

HALF ROBERT INTERNATIONAL INC /DE/  
Form DEF 14A  
April 23, 2012

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

**ROBERT HALF INTERNATIONAL INC.**

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

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**ROBERT HALF INTERNATIONAL INC.**

**2884 Sand Hill Road**

**Menlo Park, California 94025**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held**

**Thursday, May 24, 2012**

**9:00 A.M.**

To the Stockholders:

The annual meeting of stockholders of ROBERT HALF INTERNATIONAL INC. (the Company) will be held at 9:00 a.m. on Thursday, May 24, 2012 at The Westin Hotel San Francisco Airport, 1 Old Bayshore Highway, Millbrae, California, 94030. The meeting will be held for the following purposes:

1. To elect six directors.
2. To ratify the appointment of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as auditors for 2012.
3. To cast an advisory vote to approve executive compensation.
4. To transact such other business as may properly come before the meeting or any adjournment of the meeting.

Only stockholders of record at the close of business on April 5, 2012 are entitled to notice of, and to vote at, the meeting and any adjournment of the meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 24, 2012**

Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This proxy statement and our 2011 Annual Report to Stockholders are available at <http://www.rhi.com/14aFilings> and <http://www.rhi.com/AnnualReport>, respectively.

BY ORDER OF THE BOARD OF DIRECTORS

STEVEN KAREL  
*Secretary*

Menlo Park, California

April 24, 2012

**IMPORTANT**

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED FORM AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POST-PAID ENVELOPE. ALTERNATIVELY, YOU MAY, IF YOU WISH, VOTE VIA THE INTERNET OR VIA TOLL-FREE TELEPHONE CALL FROM A TOUCH-TONE TELEPHONE IN THE U.S. BY FOLLOWING THE DIRECTIONS ON THE ENCLOSED FORM. IF YOU ATTEND THE MEETING AND SO DESIRE, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.**

**THANK YOU FOR ACTING PROMPTLY.**

**ROBERT HALF INTERNATIONAL INC.**

**PROXY STATEMENT**

**INTRODUCTION**

The enclosed proxy is solicited on behalf of the present Board of Directors (sometimes referred to as the Board) of Robert Half International Inc., a Delaware corporation (the Company), the principal executive offices of which are located at 2884 Sand Hill Road, Menlo Park, California 94025. The approximate date on which this proxy statement and the enclosed proxy are being mailed to the Company's stockholders is April 24, 2012. The proxy is solicited for use at the annual meeting of stockholders (the Meeting) to be held at 9:00 a.m. on Thursday, May 24, 2012, at The Westin Hotel San Francisco Airport, 1 Old Bayshore Highway, Millbrae, California, 94030. Only stockholders of record on April 5, 2012 will be entitled to notice of, and to vote at, the Meeting and any adjournment of the Meeting. Each share is entitled to one vote. At the close of business on April 5, 2012, the Company had outstanding and entitled to vote 142,335,254 shares of its common stock, \$.001 par value (Common Stock).

A stockholder giving a proxy in the form accompanying this proxy statement has the power to revoke the proxy prior to its exercise. A proxy can be revoked by an instrument of revocation delivered prior to the Meeting to the Secretary of the Company, by a duly executed proxy bearing a date later than the date of the proxy being revoked, or at the Meeting if the stockholder is present and elects to vote in person. Solicitation of proxies may be made by directors, officers or employees of the Company by telephone or personal interview as well as by mail. Costs of solicitation will be borne by the Company.

An automated system administered by the Company's transfer agent will tabulate votes cast at the Meeting. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting, and each is tabulated separately. Abstentions are counted in tabulations of the votes cast on proposals presented to stockholders or with respect to election of directors, whereas broker non-votes are not counted for purposes of determining whether a proposal has been approved or a nominee has been elected.

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**NOMINATION AND ELECTION OF DIRECTORS**

There are six nominees for director. All of the nominees are presently directors of the Company. The present term of office of all directors will expire upon election of directors at the Meeting. The full Board of Directors will be elected at the Meeting to hold office until the next annual meeting and until their successors are elected.

Proxies cannot be voted for more than six persons. Directors are elected by a majority of the votes of the shares present in person or represented by proxy and entitled to vote at the Meeting. Proxies solicited by the Board will be voted FOR the election of the nominees named below unless stockholders specify in their proxies to the contrary. Although the Board does not expect any nominee to become unavailable to serve as a director for any reason, should that occur before the Meeting, proxies will be voted for the balance of those named and such substitute nominee as may be selected by the Board.

**Directors**

The following table lists the name of each nominee for election as director, the age on the mailing date of this proxy statement and the year current service as a director began.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
Andrew S. Berwick, Jr.	78	1981
Harold M. Messmer, Jr.	66	1982
Barbara J. Novogradac	51	2009
Robert J. Pace	49	2009
Frederick A. Richman	66	2008
M. Keith Waddell	55	1999

*Biographical Information*

Mr. Berwick has been President of Berwick-Pacific Corporation, a real estate development company, for more than the past five years. He is Chairman Emeritus of California Healthcare System.

Mr. Messmer has been Chairman of the Board since 1988 and Chief Executive Officer since 1987. From 1985 through 2004 he served as President.

Ms. Novogradac has been president of Novogradac Investment Company, a private real estate investment company that invests in residential rental properties, land development opportunities and light industrial commercial assets, since 2001. From 1990 to 2001, Ms. Novogradac held various positions with the Company, including Senior Vice President and Controller.

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Mr. Pace is a retired partner and managing director of Goldman, Sachs & Co. He was with Goldman Sachs for over twenty years and held numerous senior leadership positions with that firm.

Mr. Richman has been a Consultant to Deloitte Tax, LLP since 2008. From 2001 to 2008, he was a Principal with Deloitte Tax, LLP. Prior to 2001 he was a senior partner with O Melveny & Myers LLP, a law firm. Mr. Richman also served as a director of the Company from 1994 through 2001.

Mr. Waddell has been Vice Chairman of the Board since 1999, President since 2004 and Chief Financial Officer since 1988. He served as Treasurer from 1987 until 2004.



*Other Public Company Directorships*

From January 1, 2007 through the present, the following directors have held directorships with other public companies:

Mr. Messmer served as a director of HCP, Inc., and a member of its Compensation Committee and its Nominating and Corporate Governance Committee, from 1985 through April 2011. HCP, Inc. is a real estate investment trust that focuses on the health care industry.

