in Control"* shall mean the occurrence of any of the following events:

(i) 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 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 RHI 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 RHI if such party has acquired such securities not with the purpose nor with the effect of changing or influencing the control of RHI, 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 (A) 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 RHI, (B) 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 RHI (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 RHI, directly or indirectly, relating to a merger or other business combination involving RHI or the sale or transfer of substantial assets of RHI, (C) 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 RHI, directly or indirectly, relating to a merger or other business combination involving RHI or the sale or transfer of any substantial assets of RHI, or (D) otherwise acting, alone or in concert with others, to seek control of RHI or to seek to control or influence the management or policies of RHI.

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

(iii) A change in the composition of the Board of Directors 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 (A) are directors of RHI as of the date hereof, or (B) are elected, or nominated for election, to the Board of Directors 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 RHI). 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 RHI just prior to such event shall cease within one year to constitute a majority of the Board of Directors.

(iv) RHI’s stockholders approve a definitive agreement providing for a transaction in which RHI will cease to be an independent publicly owned corporation.

(v) The stockholders of RHI approve a definitive agreement (A) to merge or consolidate RHI 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 (B) to sell or otherwise dispose of all or substantially all of the assets of RHI.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Committee” shall mean a committee of one or more members of the Board of Directors appointed by the Board of Directors (or, as the context permits, a subcommittee of one or more members of the Board appointed by the Committee) to administer the Plan in accordance with the provisions hereof.

“Company” shall mean Robert Half International Inc., a Delaware corporation, and its Subsidiaries.

“Consultant” shall mean a consultant or advisor who provides bona fide services to the Company or an Affiliate as an independent contractor.

“Earnings Per Share” 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 without regard to the effects of mergers, acquisitions, dispositions and material restructuring of the business that occur after the grant date.

“Eligible Participant” shall mean (i) any individual who is a common-law employee of the Company or an Affiliate; (ii) a member of the Board of Directors; (iii) a member of the board of directors of a Subsidiary or an Affiliate; or (iv) a Consultant.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“*Executive Officer*” shall mean an officer as defined in Rule 16a-1(f) under the Exchange Act, or any successor provision.

“*Exercise Price*” shall mean, in the case of an Option, the amount for which one Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Award. “Exercise Price,” in the case of a SAR, shall mean an amount, as specified in the applicable SAR Award, which is subtracted from the Fair Market Value of a Share in determining the amount payable upon exercise of such SAR.

“*Existing Equity Plans*” shall mean RHI’s Equity Incentive Plan, StockPlus Plan, Stock Option Plan for Field Employees, Restricted Stock Plan for Field Employees, and Outside Directors’ Option Plan.

“*Fair Market Value*” shall mean the closing price on the New York Stock Exchange on the date the value is to be determined as reported in THE WALL STREET JOURNAL (Western Edition). If there are no trades on such date, the closing price on the latest preceding business day upon which trades occurred shall be the Fair Market Value.

“*Final Award*” shall mean the product of (i) the Multiplier and (ii) the Original Award.

“*ISO*” shall mean an employee incentive stock option described in Code Section 422.

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

“*Multiplier*” shall mean (a) the sum of 0.1 and the Performance Goal Ratio, if the Performance Goal Ratio is greater than or equal to 0 and less than 0.9, (b) 1, if the Performance Goal Ratio is greater than or equal to 0.9, or (c) 0, if the Performance Goal Ratio is less than 0.

“*Nonstatutory Option*” or “*NSO*” shall mean an employee stock option that is not an ISO.

“*Option*” shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

“*Optionee*” shall mean an individual or estate who holds an Option or SAR.

“*Original Award*” shall mean the number of shares initially granted pursuant to an Award made subject to a Performance Condition.

“*Other Agreement*” shall mean any written agreement, whether entered into prior to or subsequent to, the adoption of this plan or the making of an Award under this plan, between Participant and the Company.

“*Outside Director*” shall mean a member of the Board of Directors who is not a common-law employee of the Company.

“*Outside Director Retirement*” shall mean termination of an Outside Director’s Service after the later of (i) the 7th anniversary of the Outside Director’s first day of service with RHI as a member of the Board of Directors or (ii) the Outside Director’s 62nd birthday.

“*Participant*” shall mean an individual or estate who holds an Award.

“*Performance Condition*” shall mean a performance condition established with respect to an Award in accordance with the provisions hereof.

“*Performance Goal*” shall mean one or more objective measurable performance factors as determined by the Committee with respect to each Performance Period based upon one or more factors, including, but not limited to: (i) operating income; (ii) earnings; (iii) cash flow; (iv) sales or revenue; (v) expenses; (vi) profit margin; (vii) working capital; (viii) return on equity or assets; (ix) Earnings Per Share; (x) stock price; (xi) price/earnings ratio; (xii) debt or debt-to-equity; (xiii) writeoffs; (xiv) cash; (xv) assets; and/or (xvi) liquidity, each with respect to the Company and/or one or more of its operating units. Awards to Participants who are not subject to the limitations of Code Section 162(m) may be determined without regard to Performance Goals and may involve Committee discretion.

“*Performance Goal Ratio*” shall mean the result obtained by dividing Actual Performance Goal by Target Performance Goal.

“*Performance Period*” shall mean the period of service to which the Performance Condition relates.