*Qualification to Serve As Director*

The Nomination and Governance Committee has determined that each of the nominees is qualified to continue to serve as a director of the Company. The reasons for these determinations are as follows:

Mr. Berwick has substantial private investment and entrepreneurial experience. He has served as a director of the Company since 1981, during which time the Company has experienced substantial growth.

Mr. Messmer has been Chairman since 1988 and Chief Executive Officer since 1987, during which time he has directed and presided over the Company's substantial growth. More details regarding Mr. Messmer and the Company's growth during his tenure is contained below in the section titled Board of Directors Leadership Structure. He has been a director since 1982.

Ms. Novogradac has financial expertise derived from her experience as president of a real estate investment company, with a major public accounting firm and as controller of the Company.

Mr. Pace has substantial investment banking experience as a former senior member of Goldman, Sachs & Co., including service on its Investment Banking Division's global Operating Committee.

Mr. Richman has financial expertise as a senior tax expert with both O Melveny & Myers LLP, a law firm, and Deloitte Tax, LLP. He served as a director of the Company from 1994 through 2001 and from 2008 through the present.

Mr. Waddell has more than 25 years of service as Chief Financial Officer, during which time the Company experienced substantial growth, and has been a director since 1999.

**Executive Officers**

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The following table lists the name of each current executive officer of the Company, his age on the mailing date of this proxy statement, and his current positions and offices with the Company:

<b>Name</b>	<b>Age</b>	<b>Office</b>
Harold M. Messmer, Jr.	66	Chairman of the Board and Chief Executive Officer
M. Keith Waddell	55	Vice Chairman of the Board, President and Chief Financial Officer
Paul F. Gentzkow	56	President and Chief Operating Officer-Staffing Services
Robert W. Glass	53	Executive Vice President, Corporate Development
Michael C. Buckley	46	Executive Vice President, Chief Administrative Officer and Treasurer
Steven Karel	62	Executive Vice President, Secretary and General Counsel

Mr. Gentzkow has been President and Chief Operating Officer-Staffing Services since 2004. From 2000 until 2004, he served as Executive Vice President, Operations. For more than five years prior to his election as an executive officer, he served as Director of Field Operations.

Mr. Glass has been Executive Vice President, Corporate Development since 2004. From 1993 until 2004, he served as Senior Vice President, Corporate Development. From 1987 until 1993 he served as Vice President.

Mr. Buckley has been Treasurer since 2004 and Executive Vice President and Chief Administrative Officer since 2007. He was Vice President from 2001 through 2007 and served as Controller, Corporate Accounting from 1999 until 2004. From 1995 through 1999, he held various other positions with the Company.

Mr. Karel has been General Counsel of the Company since 1989, Secretary since 1993 and Executive Vice President since 2009. He served as Senior Vice President from 2007 through 2009 and Vice President from 1989 through 2007.

The executive officers of the Company are also officers of the Company's wholly owned subsidiaries.

All of the executive officers serve at the pleasure of the Board of Directors. Mr. Messmer has an employment agreement with the Company to serve as Chairman and Chief Executive Officer. In addition, severance agreements have been entered into with certain executive officers. See the discussion under Employment Agreement and Potential Payments upon Termination or Change in Control below.

There are no family relationships between any of the directors or executive officers.

**BENEFICIAL STOCK OWNERSHIP**

The following table sets forth information as of March 31, 2012, concerning beneficial ownership of Common Stock by (i) the only persons known to the Company to be beneficial owners of 5% or more of the outstanding Common Stock, (ii) each director or nominee for director, (iii) each executive officer, and (iv) all executive officers and directors as a group. Included in share ownership are shares that may be acquired upon the exercise of options that are currently exercisable or become exercisable on or before May 31, 2012 ( Exercisable Options ). All persons have sole voting and investment power except as otherwise indicated.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Common Stock
FMR LLC. 82 Devonshire Street Boston, MA 02109	10,296,757(a)	7.2%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	8,788,057(b)	6.2%
Lateef Investment Management, L.P. 300 Drakes Landing Road Greenbrae, CA 94904	7,779,944(c)	5.5%
The Vanguard Group, Inc. P.O. Box 2600 Valley Forge, PA 19482	7,440,321(d)	5.2%
Andrew S. Berwick, Jr.	663,806(e)	0.5%
Harold M. Messmer, Jr.	2,248,835(f)	1.6%
Barbara J. Novogradac	104,072(g)	0.1%
Robert J. Pace	45,150(h)	0.0%
Frederick A. Richman	38,250(i)	0.0%
M. Keith Waddell	1,885,697(j)	1.3%
Paul F. Gentzkow	1,125,704(k)	0.8%
Robert W. Glass	477,956(l)	0.3%
Michael C. Buckley	140,918(m)	0.1%
Steven Karel	391,988(n)	0.3%
All executive officers and directors as a group (10 persons)	7,122,376	5.0%

- (a) Information is as of December 31, 2011, the latest date for which information is available to the Company. According to a Schedule 13G filed by FMR LLC, which identified itself as a parent holding company, Edward C. Johnson 3d, Chairman of FMR LLC, and members of his family, collectively own 49% of the voting power of FMR LLC and may constitute a controlling group with respect to FMR LLC. The shares are held directly by the following entities controlled by FMR LLC: Fidelity Management & Research Company, Fidelity Management Trust Company, Strategic Advisors, Inc., FIL Limited and Pyramis Global Advisors Trust Company, each of which owns such shares in their capacities as investment adviser, investment manager or bank. According to the Schedule 13G, Edward C. Johnson 3d and FMR LLC each has sole dispositive power with respect to all of such shares and sole voting power with respect to 1,240,004 of such shares. Neither Edward C. Johnson 3d nor FMR LLC has the sole power to vote or direct the voting of shares held by the Fidelity Funds, which power resides with the board of trustees of the Fidelity Funds.

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- (b) Information is as of December 31, 2011, the latest date for which information is available to the Company. According to a Schedule 13G filed by BlackRock, Inc., which identified itself as a parent holding company, sole dispositive power and voting power is held with respect to all of such shares.
  
- (c) Information is as of December 31, 2011, the latest date for which information is available to the Company. According to a Schedule 13G filed by Lateef Investment Management, L.P., which identified itself as an investment adviser, shared voting and dispositive power is held with respect to all of such shares.
  