“*Plan*” shall mean this Stock Incentive Plan of Robert Half International Inc., as amended from time to time.

“*Protiviti Participant*” shall mean a Participant who is an employee of Protiviti Inc. (a Subsidiary) or its Subsidiaries.

“*Protiviti Retirement*” shall mean any voluntary termination of employment with the Company and its subsidiaries by the Protiviti Participant on or after the later to occur of: (a) the first day coinciding with or after the Protiviti Participant’s 56th birthday, (b) the Protiviti Participant’s completion of at least 25 years of cumulative service to the Company, Arthur Andersen LLP, Deloitte Touche Tohmatsu, PricewaterhouseCoopers, KPMG International, Ernst & Young International, and/or any of their respective affiliates, or any other industry-related service acceptable to the Committee, and (c) four and one-half years after the date that the Protiviti Participant was first employed by Protiviti Inc.

“*Purchase Price*” shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Committee.

“*Restricted Share*” shall mean a Share awarded under the Plan.

“*Restricted Share Award*” shall mean the agreement between RHI and the recipient of a Restricted Share, or the notice to the recipient, which contains the terms, conditions and restrictions pertaining to such Restricted Shares.

“*RHI*” shall mean Robert Half International Inc., a Delaware corporation.

“*SAR*” shall mean a stock appreciation right granted under the Plan.

“*SAR Award*” shall mean the agreement between RHI and an Optionee, or the notice to the Optionee, which contains the terms, conditions and restrictions pertaining to his or her SAR.

“*Section 16 Participant*” shall mean a Participant who is subject to Section 16 of the Exchange Act with respect to transactions in RHI securities.

“*Securities Act*” shall mean the Securities Act of 1933, as amended.

“*Service*” shall mean service as an Eligible Participant.



“Share” shall mean one share of Stock, as adjusted in accordance with the adjustment provisions of the Plan (if applicable).

“Staffing/Headquarters Participant” shall mean a Participant other than a Protiviti Participant.

“Staffing/Headquarters Retirement” shall mean any voluntary termination by a Staffing/Headquarters Participant of employment with the Company on or after the later to occur of (a) the Staffing/Headquarters Participant’s 55<sup>th</sup> birthday, or (b) the 20th anniversary of the Staffing/Headquarters Participant’s first day of service with the Company as a full-time employee.

“Stock” shall mean the Common Stock of RHI.

“Stock Option Award” shall mean the agreement between RHI and an Optionee, or the notice to the Optionee, which contains the terms, conditions and restrictions pertaining to his Option.

“Stock Unit” shall mean a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan.

“Stock Unit Award” shall mean the agreement between RHI and the recipient of a Stock Unit, or the notice to the recipient, which contains the terms, conditions and restrictions pertaining to such Stock Unit.

“Subsidiary” shall mean any corporation, if RHI and/or one or more other Subsidiaries own not less than fifty percent (50%) of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

“Target Performance Goal” shall mean the Performance Goal set with respect to an Award made subject to a Performance Condition.

“Total and Permanent Disability” shall mean a (i) a physical or mental condition which, in the judgment of the Committee based on competent medical evidence satisfactory to the Committee (including, if required by the Committee, medical evidence obtained by an examination conducted by a physician selected by the Committee), renders the Participant unable to engage in any substantial gainful activity for the Company and which condition is likely to result in death or to be of long, continued and indefinite duration, or (ii) a judicial declaration of incompetence.

**SECTION 3. ADMINISTRATION.**

(a) *Committee Procedures.* One or more Committees appointed by the Board of Directors shall administer the Plan. The Board of Directors shall designate one of the members of the Committee as chairperson. Unless the Board of Directors provides otherwise, the Compensation Committee shall be the Committee. The Board of Directors may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

The Committee shall have membership composition which enables (i) Awards to qualify for exemption under Rule 16b-3 with respect to persons who are subject to Section 16 of the Exchange Act and (ii) Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code to so qualify. Only the Compensation Committee may make Award grants and administer the Plan with respect to Section 16 Participants.

The Compensation Committee may also appoint one or more separate subcommittees composed of one or more directors of RHI who need not qualify under either Rule 16b-3 or Section 162(m) of the Code, who may

administer the Plan with respect to persons who are not subject to Section 16 of the Exchange Act and/or Awards that are not intended to qualify as “performance-based compensation” under Section 162(m) of the Code.

(b) *Committee Responsibilities.* Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:

- (i) To interpret the Plan and to apply its provisions;
- (ii) To adopt, amend or rescind rules, procedures and forms relating to the Plan;
- (iii) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;
- (iv) To determine when Awards are to be granted under the Plan;
- (v) To select the Eligible Participants who are to receive Awards under the Plan;
- (vi) To determine the number of Shares to be made subject to each Award;
- (vii) To prescribe the terms and conditions of each Award, including (without limitation) the Exercise Price or Purchase Price, the vesting of the Award (including accelerating the vesting of Awards) and to specify the provisions of the agreement relating to such Award;
- (viii) To prescribe the terms and conditions of each Option, including (without limitation) the Exercise Price, the vesting or duration of the Option (including accelerating the vesting of the Option), to determine whether such Option is to be classified as an ISO or as a Nonstatutory Option, and to specify the provisions of the Stock Option Award relating to such Option;
- (ix) To amend any outstanding Restricted Share Award, Stock Option, Award, SAR Award or Stock Unit Award subject to applicable legal restrictions and to the consent of the Participant who entered into such agreement;
- (x) To prescribe the consideration for the grant of each Award under the Plan and to determine the sufficiency of such consideration;
- (xi) To determine whether Awards under the Plan will be granted in replacement of other grants under an incentive or other compensation plan of an acquired business;
- (xii) To correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Restricted Share Award, Stock Option Award, SAR Award, or Stock Unit Award;
- (xiii) To take any other actions deemed necessary or advisable for the administration of the Plan;
- (xiv) To determine, at the time of granting an Award or thereafter, that such Award shall vest as to all or part of the Shares subject to such Award in the event of a Change in Control.
- (xv) To accelerate the vesting, or extend the post-termination exercise term, of Awards at any time and under such terms and conditions as it deems appropriate.

In addition, without amending the Plan, the Committee may grant awards under the Plan to eligible employees or consultants who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries in which the Company operates or has employees.

Subject to the requirements of applicable law, the Board of Directors may authorize one or more officers of RHI to grant Awards and the Committee may designate persons other than members of the Committee to carry out its responsibilities, and the Committee may prescribe such conditions and limitations as it may deem

appropriate, except that the Board of Directors or the Committee may not delegate its authority with regard to Awards to persons subject to Section 16 of the Exchange Act or Awards intended to qualify as “performance-based compensation” under Section 162(m) of the Code. All decisions, interpretations and other actions of the Committee shall be final and binding on all Participants, and all persons deriving their rights from a Participant. No member of the Committee shall be liable for any action that he has taken or has failed to take in good faith with respect to the Plan or any Award.

Except arising from any action taken, or failure to act, in bad faith, each member of the Committee, or of the Board of Directors, shall be indemnified and held harmless by RHI against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any agreement under the Plan, and (ii) from any and all amounts paid by him or her, with RHI’s prior approval, in settlement thereof or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall have given RHI a reasonable opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under RHI’s Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that RHI may have to indemnify them or hold them harmless.

#### **SECTION 4. ELIGIBILITY.**

(a) *General Rule.* Only Eligible Participants may be granted Restricted Shares, Stock Units, NSOs or SARs. In addition, only individuals who are employed as common-law employees by the Company may be granted ISOs.

(b) *Limitation on Awards.* In any fiscal year of RHI, no individual shall receive Options, SARs, Restricted Shares and/or Stock Units covering in excess of 2,000,000 Shares in the aggregate; provided, however, that Outside Directors may only receive Awards covering up to 15,000 Shares in the aggregate per Outside Director in any fiscal year of RHI. The limitations under this Subsection shall be subject to adjustment pursuant to the adjustment provisions of the Plan.

#### **SECTION 5. STOCK SUBJECT TO PLAN.**

(a) *Basic Limitation.* Shares offered under the Plan shall be authorized but unissued Shares or treasury Shares. The maximum aggregate number of Options, SARs, Stock Units and Restricted Shares awarded under the Plan shall not exceed 20,000,000 Shares. This limit shall be subject to the provisions of the next Subsection and shall be subject to adjustment pursuant to the adjustment provisions of the Plan. No fractional Shares shall be issued under the Plan.

(b) *Additional Shares.* If Restricted Shares are forfeited, then such Shares shall again become available for Awards under the Plan. If Stock Units, Options or SARs are forfeited or terminate for any reason before being exercised, then the corresponding Shares shall again become available for Awards under the Plan. If Stock Units are settled, then only the number of Shares (if any) actually issued in settlement of such Stock Units shall reduce the number of Shares available under the Plan and the balance shall again become available for Awards under the Plan. If SARs are exercised, then only the number of Shares (if any) actually issued in settlement of such SARs shall reduce the number of Shares available under the Plan and the balance shall again become available for Awards under the Plan.

(c) *Dividend Equivalents.* Any dividend equivalents paid or credited under the Plan shall not be applied against the number of Restricted Shares, Stock Units, Options or SARs available for Awards, whether or not such dividend equivalents are converted into Stock Units.

## **SECTION 6. RESTRICTED SHARES.**

(a) *Restricted Share Award.* Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Share Award between the recipient and RHI. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan, including those specified in any Other Agreement. The provisions of the various Restricted Share Awards entered into under the Plan need not be identical.

(b) *Payment for Awards.* Subject to the following sentence and applicable law, Restricted Shares may be sold or awarded under the Plan for such consideration as the Committee may determine, including (without limitation) cash, cash equivalents, past services and future services. To the extent that an Award consists of newly issued Restricted Shares, the Award recipient shall furnish consideration with a value not less than the par value of such Restricted Shares in the form of cash, cash equivalents, or past services rendered to the Company, as the Committee may determine. To the extent an Award of Restricted Shares consists solely of treasury shares, the Award may be made without consideration furnished by the recipient.