- (d) Information is as of December 31, 2011, the latest date for which information is available to the Company. According to a Schedule 13G filed by The Vanguard Group, Inc., which identified itself as an investment adviser, sole voting power and shared dispositive power is held with respect to 202,952 shares and sole dispositive power is held with respect to 7,237,369 shares.

- (e) Includes 72,000 shares that may be acquired upon the exercise of Exercisable Options, 15,500 shares acquired pursuant to Company benefit plans, as to which shares Mr. Berwick has sole voting power but as to which disposition is restricted pursuant to the terms of such plans and 259,276 shares held in various trusts as to which Mr. Berwick has voting and dispositive power.
- (f) Includes 349,433 shares that may be acquired upon the exercise of Exercisable Options, 422,553 shares acquired pursuant to Company benefit plans, as to which shares Mr. Messmer has sole voting power but as to which disposition is restricted pursuant to the terms of such plans, an aggregate of 43,667 shares as to which Mr. Messmer has voting and dispositive power but disclaims pecuniary interest and 1,425,574 shares as to which Mr. Messmer shares voting and dispositive power with his wife.
- (g) Includes 16,600 shares held by Novogradac Rivers Foundation, as to which shares Ms. Novogradac shares voting and dispositive power but in which she has no pecuniary interest, and 13,950 shares acquired pursuant to Company benefit plans, as to which shares Ms. Novogradac has sole voting power but as to which disposition is restricted pursuant to the terms of such plans.
- (h) Includes 14,338 shares acquired pursuant to Company benefit plans, as to which shares Mr. Pace has sole voting power but as to which disposition is restricted pursuant to the terms of such plans.
- (i) Includes 15,113 shares acquired pursuant to Company benefit plans, as to which shares Mr. Richman has sole voting power but as to which disposition is restricted pursuant to the terms of such plans.
- (j) Includes 231,086 shares that may be acquired upon the exercise of Exercisable Options, 300,895 shares acquired pursuant to Company benefit plans, as to which shares Mr. Waddell has sole voting power but as to which disposition is restricted pursuant to the terms of such plans and 1,353,716 shares as to which Mr. Waddell shares voting and dispositive power with his wife.
- (k) Includes 195,550 shares that may be acquired upon the exercise of Exercisable Options, 232,980 shares that were acquired pursuant to company benefit plans, as to which shares Mr. Gentzkow has sole voting power but as to which disposition is restricted pursuant to the terms of such plans, 1,250 shares held by Mr. Gentzkow's son and 695,924 shares as to which Mr. Gentzkow shares voting and dispositive power with his wife.
- (l) Includes 84,330 shares that may be acquired upon the exercise of Exercisable Options, 66,627 shares acquired pursuant to Company benefit plans, as to which shares Mr. Glass has sole voting power but as to which disposition is restricted pursuant to the terms of such plans, 320,519 shares as to which Mr. Glass shares voting and dispositive power with his wife and 3,000 shares held by Mr. Glass's children.
- (m) Includes 40,000 shares that may be acquired upon the exercise of Exercisable Options, 60,348 shares acquired pursuant to Company benefit plans, as to which shares Mr. Buckley has sole voting power but as to which shares disposition is restricted pursuant to the terms of such plans and 40,570 shares as to which Mr. Buckley shares voting and dispositive power with his wife.
- (n) Includes 39,374 shares that may be acquired upon the exercise of Exercisable Options, 62,328 shares acquired pursuant to Company benefit plans, as to which shares Mr. Karel has sole voting power but as to which disposition is restricted pursuant to the terms of such plans and 290,286 shares as to which Mr. Karel shares voting and dispositive power with his wife.

## COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee believes that setting compensation at levels designed to attract and retain key individuals is critical to the success of a personal services business in which there are few tangible assets and in which people represent the true assets of the Company. The Committee is also mindful of the fact that the Company's industry is fractured with a myriad of private firms owned by entrepreneurial individuals or financed by private equity firms representing the Company's most effective competition in many markets. Successful competitors generate large financial rewards to the owners as the Company knows from its acquisitions of such firms over the years. It is imperative that the Company's compensation program provide significant cash and equity incentives to its key managers so as to compete with both public and private companies for this talent and the Committee believes the Company's compensation program achieves this result.

The Committee believes that the Company has an outstanding management team which has produced excellent returns since the inception of the Company's current business in 1986. The Company's management has been stable for over two decades: five of the executive officers (Messrs. Messmer, Waddell, Gentzkow, Glass and Karel), have been with the Company since the 1980s. Mr. Messmer negotiated the purchase of Robert Half Incorporated, the predecessor to the Company, in 1986 and has been responsible for recruiting the officers and other managers with whom he has directed the growth of the Company ever since that time. This includes the formation of Protiviti, which, since its formation in 2002, has grown from revenues of \$18 million in its first full quarter of operation to approximately \$424 million of annual revenues in 2011. The annual revenues of Robert Half Incorporated at the time of its purchase in 1986 were approximately \$7 million. In fiscal 2011, the Company's revenues were approximately \$3.8 billion.

In the opinion of the Compensation Committee, the Company is fortunate to have a group of outstanding leaders who possess not only considerable management talent, but also great entrepreneurial vision as demonstrated by a series of highly successful new divisions added to the Company's business since 1991, including the aforementioned Protiviti subsidiary. The Committee's view is that, as a personal services business, it is in the Company's long term best interest to be known as an organization offering the opportunity to achieve superior remuneration in the industry. The Company believes the vast majority of such remuneration should be contingent on achieving outstanding results and, indeed, makes bonuses subject to achievement of goals the Committee sets and, further, makes annual grants of equity incentives subject to partial or total forfeiture subject to achievement of goals set by the Committee. The Compensation Committee's policy to provide the opportunity for top level compensation and incentives for extraordinary results has been essentially unchanged for many years, and it is believed that the success of this policy is reflected by the superior results that management has achieved for the Company.

In the view of the Compensation Committee, management achieved excellent results in 2011, as noted below:

1. The Company's Earnings per Share for 2011 were 136% higher than the Earnings per Share for the prior year, notwithstanding the fact that the Company invested heavily in the growth of its technology staffing division. This exceeded the target EPS increase of 115% set by the Compensation Committee.
2. The fourth quarter of 2011 marked the sixth consecutive quarter of double digit year-over-year revenue growth rates for the Company. In addition, growth rates for net income and earnings per share significantly exceeded revenue growth rates during this period.
3. The Company had operating cash flow of \$256 million in 2011, which helped to fund approximately \$142 million in stock repurchases on the open market, \$57 million in capital expenditures, and the payment of \$80 million in dividends to stockholders. The cash dividend has been raised every year since it was initiated in 2004.
4. The Company has returned \$1.3 billion to stockholders during the past five years in the form of either dividends or stock repurchases.