(c) *Vesting.* Each Award of Restricted Shares shall be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Share Award or as specified in any Other Agreement. Unless the Restricted Share Award or an Other Agreement provides otherwise, each grant of Restricted Shares shall vest with respect to twenty-five percent (25%) of the Shares covered by the grant on each of the first through fourth anniversaries of the date of grant, provided that the Participant's Service has not terminated on the applicable vesting date. A Restricted Share Award may provide for accelerated vesting in the event of the Participant's Protiviti Retirement, Staffing/Headquarters Retirement, a Change in Control, or, if specified at the time of grant, termination of employment, including as provided in any Other Agreement. To the extent that an Award of Restricted Shares has not vested prior to, or concurrently with, termination of a Participant's Service, such Award shall immediately terminate.

(d) *Voting and Dividend Rights.* The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as RHI's other stockholders except as provided in Sections 6(f) and 12 hereof.

(e) *Assignment or Transfer of Restricted Shares.* Except as provided herein, or in a Restricted Share Award, or as required by applicable law, Restricted Shares shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Subsection shall be void. However, this Subsection shall not preclude a Participant from designating a beneficiary who will receive any outstanding Restricted Shares in the event of the Participant's death, nor shall it preclude a transfer of Restricted Shares by will or by the laws of descent and distribution.

(f) *Dividends on Unvested Restricted Shares.* Dividends may not be paid with respect to any portion of a Restricted Share Award granted on or after July 28, 2009, that has not vested. Any dividends declared with respect to any portion of such a Restricted Share Award prior to the vesting of such portion shall be accrued. Such accrued dividends shall be paid within 30 days following vesting, provided that any requirements of Section 12(k) have been satisfied. If all or a portion of such a Restricted Share Award terminates prior to vesting, any accrued and unpaid dividends with respect thereto shall be forfeited. After vesting, dividends shall be paid as normal at the same time and to the same extent as dividends are paid on other Shares, provided that any applicable provisions of Section 12(k) have been satisfied.

## **SECTION 7. TERMS AND CONDITIONS OF OPTIONS.**

(a) *Stock Option Award.* Each grant of an Option under the Plan shall be evidenced by a Stock Option Award between the Optionee and RHI. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan, including

those specified in any Other Agreement. The Stock Option Award shall specify whether the Option is an ISO or an NSO. The provisions of the various Stock Option Awards entered into under the Plan need not be identical. A Stock Option Award may not provide that a new Option will be granted automatically to the Optionee when he or she exercises a prior Option and pays the Exercise Price.

(b) *Number of Shares.* Each Stock Option Award shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with the adjustment provisions of the Plan. The maximum aggregate number of ISOs awarded under the Plan shall not exceed the number of Shares subject to the Plan under Section 5(a). The limitation of this Subsection shall be subject to adjustment pursuant to the adjustment provisions of the Plan.

(c) *Exercise Price.* Each Stock Option Award shall specify the Exercise Price. The Exercise Price of an Option shall not be less than 100 percent (100%) of the Fair Market Value of a Share on the date of grant. Subject to the foregoing in this Subsection, the Exercise Price under any Option shall be determined by the Committee at its sole discretion. The Exercise Price shall be payable in one of the forms permitted under the Plan.

(d) *Exercisability and Term.* Unless the Stock Option Award or an Other Agreement provides otherwise, each Option shall become exercisable with respect to twenty-five percent (25%) of the Shares covered by such Option on each of the first through fourth anniversaries of the date of grant, provided that the Participant's Service has not terminated on the applicable vesting date. The term of an Option shall be ten (10) years from the date of grant unless the Stock Option Award provides for a shorter term. A Stock Option Award may provide for accelerated vesting in the event of the Optionee's Protiviti Retirement, Staffing/Headquarters Retirement, a Change in Control, or, if specified at the time of grant, termination of employment, including as provided in any Other Agreement, and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service, subject to the provisions of any Other Agreement. Options may be awarded in combination with SARs, and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited. Subject to the foregoing in this Subsection, the Committee at its sole discretion shall determine when all or any installment of an Option is to become exercisable and when an Option is to expire.

(e) *Nontransferability.* Except as set forth in a Stock Option Award, or as provided by an Other Agreement, with respect to an NSO, during an Optionee's lifetime, his Option(s) shall be exercisable only by him and shall not be transferable, and in the event of an Optionee's death, his Option(s) shall not be transferable other than by will or by the laws of descent and distribution.

(f) *Exercise of Options Upon Termination of Service.* Each Stock Option Award shall set forth the extent to which the Optionee shall have the right to exercise the Option following termination of the Optionee's Service, and the right to exercise the Option of any executors or administrators of the Optionee's estate or any person who has acquired such Option(s) directly from the Optionee by bequest or inheritance. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service. Unless the Stock Option Award or an Other Agreement provides otherwise, Options which are unvested at the time of an Optionee's termination of Service shall expire upon such termination, and any vested Options shall remain outstanding and exercisable until the earlier of 90 days following such termination and the expiration of the Option's term. Notwithstanding the foregoing, if exercise of an Option during the 90-day period described in the previous sentence would subject the Optionee to liability under Section 16 of the Exchange Act by reason of transactions by the Optionee prior to the Optionee's termination of service ("Prior Transaction"), such Option shall be exercisable until the earliest of (a) its normal termination date and (b) the 30<sup>th</sup> day after the first date upon which the Optionee would not be subject to Section 16 liability by reason of the Prior Transaction. Notwithstanding the foregoing, in the event of an Optionee's Misconduct Termination, effective as of the date notice of such termination is given by the Committee to the Optionee, all of the Optionee's vested and unvested Options shall automatically terminate and lapse, unless the Committee shall determine otherwise.