5. The Company ended the year with \$279 million in cash and cash equivalents, and virtually no debt. Longstanding, conservative financial policies have left the Company with the financial resources to expand as the economy allows.
  
6. The Company retained all key executives and field personnel during the year, which it believes is critical to its future success.

Compensation for the Company's Chief Executive Officer for 2011 as compared with 2010 was as follows:

Base Salary	No Change
Total Compensation	+4%
Company Increase in EPS Over Prior Year	+136%

The ratio of the CEO's performance-based compensation to total compensation for 2011 was 95%.

The ratio of the CEO's performance-based stock awards to total stock awards for 2011 was 100%.

In 2011, an independent study of executive compensation in the staffing industry for the prior year (the latest year for which public information was available) was published by Staffing Industry Analysts, Inc. While the compensation of Harold M. Messmer, Jr., the Company's CEO, was in the top quartile when expressed in absolute numbers, it was in the bottom quartile when expressed as a percentage of total market value.

In May 2011, the Company's stockholders cast a substantial vote in favor of the Company's 2010 executive compensation. This approval was considered by the Compensation Committee in exercising its discretionary authority over cash bonuses for 2011 as well as its determinations with respect to 2012 compensation targets, including base salary, bonus opportunity and restricted stock awards. Notwithstanding the favorable vote, in order to give the Compensation Committee more flexibility to ensure that compensation is aligned with performance, the Committee modified the Annual Performance Bonus Plan to provide the Committee with the sole discretion to pay or not pay up to 30% of the bonus calculated under the Plan.

Each component of compensation is determined by the Compensation Committee. The Compensation Committee determines what changes, if any, should be made to continuing arrangements, such as base salaries and fringe benefits. When determining compensation for the coming year, the Compensation Committee reviews (a) the Company's results for the prior year, (b) the issues that will confront the Company in the coming year, (c) the individual performance of the executive officers, (d) the need to set compensation at levels that promote retention and (e) such other information it deems appropriate. The Compensation Committee does not assign specific weights to these factors. However, the most important of these factors is the Company's performance and, as described in this Compensation Discussion and Analysis, the vast majority of executive compensation is highly contingent upon the Company's results. Based on its long term experience and the historical success of the Compensation Committee's philosophy, the Compensation Committee has not recently retained a compensation consultant nor does it benchmark against a specific peer group. However, it does, from time to time, consider executive compensation at competitors and other companies (including the aforementioned staffing industry study) as well as such factors as compensation as a percentage of total market value. After such review, it makes its ultimate determinations using its business judgment based upon its evaluation of such information and its long term experience with the Company. While the Compensation Committee receives input from the Chief Executive Officer and Chief Financial Officer and discusses compensation with them, the ultimate decision regarding compensation is solely at the discretion of the Committee. While the Compensation Committee is responsible for executive officers' compensation, the philosophy of providing the opportunity for superior remuneration for superior long term performance is applied to all of the Company's professionals. The Company believes its long term success is due to its ability to attract top talent capable of superior performance and that the Company's compensation practices are an important element in the Company's continuing ability to attract top talent.

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As part of its effort to emphasize performance based compensation, the Compensation Committee has set base salaries at levels it considers modest and which, in the case of Messrs. Messmer and Waddell, have not been

increased since 1998. The Committee instead heavily weights remuneration toward performance based compensation. An examination of the Summary Compensation Table will show that the vast majority of each executive's compensation consists of performance based restricted share awards under the stockholder approved Stock Incentive Plan and performance based cash payments earned under the stockholder approved Annual Performance Bonus Plan. A detailed description of how these two plans operate appears in their descriptions below under the Grants of Plan-Based Awards table, and such description should be read in conjunction with this Compensation Discussion and Analysis. As indicated by the descriptions of these plans in this Compensation Discussion and Analysis and below under the Grants of Plan-Based Awards table, the actual amounts paid are highly contingent upon the achievement of positive results. Earnings per share has been chosen as the measurement factor with respect to both of these plans because the Compensation Committee believes it is directly linked to stockholder value. The emphasis on performance based restricted share awards further ties management compensation to the long-term interests of stockholders. If actual diluted earnings per share for the performance period do not equal or exceed the specified target that was established by the Compensation Committee, all or a portion of the award is forfeited, as described below. (Restricted share awards are not increased, even if actual diluted earnings per share exceed the target.) Even after the performance period has ended and any downward adjustment in the number of shares has been made, shares are still not released to the executive officers. The time vesting provisions must still be satisfied. Therefore, the actual value of what the executive officer ultimately receives is determined by how the Company's stock price varies between the grant date and the vesting date. If the share price increases, then the executive officer benefits along with the Company's stockholders. If the share price decreases, the executive officer's ultimate payout also declines. In addition, both cash bonuses and share awards are subject to the Company's Clawback Policy, which is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

As described below and in the descriptions of the Stock Incentive Plan and the Annual Performance Bonus Plan that appear under the Grants of Plan-Based Awards table, each award under these plans is subject to reduction or elimination depending upon final earnings per share, and only the Annual Performance Bonus Plan permits the final award to be in excess of the target award (pursuant to a set straight-line formula in the event actual earnings per share exceed target earnings per share and subject to a cap). Each year, the Committee adopts a target earnings per share for the year that it believes is realistically possible to achieve but not easily achieved. The fact that these targets are realistic but not easy goals is borne out by the fact that, with respect to the last eleven years, the annual target earnings per share set for compensation purposes was achieved four times and was not achieved seven times. Whenever the target is not achieved, the award is subject to reduction, as described below under the Grants of Plan-Based Awards table.

As is its customary practice, in setting the target earnings per share, the Compensation Committee considered the Company's annual strategic plan, consensus Wall Street estimates and other items. For 2011, the target earnings per share for purposes of the Stock Incentive Plan and the Annual Performance Bonus Plan was set by the Compensation Committee at \$.95. The actual earnings per share for the year was \$1.04. Pursuant to the formulas in these two plans (which formulas are not identical and are described below), cash awards to each executive under the Annual Performance Bonus Plan were increased proportionately but there was no increase with respect to restricted stock awards under the Stock Incentive Plan.

The Annual Performance Bonus Plan provides that bonuses shall be computed in accordance with a formula specified in the plan. The two factors determined by the Compensation Committee are the Target EPS for the year and each individual's Target Bonus. For 2011, the Compensation Committee chose for the Target EPS the internal forecast that had been adopted by the entire Board of Directors, which forecast was \$.95 per share. This Target EPS for 2011 represented an 115% increase as compared to the actual earnings per share of \$.44 achieved for 2010. The Compensation Committee then determined that an 115% increase in earnings per share performance should result in an 115% increase in bonus. It therefore set each individual's Target Bonus for 2011 at 115% more than his actual bonus for 2010. Pursuant to the pay for performance formula in the Annual Performance Bonus Plan, any variation in actual earnings per share from Target EPS results in a corresponding variation in actual bonus from Target Bonus by the same percentage. Because actual earnings per share for 2011

was \$1.04, which was approximately 136% higher than earnings per share for 2010, this resulted in a similar increase in cash bonuses for 2011 over 2010.

When making its determination with respect to its annual discretionary grant of restricted shares to each executive, the Compensation Committee considers such items as the value of the previous year's grant, the number of shares granted the previous year, the price of the Company's stock, the performance of the Company in the prior year, the target EPS the Committee has set for the coming year, the levels of other compensation granted to the executive, the total compensation package for the executive and the individual performance of each executive. The Compensation Committee does not assign specific weights to individual items. Rather the Compensation Committee exercises its business judgment based, in large part, on the Compensation Committee's long-term experience in compensating the management team in a manner that incents them to produce favorable results for shareholders consistently.

The Committee determined the value of the Chief Executive Officer's 2011 restricted stock grant by first deciding what his total direct compensation (base, cash bonus and restricted stock grant) should be if the Company achieved its target operating results for 2011. (Such target results were in fact achieved.) The Committee then considered the other expected amounts of compensation for 2011, including the expected cash bonus under the Annual Performance Bonus Plan, and then calculated the value of the restricted stock grant as of the grant date. This resulted in a 9% decrease in the value of the 2011 restricted stock grant as compared with 2010.

Pursuant to the formula for the Stock Incentive Plan, the actual earnings per share are divided by the target earnings per share, yielding a Performance Goal Ratio. The Multiplier used to determine actual retention of restricted stock grants is defined as (a) 1, if the Performance Goal Ratio is equal to or exceeds 0.9, (b) 0, if the Performance Goal Ratio is less than 0, or (c) 0.1 plus the Performance Goal Ratio in all other cases. After the Multiplier is determined, it is multiplied by each executive officer's restricted stock grant to determine how many shares he may retain. Any shares in excess of this product are forfeited. For 2011, the Performance Goal Ratio was 1.09, which equals the actual earnings per share of \$1.04 divided by the target earnings per share of \$.95. The Multiplier based on a Performance Goal Ratio of 1.09 is equal to 1, so no shares were forfeited pursuant to this formula.

The Compensation Committee has also exercised negative discretion. When the target earnings per share was set with respect to the Stock Incentive Plan and the Annual Performance Bonus Plan for 2005, it was done on the assumption that certain proposed accounting rules that would negatively impact earnings per share would be adopted and made applicable during the year. When the accounting rules were not adopted, the result was an increase in earnings per share that had nothing to do with performance. At year end, the Compensation Committee made appropriate adjustment in the awards so that management would not receive a benefit from this non-performance related factor.

Restricted stock grants made after July 28, 2009, do not receive dividends until after both the performance condition and time vesting requirements have been satisfied. Dividends declared prior to the satisfaction of both requirements are accrued but not paid. If a portion of the award is forfeited, the accrued dividends on that portion will also be forfeited. The restricted stock grants made on February 12, 2009, were subject to such limitation only with respect to their performance condition. Restricted stock grants made in 2008 and earlier receive any dividends declared with respect to the Company's outstanding shares.

The Company has not granted options to executive officers since October 2004. The Compensation Committee currently has no plans to make option grants in the future, but reserves the right to do so.

The Compensation Committee believes that awards under the Stock Incentive Plan and the Annual Performance Bonus Plan, considered in the context of each individual's total compensation package and the



conditions applicable to such awards, are at levels necessary for retention of the current executive officers so that they can continue to provide superior results to stockholders. It also believes that the ratio of total compensation among the Named Executive Officers is appropriate for purposes of internal equity.

As indicated by the tables appearing below, in addition to the foregoing compensation, each executive also participates in non-tax-qualified deferred compensation arrangements. The Compensation Committee considers deferred compensation arrangements to be appropriate for a corporation of similar size to the Company, and, in light of the moderate salaries, long service and historical results of management, believes that the amounts have been set at reasonable levels, particularly in light of the fact that the Company does not have tax-qualified retirement arrangements for these executives. The Committee does not believe it is appropriate to offset these benefits by the value received from equity and other performance based compensation because these arrangements serve different purposes and both are at levels the Committee believes to be reasonable. A detailed description of how the deferred compensation arrangements operate is set forth below in the two paragraphs under the Nonqualified Deferred Compensation table.

The Stock Incentive Plan and Annual Performance Bonus Plan have been drafted to comply with Section 162(m) of the Internal Revenue Code. Compensation in compliance with such Section is fully deductible for income tax purposes. The other components of compensation are subject to the limitations of Section 162(m), which provides that any amounts above \$1,000,000 paid in one year to certain executive officers are not tax deductible. In the past, such items have not exceeded \$1,000,000 in one year for any individual, so there has been no limitation of tax deductibility.

In determining executive compensation, the Compensation Committee considers, among other factors, the possible tax consequences to the Company and to the executives. However, tax consequences, including but not limited to tax deductibility by the Company, are subject to many factors (such as changes in the tax laws and regulations or interpretations thereof and the timing and nature of various decisions by executives regarding options and other rights) that are beyond the control of either the Compensation Committee or the Company. In addition, the Compensation Committee believes that it is important for it to retain maximum flexibility in designing compensation programs. For all of the foregoing reasons, the Compensation Committee, while considering tax deductibility as one of its factors in determining compensation, will not necessarily limit compensation to those levels or types of compensation that will be deductible. The Compensation Committee will, of course, consider alternative forms of compensation, consistent with its compensation goals, that preserve deductibility.