(g) *Modification, Extension and Renewal of Options.* Within the limitations of the Plan, the Committee may modify, extend or renew outstanding Options. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair his rights or increase his obligations under such Option. Options may not be repriced without the approval of RHI's stockholders.

## **SECTION 8. PAYMENT FOR OPTION SHARES.**

(a) *General Rule.* The entire Exercise Price of Shares issued under the Plan shall be payable in lawful money of the United States of America, as permitted under this Section. Payment may be made by any combination of the methods described in this Section.

(b) *Cash.* Payment may be made by cash, check, wire transfer or similar means, subject to the requirements of applicable law.

(c) *Surrender of Stock.* Payment may be made all or in part by surrendering, or attesting to the ownership of, Shares which have been owned by the Optionee or his representative for such period of time required to avoid RHI's recognition of additional compensation expense with respect to the Option for financial reporting purposes as a result of the surrender or attestation of such previously owned shares. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(d) *Cashless Exercise.* To the extent permitted by applicable law, payment may be made all or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to RHI in payment of the aggregate Exercise Price and applicable tax withholding.

(e) *Other Forms of Payment.* To the extent that a Stock Option Award so provides, payment may be made in any other form that is consistent with applicable laws, regulations and rules.

Notwithstanding anything to the contrary in this Section or in any agreement under the Plan, the Committee may disallow the use of any type of payment that the Committee determines, in its sole discretion, would result in adverse accounting or legal consequences to the Company or Affiliate.

## **SECTION 9. STOCK APPRECIATION RIGHTS.**

(a) *SAR Award.* Each grant of a SAR under the Plan shall be evidenced by a SAR Award between the Optionee and RHI. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan, including those specified in any other Agreement. The provisions of the various SAR Awards entered into under the Plan need not be identical. A SAR Award may not provide that a new SAR will be granted automatically to the holder thereof when he or she exercises a prior SAR.

(b) *Number of Shares.* Each SAR Award shall specify the number of Shares to which the SAR pertains and shall provide for the adjustment of such number in accordance with the adjustment provisions of the Plan.

(c) *Exercise Price.* Each SAR Award shall specify the Exercise Price, which may not be less than 100 percent (100%) of the Fair Market Value of a Share on the date of grant. A SAR Award may specify an Exercise Price that varies in accordance with a predetermined formula while the SAR is outstanding.

(d) *Exercisability and Term.* Unless the SAR Award or an Other Agreement provides otherwise, each SAR shall become exercisable with respect to twenty-five percent (25%) of the Shares covered by such SAR on each of the first through fourth anniversaries of the date of grant, provided that the Participant's Service has not terminated on the applicable vesting date. The term of the SAR shall be ten (10) years from the date of grant



unless the SAR Award provides for a shorter term. A SAR Award may provide for accelerated exercisability in the event of the Optionee's Protiviti Retirement, Staffing/Headquarters Retirement, a Change in Control, or, if specified at the time of grant, termination of employment, including as provided in any Other Agreement, and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service, subject to the provisions of any Other Agreement. SARs may be awarded in combination with Options, and such an Award may provide that the SARs will not be exercisable unless the related Options are forfeited. A SAR may be included in an ISO only at the time of grant but may be included in an NSO at the time of grant or thereafter. A SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

(e) *Exercise of SARs.* The SAR Award may provide that, upon exercise of a SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive from RHI (a) Shares, (b) cash or (c) a combination of Shares and cash. Unless otherwise provided in the SAR Award or an Other Agreement, upon exercise of a SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive Shares from RHI. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the Exercise Price. Unless the SAR Award or an Other Agreement provides otherwise, SARs which are unvested at the time of an Optionee's termination of Service shall expire upon such termination, and any vested SARs which have not been exercised shall remain outstanding and exercisable until the earlier of 90 days following such termination and the expiration of the SAR's term. Notwithstanding the foregoing, if exercise of a SAR during the 90-day period described in the previous sentence would subject the Participant to liability under Section 16 of the Exchange Act by reason of transactions by the Participant prior to the Participant's termination of service, such SAR shall be exercisable until the earliest of (a) its normal termination date and (b) the 30<sup>th</sup> day after the first date upon which the Participant would not be subject to Section 16 liability by reason of the prior transactions. Notwithstanding the foregoing, in the event of an Optionee's Misconduct Termination, effective as of the date notice of such termination is given by the Committee to the Optionee, all of the Optionee's vested and unvested SARs shall automatically terminate and lapse, unless the Committee shall determine otherwise.

(f) *Modification or Assumption of SARs.* Within the limitations of the Plan, the Committee may modify, extend or renew outstanding SARs. The foregoing notwithstanding, no modification of a SAR shall, without the consent of the Optionee, impair his rights or increase his obligations under such SAR. SARs may not be repriced without the approval of RHI's stockholders.

## **SECTION 10. STOCK UNITS.**

(a) *Stock Unit Award.* Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Award between the recipient and RHI. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan, including those specified in any Other Agreement. The provisions of the various Stock Unit Awards entered into under the Plan need not be identical.

(b) *Payment for Awards.* To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients.

(c) *Vesting Conditions.* Each Award of Stock Units shall be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Award or as specified in any Other Agreement. Unless the Stock Unit Award or an Other Agreement provides otherwise, each grant of Stock Units shall become exercisable with respect to twenty-five percent (25%) of the Shares covered by the grant on each of the first through fourth anniversaries of the date of grant, provided that the Participant's Service has not terminated on the applicable vesting date. A Stock Unit Award may provide for accelerated vesting in the event of the Participant's Protiviti Retirement, Staffing/Headquarters Retirement, a Change in Control, or, if specified at the time of grant, termination of employment, including as provided in any Other Agreement. To the extent that an Award of Stock Units has not vested prior to, or concurrently with, termination of a Participant's Service, such Award shall immediately terminate.

(d) *Voting and Dividend Rights.* The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Committee's discretion, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Prior to distribution, any dividend equivalents which are not paid shall be subject to the same conditions and restrictions as the Stock Units to which they attach.

(e) *Form and Time of Settlement of Stock Units.* Settlement of vested Stock Units may be made in the form of (a) cash, (b) Shares or (c) any combination of both, as determined by the Committee. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Vested Stock Units may be settled in a lump sum or in installments. The distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred, in accordance with applicable law, to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to the adjustment provisions of the Plan.

(f) *Death of Recipient.* Any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of a Stock Units Award under the Plan shall designate one or more beneficiaries for this purpose by filing the prescribed form with RHI. A beneficiary designation may be changed by filing the prescribed form with RHI at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's estate.

(g) *Creditors' Rights.* A holder of Stock Units shall have no rights other than those of a general creditor of RHI. Stock Units represent an unfunded and unsecured obligation of RHI, subject to the terms and conditions of the applicable Stock Unit Award.

(h) *Assignment or Transfer of Stock Units.* Except as provided herein, or in a Stock Unit Award, or as required by applicable law, Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Subsection shall be void. However, this Subsection shall not preclude a Participant from designating a beneficiary who will receive any outstanding Stock Units in the event of the Participant's death, nor shall it preclude a transfer of Stock Units by will or by the laws of descent and distribution.

## **SECTION 11. NO RIGHTS AS A STOCKHOLDER**

A Participant shall have no rights as a stockholder with respect to any Award until the date of the issuance of a stock certificate for any Shares covered by such award. No adjustments shall be made, except as provided in the adjustment provisions of the Plan.

## **SECTION 12. PERFORMANCE CONDITIONS.**

(a) Any Award to an Executive Officer shall be made subject to a Performance Condition with respect to which the Performance Goal shall be Earnings Per Share during the Performance Period in addition to any vesting requirements imposed upon such grant.

(b) Awards to persons other than Executive Officers may, but need not, be made subject to a Performance Condition utilizing any Performance Goal in addition to any vesting requirements imposed upon such grant. The determination as to whether any such grant is subject to a Performance Condition shall be made on or prior to the date of grant.

(c) The Performance Condition shall operate as specified in this Section.

(d) Except in the case of Awards not intended to qualify as “performance-based compensation” under Code Section 162(m), if an Award is made subject to a Performance Condition, the Committee shall be required to establish the Performance Period and Target Performance Goal for such award no later than the time permitted by Section 162(m) of the Internal Revenue Code.

(e) After the public release by RHI of its results for the last fiscal quarter of the Performance Period, the Chief Financial Officer shall, with respect to each Award made subject to a Performance Condition, (a) calculate the Actual Performance Goal, (b) determine the Multiplier, (c) calculate the Final Award, and (d) deliver such calculation to the Committee.

(f) The Committee shall review the information submitted by the Chief Financial Officer and certify, in writing, each Final Award.

(g) To the extent that a Final Award is less than the Original Award, the difference shall be forfeited by the Participant. The Final Award shall bear the same vesting schedule as the Original Award, and on each vesting date the percentage of the Final Award that vests shall be the same as the percentage of the Original Award that would have vested had there been no forfeiture as a result of the Performance Condition.

(h) If all or a portion of an Award made subject to a Performance Condition shall vest prior to the Certification Date by reason of death, Total and Permanent Disability or, if applicable, a Change in Control, then the Performance Condition shall be cancelled and none of such Award shall be subject to reduction or forfeiture as provided by the Performance Condition. Such Award shall be treated in accordance with the terms of this plan relating to vested shares.

(i) If all or a portion of an Award made subject to a Performance Condition shall vest prior to the Certification Date for any reason other than death, Total and Permanent Disability or a Change in Control, no portion of the Award shall be released to or exercised by the Participant until after the Certification Date. No such vesting prior to the Certification Date shall in any way be deemed a satisfaction, waiver or cancellation of the Performance Condition, and such Award shall remain subject to reduction and forfeiture as provided by the Performance Condition.

(j) Once established, a Performance Condition for an Executive Officer may not be waived or cancelled by the Committee.