Various agreements, as described elsewhere in this Proxy Statement, provide for severance benefits in the event of a termination of employment before or after a change in control. (See the discussion below in connection with the Nonqualified Deferred Compensation table and the discussion below under the heading Employment Agreement and Potential Payments upon Termination or Change in Control. ) As indicated by such text, the triggering events and benefits vary among each such arrangement, plan or agreement. Such triggering events and benefits were selected by the Compensation Committee in the light of competitive conditions and customary practices at the time of their implementation and the Committee believes that they continue to be reasonable.

## COMPENSATION TABLES

## 2011 Summary Compensation Table

The following table summarizes compensation for the Named Executive Officers (the Chief Executive Officer, the Chief Financial Officer and the three other executive officers who had the highest compensation for 2011) in accordance with Securities and Exchange Commission rules.

Name and Principal Position	Year	Salary	Bonus	Stock Awards			Non-Equity Incentive Plan Compensation(b)	Change in Pension Value and Nonqualified Deferred Compensation(c)	All Other Compensation(d)	Total
				Number of Shares	Market Value on Grant Date(a)	Option Awards				
Harold M. Messmer, Jr. Chairman and Chief Executive Officer	2011	\$ 525,000	\$ 0	178,037	\$ 5,949,997	\$ 0	\$ 3,516,025	\$ 0	\$ 0	\$ 9,991,022
	2010	\$ 525,000	\$ 0	244,515	\$ 6,553,002	\$ 0	\$ 1,515,762	\$ 457,844	\$ 564,319	\$ 9,615,927
	2009	\$ 525,000	\$ 0	244,515	\$ 4,349,922	\$ 0	\$ 822,086	\$ 945,331	\$ 419,547	\$ 7,061,886
M. Keith Waddell Vice Chairman, President and Chief Financial Officer	2011	\$ 265,000	\$ 0	133,909	\$ 4,475,239	\$ 0	\$ 1,760,186	\$ 59,787	\$ 303,778	\$ 6,863,990
	2010	\$ 265,000	\$ 0	166,986	\$ 4,475,225	\$ 0	\$ 758,818	\$ 66,982	\$ 483,212	\$ 6,049,237
	2009	\$ 265,000	\$ 0	166,986	\$ 2,970,681	\$ 0	\$ 411,551	\$ 42,459	\$ 341,814	\$ 4,031,505
Paul F. Gentzkow President and Chief Operating Officer-Staffing Services	2011	\$ 265,000	\$ 0	113,704	\$ 3,799,988	\$ 0	\$ 1,584,167	\$ 49,769	\$ 277,375	\$ 5,976,298
	2010	\$ 265,000	\$ 0	119,276	\$ 3,196,597	\$ 0	\$ 682,936	\$ 55,595	\$ 377,647	\$ 4,577,775
	2009	\$ 265,000	\$ 0	119,276	\$ 2,121,920	\$ 0	\$ 370,396	\$ 35,155	\$ 266,803	\$ 3,059,274
Robert W. Glass Executive Vice President, Corporate Development	2011	\$ 245,000	\$ 0	29,651	\$ 990,936	\$ 0	\$ 498,718	\$ 23,480	\$ 111,558	\$ 1,869,692
	2010	\$ 245,000	\$ 0	36,975	\$ 990,930	\$ 0	\$ 214,998	\$ 26,207	\$ 141,990	\$ 1,619,125
	2009	\$ 245,000	\$ 0	36,975	\$ 657,785	\$ 0	\$ 116,606	\$ 16,499	\$ 107,470	\$ 1,143,360
Michael C. Buckley Executive Vice President, Chief Administrative Officer and Treasurer	2011	\$ 265,000	\$ 0	32,914	\$ 1,099,986	\$ 0	\$ 480,811	\$ 8,564	\$ 111,872	\$ 1,966,233

(a) All amounts in this column represent grant date fair value of the underlying stock at the date of grant computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. Pursuant to the SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting.

(b) Consists of cash payments made under the Annual Performance Bonus Plan, as described below the Grants of Plan-Based Awards table.

(c) Consists of interest in excess of the applicable IRS rate on nonqualified deferred compensation plans determined in accordance with applicable regulations. See the Nonqualified Deferred Compensation table below for further information.

(d) The amounts in this column for 2011 consist of allocations pursuant to defined contribution plans, as described in the Nonqualified Deferred Compensation table.

## 2011 Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards:	All Other Option Awards:	Exercise or Base Price of Underlying Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum	Number of Shares or Stock Units	Number of Securities or Underlying Options		
Harold M. Messmer, Jr.	n/a	\$ 1,627,789	\$ 3,255,578	\$ 6,511,156	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M. Keith Waddell	n/a	\$ 814,901	\$ 1,629,802	\$ 3,259,604	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paul F. Gentzkow	n/a	\$ 733,411	\$ 1,466,821	\$ 2,933,642	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert W. Glass	n/a	\$ 230,888	\$ 461,776	\$ 923,552	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael C. Buckley	n/a	\$ 222,598	\$ 445,195	\$ 890,390	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Harold M. Messmer, Jr.	2/9/11	n/a	n/a	n/a	17,804	178,037	178,037	0	0	n/a	\$ 5,949,997
M. Keith Waddell	2/9/11	n/a	n/a	n/a	13,391	133,909	133,909	0	0	n/a	\$ 4,475,239
Paul F. Gentzkow	2/9/11	n/a	n/a	n/a	11,371	113,704	113,704	0	0	n/a	\$ 3,799,988
Robert W. Glass	2/9/11	n/a	n/a	n/a	2,966	29,651	29,651	0	0	n/a	\$ 990,936
Michael C. Buckley	2/9/11	n/a	n/a	n/a	3,292	32,914	32,914	0	0	n/a	\$ 1,099,986

*Description of the Annual Performance Bonus Plan*

Non-equity awards consist of an annual cash bonus opportunity pursuant to the Annual Performance Bonus Plan, which was originally approved by stockholders in 1994 and was most recently re-approved by stockholders in 2010. The target bonus amount is set by the Compensation Committee, which also adopts a target diluted earnings per share. Under the plan, each individual's actual bonus will vary from his target bonus in direct linear proportion to the variation between the actual diluted earnings per share and the target diluted earnings per share. (For example, if actual earnings per share are 80% of the target earnings per share, then each executive would receive 80% of his target bonus.) However, no bonus can exceed the lesser of twice the target bonus or \$9,000,000, and no bonus at all is paid if actual diluted earnings per share are less than 50% of target. The Compensation Committee has the discretion to reduce any bonus within limits specified in the plan, but has no discretion to increase any bonus above the amount that would be determined by the formula. Bonuses are subject to the Company's Clawback Policy, which is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab. The measurement period for the grants appearing in the table was the 2011 calendar year (which is also the Company's fiscal year), so the actual final bonuses pursuant to this plan have been determined and are reported in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column. For such year, the target earnings per share was \$0.95 and the actual earnings per share was \$1.04.