(k) Dividends may not be paid with respect to any Restricted Share Award that is subject to a Performance Condition until the Final Award has been determined. Any dividends declared on a Restricted Share Award prior to the determination of the Final Award shall be accrued. After determination of the Final Award, such accrued dividends shall be paid, provided that any vesting requirements of Section 6(f) have been satisfied; provided, however, that if the Final Award is less than the Original Award, only an amount equal to the product of (1) the dividends accrued prior to the determination of the Final Award and (2) the Multiplier shall be paid. Any accrued dividends prior to the determination of the Final Award in excess of such amount shall be forfeited. After determination of the Final Award has been made and any vesting requirements of Section 6(f) have been satisfied, dividends shall be paid as normal on such Final Award at the same time and to the same extent as dividends are paid on other Shares.

### **SECTION 13. TERMINATION OF SERVICE; LEAVES OF ABSENCE.**

Subject to the last sentence of this Section, a Participant’s Service shall terminate when such person ceases to be an Eligible Participant as determined in the sole discretion of the Committee. A Participant’s Service does not terminate if he or she is a common-law employee and goes on a bona fide leave of absence of less than

six (6) consecutive months that was approved by the Company in writing and the terms of the leave provide for continued service crediting, or when continued service crediting is required by applicable law. However, for purposes of determining whether an Option is entitled to ISO status, a common-law employee's Service will be treated as terminating ninety (90) days after such employee went on leave, unless such employee's right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such employee immediately returns to active work. The Committee determines which leaves count toward Service, and when Service terminates for all purposes under the Plan. Notwithstanding the foregoing, an Outside Director's Service shall terminate when he or she is neither a member of the Board of Directors or a consultant to RHI.

#### **SECTION 14. DEATH; TOTAL AND PERMANENT DISABILITY.**

All Awards granted to any Participant shall vest upon such Participant's death or termination of the Participant's Service due to Total and Permanent Disability.

#### **SECTION 15. PERSONS SUBJECT TO SECTION 16 OF THE EXCHANGE ACT.**

Any Award held by an individual who is a Section 16 Participant at either or both of (a) the grant date of such Award or (b) the effective date of the Change in Control, shall vest upon the effective date of such Change in Control. Any Option or SAR Award held by an individual who is a Section 16 Participant at either or both of (a) the grant date of such Award or (b) the effective date of such individual's Outside Director Retirement, Protiviti Retirement or Staffing/Headquarters Retirement, as the case may be, shall vest upon the effective date of such retirement. Any Options or SARs held by a Section 16 Participant which vest by reason of the provisions of this Section or by reason of death or Total and Permanent Disability shall remain outstanding until the earlier of its exercise or its original term.

#### **SECTION 16. ADJUSTMENT OF SHARES.**

(a) *Adjustments.* In the event of a subdivision of the outstanding Stock, or stock split or reverse stock split, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, reorganization, merger, liquidation, a spin-off, exchange of shares or a similar occurrence (as determined by the Committee in its sole discretion), the Committee shall make such adjustments as it, in its sole discretion, deems appropriate in one or more of:

- (i) The number of Shares, Options, SARs, Restricted Shares and Stock Units available for future Awards under the Plan;
- (ii) The per person per fiscal year limitations on Awards under the Plan and the maximum aggregate number of ISOs that may be awarded under the Plan;
- (iii) The number of Shares covered by each outstanding Award;
- (iv) The Exercise Price under each outstanding Option and SAR; or
- (v) The number of Stock Units included in any prior Award which has not yet been settled.

Except as provided in this Section, a Participant shall have no rights by reason of any issue by RHI of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of shares of stock of any class.

(b) *Dissolution or Liquidation.* To the extent not previously exercised or settled, Options, SARs and Stock Units shall terminate immediately prior to the dissolution or liquidation of RHI.

(c) *Reorganizations.* In the event that RHI is a party to a merger or other reorganization, outstanding Awards shall be subject to the agreement of merger or reorganization. Such agreement may provide for:

- (i) The continuation of the outstanding Awards by RHI, if RHI is a surviving corporation;
- (ii) The assumption of the outstanding Awards by the surviving corporation or its parent or subsidiary;
- (iii) The substitution by the surviving corporation or its parent or subsidiary of its own awards for the outstanding Awards;
- (iv) Full exercisability or vesting and accelerated expiration of the outstanding Awards; or
- (v) Settlement of the full value of the outstanding Awards in cash or cash equivalents followed by cancellation of such Awards.

(d) *Reservation of Rights.* Except as provided in this Section, a Participant shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of shares of stock of any class. Any issue by RHI of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the Exercise Price. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of RHI to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

#### **SECTION 17. AWARDS UNDER OTHER PLANS.**

RHI may grant awards under other plans or programs. Such awards may be settled in the form of Shares issued under this Plan. Such Shares shall be treated for all purposes under the Plan like Shares issued in settlement of Stock Units and shall, when issued, reduce the number of Shares available under the Plan.

#### **SECTION 18. LEGAL AND REGULATORY REQUIREMENTS.**

No Option may be exercised and no Stock may be issued pursuant to an Option or transferred pursuant to a Restricted Share award unless the Committee shall determine that such exercise, issuance or transfer complies with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, applicable state securities laws, and rules and regulations promulgated under each of the foregoing, and the requirements of any stock exchange upon which the Stock may then be listed or quotation system upon which the Stock may be quoted, and shall be further subject to the approval of counsel for RHI with respect to such compliance. If the Stock subject to this Plan is not registered under the Securities Act and under applicable state securities laws, the Committee may require that the Participant deliver to RHI such documents as counsel for RHI may determine are necessary or advisable in order to substantiate compliance with applicable securities laws and the rules and regulations promulgated thereunder. In no event shall RHI deliver, or be deemed obligated to deliver, cash in lieu of any Share by reason of any failure to satisfy the foregoing provisions.