*Description of Restricted Stock Grants under the Stock Incentive Plan*

Since 2004, stock awards to executive officers have consisted exclusively of restricted share grants made pursuant to the Stock Incentive Plan, which plan was approved by the stockholders in 2005, 2008 and 2011. Each of these grants was made subject to both a performance condition and a time vesting condition. The performance condition provides that all or portion of the award will be forfeited if actual diluted earnings per share for the performance period do not equal or exceed a specified target that has been established by the Compensation Committee. The award may not be increased, even if actual diluted earnings per share exceed the target. Only downward adjustments can be made. Whether or not all or a portion of the award will be forfeited is determined by a mathematical formula specified in the plan that compares actual diluted earnings per share to the target diluted earnings per share. No discretion is involved in the application of this formula. Pursuant to the formula, the actual earnings per share are divided by the target earnings per share, yielding a Performance Goal Ratio. The Multiplier used to determine actual retention of restricted stock grants is defined as (a) 1, if the Performance Goal Ratio is equal to or exceeds 0.9, (b) 0, if the Performance Goal Ratio is less than 0, or (c) 0.1 plus the Performance Goal Ratio in all other cases. After the Multiplier is determined, it is multiplied by each





executive officer's restricted stock grant to determine how many shares he may retain. Any shares in excess of this product are forfeited. In setting the target, the Compensation Committee considers the Company's annual strategic plan, consensus Wall Street estimates and other items.

Even after the performance period has ended and any downward adjustment in the number of shares has been made, shares are still not released to the executive officers. The time vesting provisions must still be satisfied. The grants made in 2009, 2010 and 2011 vest 50% after two years and 50% after four years. Notwithstanding the foregoing, each grant will vest upon the recipient's death, termination due to total and permanent disability, or the occurrence of a Change in Control (see Appendix A for a definition of this term). Even after performance condition and time vesting requirements are satisfied, restricted shares grants are subject to the Company's Clawback Policy, which is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

Restricted stock grants made after July 28, 2009, do not receive dividends until after both the performance condition and time vesting requirements have been satisfied. Dividends declared prior to the satisfaction of both requirements are accrued but not paid. If a portion of the award is forfeited, the accrued dividends on that portion will also be forfeited. The restricted stock grants made on February 12, 2009, were subject to such limitation only with respect to their performance condition.

## Outstanding Equity Awards at Fiscal Year-End 2011

Name	Number of Securities Underlying Unexercised Options		Equity Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date(a)	Number of Shares or Units of Stock That Have Not Vested(b)	Market Value of Shares or Units of Stock That Have Not Vested(c)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(d)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(c)
	Exercisable	Unexercisable							
Harold M. Messmer, Jr.	571,410	0	0	\$ 16.95	10/30/12	244,516(e)	\$ 6,958,925	178,037(f)	\$ 5,066,933
	249,433	0	0	\$ 22.85	10/22/13				
	100,000	0	0	\$ 26.56	10/28/14				
M. Keith Waddell	262,171	0	0	\$ 16.95	10/30/12	166,986(g)	\$ 4,752,422	133,909(h)	\$ 3,811,050
	131,086	0	0	\$ 22.85	10/22/13				
	100,000	0	0	\$ 26.56	10/28/14				
Paul F. Gentzkow	221,100	0	0	\$ 16.95	10/30/12	119,276(i)	\$ 3,394,595	113,704(j)	\$ 3,236,016
	110,550	0	0	\$ 22.85	10/22/13				
	85,000	0	0	\$ 26.56	10/28/14				
Robert W. Glass	44,220	0	0	\$ 16.95	10/30/12	36,976(k)	\$ 1,052,337	29,651(l)	\$ 843,867
	22,110	0	0	\$ 22.85	10/22/13				
	18,000	0	0	\$ 26.56	10/28/14				
Michael C. Buckley	25,000	0	0	\$ 16.11	12/31/12	27,434(m)	\$ 780,772	32,914(n)	\$ 936,732
	1,545	0	0	\$ 15.16	01/31/13				
	600	0	0	\$ 21.71	07/31/13				
	22,000	0	0	\$ 28.00	07/28/14				
	18,000	0	0	\$ 26.56	10/28/14				

(a) Each of such options is currently fully vested.

(b) Unvested restricted share awards with respect to which, as of December 31, 2011, the performance period has been completed, the determination of the final award has been certified by the Compensation Committee, and any applicable adjustments have been made.

(c) The market value of unvested stock awards was calculated by valuing each share at \$28.46, which was the closing price of the Company's Common Stock on the New York Stock Exchange on the last trading day of 2011.

(d) Unvested restricted share awards with respect to which the performance period was completed on December 31, 2011, but the determination of the final award had not been certified as of December 31, 2011. In accordance with the terms of the Stock Incentive Plan, on February 8, 2012, the Compensation Committee certified that the performance condition was satisfied.

(e) Of such shares, 122,258 vest on December 31, 2012 and 122,258 vest on December 31, 2013.

(f) Of such shares, 89,018 vest on December 31, 2012 and 89,019 vest on December 31, 2014.

(g) Of such shares, 83,493 vest on December 31, 2012 and 83,493 vest on December 31, 2013.

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- (h) Of such shares, 66,954 vest on December 31, 2012 and 66,955 vest on December 31, 2014.
- (i) Of such shares, 59,638 vest on December 31, 2012 and 59,638 vest on December 31, 2013.
- (j) Of such shares, 56,852 vest on December 31, 2012 and 56,852 vest on December 31, 2014.
- (k) Of such shares, 18,488 vest on December 31, 2012 and 18,488 vest on December 31, 2013.
- (l) Of such shares, 14,825 vest on December 31, 2012 and 14,826 vest on December 31, 2014.
- (m) Of such shares, 13,717 vest on December 31, 2012 and 13,717 vest on December 31, 2013.
- (n) Of such shares, 16,457 vest on December 31, 2012 and 16,457 vest on December 31, 2014.