So long as any restrictions or obligations imposed pursuant to this Plan shall apply to a share, each certificate evidencing such share shall bear an appropriate legend referring to the terms, conditions and restrictions. In addition, RHI may instruct its transfer agent that shares of Stock evidenced by such certificates may not be transferred without the written consent of RHI. Any attempt to dispose of such shares of Stock in contravention of such terms, conditions and restrictions shall be invalid. Certificates representing shares that have not vested or with respect to which minimum withholding taxes have not been paid will be held in custody by RHI or such bank or other institution designated by the Committee.



## **SECTION 19. WITHHOLDING TAXES.**

(a) *General.* To the extent required by applicable federal, state, local or foreign law, a Participant or his or her successor shall make arrangements satisfactory to RHI for the satisfaction of any withholding tax obligations that arise in connection with the Plan. RHI shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied. In the event that such withholding taxes are not paid on a timely basis, as determined by RHI in its sole discretion, to the extent permitted by law RHI shall have the right, but not the obligation, to cause such withholding taxes to be satisfied by reducing the number of Shares or cash (if applicable) deliverable or by offsetting such withholding taxes against amounts otherwise due from the Company to the Participant. If withholding taxes are paid by reduction of the number of Shares deliverable to Optionee, such shares shall be valued at the Fair Market Value as of the date of exercise.

(b) *Share Withholding.* Unless otherwise provided by the Committee, a Participant may satisfy all or part of his or her minimum withholding or income tax obligations by having RHI withhold all or a portion of any Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Shares that he or she previously acquired. Subject to applicable law and accounting considerations, such Shares shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. A Participant may elect to surrender, or attest to the ownership of, previously acquired Shares in excess of the amount required to satisfy his or her minimum withholding or income tax obligations provided that such Shares have been held by the Participant for such period of time required to avoid RHI's recognition of additional compensation expense for financial reporting purposes as a result of the surrender or attestation of such previously owned shares.

## **SECTION 20. NO EMPLOYMENT OR REELECTION RIGHTS.**

No provision of the Plan, nor any right or Award granted under the Plan, shall be construed to give any person any right to become, to be treated as, or to remain an Eligible Participant. RHI and its Subsidiaries and Affiliates reserve the right to terminate any person's Service at any time and for any reason, with or without notice. No provision of the Plan nor any right or Award granted under the Plan shall be construed to create any obligation on the part of the Board of Directors to nominate any Outside Director for reelection by RHI's stockholders, or confer upon any Outside Director the right to remain a member of the Board of Directors for any period of time, or at any particular rate of compensation.

## **SECTION 21. DURATION AND AMENDMENTS.**

(a) *Term of the Plan.* The Plan, as set forth herein, shall terminate automatically on the meeting of the stockholders of RHI in 2011, unless re-adopted or extended by RHI's stockholders prior to or on such date and may be terminated on any earlier date by the Board of Directors or the Compensation Committee, as described in the next Subsection.

(b) *Right to Amend or Terminate the Plan.* The Board of Directors or, to the extent permitted by applicable laws, rules or regulations, the Compensation Committee may amend or terminate the Plan at any time and from time to time. Rights and obligations under any Award granted before amendment or termination of the Plan shall not be materially impaired by such amendment or termination, except with consent of the person to whom the Award was granted. An amendment of the Plan shall be subject to the approval of RHI's stockholders to the extent required by applicable laws, regulations or rules, including, but not limited to, any applicable rules or regulations of the New York Stock Exchange. In addition, no material amendment may be made to the plan without the approval of RHI's stockholders.

(c) *Effect of Amendment or Termination.* No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Award granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not adversely affect any Shares previously issued or any Awards previously granted under the Plan.



**SECTION 22. PLAN EFFECTIVENESS.**

This Plan shall become effective upon its approval by RHI's stockholders. Upon its effectiveness, the Plan shall supersede the Existing Equity Plans such that no further awards shall be made under the Existing Equity Plans. This Plan shall not, in any way, affect awards under the Existing Equity Plans that are outstanding as of the date this Plan becomes effective. If RHI's stockholders do not approve this Plan, no Awards will be made under this Plan and the Existing Equity Plans will continue in effect in accordance with their terms.

**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 30, 2009

/s/ Harold M. Messmer, Jr.

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Harold M. Messmer, Jr.  
Chairman & CEO

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

I, M. Keith Waddell, certify that:

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

Date: July 30, 2009

/s/ M. Keith Waddell

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M. Keith Waddell  
Vice Chairman, President & CFO

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

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009 of Robert Half International Inc. (the "Form 10-Q"), I, Harold M. Messmer, Jr., Chief Executive Officer of Robert Half International Inc., certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Harold M. Messmer, Jr.

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

July 30, 2009

**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, 2009 of Robert Half International Inc. (the "Form 10-Q"), I, M. Keith Waddell, Chief Financial Officer of Robert Half International Inc., certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ M. Keith Waddell

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

July 30, 2009