**Option Exercises and Stock Vested in 2011**

Name	Number of Shares Acquired on Exercise(a)	Value Realized on Exercise(b)	Number of Shares Acquired on Vesting	Value Realized on Vesting(b)
Harold M. Messmer, Jr.	0	\$ 0	356,477	\$ 10,145,335
M. Keith Waddell	0	\$ 0	243,448	\$ 6,928,530
Paul F. Gentzkow	0	\$ 0	173,892	\$ 4,948,966
Robert W. Glass	0	\$ 0	53,905	\$ 1,534,136
Michael C. Buckley	20,600	\$ 163,678	39,994	\$ 1,138,229

(a) Each of such options was granted at 100% of the fair market value, was due to expire on the tenth anniversary of the grant date and was exercised less than two years prior to its expiration date.

(b) Messrs. Messmer, Waddell, Gentzkow, Glass and Buckley did not sell any of the acquired shares on the open market. Each of them surrendered enough shares to the Company to pay the exercise price and the taxes resulting from exercise or vesting (as permitted pursuant to the terms of the plan under which the options and restricted shares were granted) and retained the remainder of the shares.

**2011 Nonqualified Deferred Compensation**

Name	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End
Harold M. Messmer, Jr.	\$ 0	\$ 0	\$ 3,002,092	\$ 0	\$ 70,893,154
M. Keith Waddell	\$ 0	\$ 303,778	\$ 263,304	\$ 0	\$ 6,606,162
Paul F. Gentzkow	\$ 0	\$ 277,375	\$ 219,183	\$ 0	\$ 5,523,697
Robert W. Glass	\$ 0	\$ 111,558	\$ 103,405	\$ 0	\$ 2,586,640
Michael C. Buckley	\$ 0	\$ 111,872	\$ 37,717	\$ 0	\$ 1,014,669

Registrant Contributions for Mr. Messmer are allocated pursuant to the Deferred Compensation Plan. Under the Deferred Compensation Plan, the amount allocated each year to Mr. Messmer is between 3% and 10% of the sum of Mr. Messmer's base salary and cash bonus (pursuant to the Annual Performance Bonus Plan), depending upon how actual earnings per share for the year compare to the target set by the Board. Accrued amounts earn interest quarterly at a rate equal to the 10+ Year High Quality yield in the Merrill Lynch Bond Index. For 2011, the quarterly interest rates were 5.52%, 5.43%, 4.60% and 4.50%, respectively. The corresponding 120% long-term quarterly applicable federal rates were 5.07%, 4.78%, 4.23% and 3.33%, respectively. For 2011, Mr. Messmer requested, and the Compensation Committee agreed, that no amount be allocated to him under the plan for the year and that the interest amounts credited not exceed the amounts set forth in the preceding sentence. The Deferred Compensation Plan provides that all amounts become fully vested after seven years of service, so all amounts in the table for Mr. Messmer are fully vested. All vested amounts are paid following disability or termination of employment for any reason. The amounts in the Deferred Compensation Plan allocated to Mr. Messmer, which include amounts transferred in respect of another plan that was terminated several years ago, reflect benefits earned by Mr. Messmer during more than 25 years of service.

Registrant Contributions for Messrs. Waddell, Gentzkow, Glass and Buckley are allocated pursuant to the Senior Executive Retirement Plan, which was established effective December 31, 1995. Under the Senior Executive Retirement Plan, the amount allocated each year for an executive is 15% of the sum of his base salary and cash bonus (pursuant to the Annual Performance Bonus Plan). Accrued amounts earn interest at a rate equal to Moody's Corporate Bond Yield Average. For 2011, this interest rate was 4.36% and the corresponding 120% long-term annual applicable federal rate was 3.37%. All allocations are subject to a vesting schedule, which provides that no amount is vested until ten years of service. After ten years of service, the amount vested is 50% plus 4 1/6% for each year over age 50, with 100% vesting thus occurring at age 62.

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Vested accrued amounts are paid following termination of employment. Prior to January 1, 1996, Messrs. Waddell, Gentzkow and Glass participated in the Deferred Compensation Plan. Contributions made prior to such date continue to earn interest as provided by the Deferred Compensation Plan. Of the aggregate balances shown in the table, \$2,056,467,

\$1,313,305, \$867,655 and \$507,335 were unvested as of December 31, 2011, for Messrs. Waddell, Gentzkow, Glass and Buckley, respectively. All vested amounts are paid following disability or termination of employment for any reason. Pursuant to the Senior Executive Retirement Plan and resolutions adopted by the Compensation Committee in 1995, in the event of a Change in Control (see Appendix A for a definition of this term), there shall be allocated to Mr. Waddell's account an amount equal to the product of (a) the number of whole years remaining until Mr. Waddell attains age 62 (7 years as of December 31, 2011) and (b) the last annual allocation for Mr. Waddell made under the Senior Executive Retirement Plan. After such Change in Control allocation has been made, each subsequent annual allocation under the Senior Executive Retirement Plan for Mr. Waddell following the Change in Control and prior to his 62<sup>nd</sup> birthday shall be reduced by an amount equal to the last annual allocation made to Mr. Waddell prior to the Change in Control.

#### **Employment Agreement and Potential Payments upon Termination or Change in Control**

Harold M. Messmer, Jr., Chairman of the Board and Chief Executive Officer, has an employment agreement with the Company terminating December 31, 2015. Under the current terms of the employment agreement, Mr. Messmer will receive a base annual salary of not less than \$525,000 and is entitled to receive certain benefits, including life insurance and tax planning. (Mr. Messmer waived these benefits for 2007, 2008, 2009, 2010 and 2011.) In the event the employment of Mr. Messmer is terminated (a) involuntarily other than for Cause (see Appendix A for a definition of this term), (b) by reason of a constructive termination of Mr. Messmer's employment resulting from a material breach of the employment agreement by the Company, or (c) voluntarily within one year following a Change in Control of the Company (see Appendix A for a definition of this term), he is entitled to receive severance compensation. The amount of such severance compensation shall be (i) the then lump sum present value of the amount he would have received if his base salary (at the rate payable at the time of such termination) had been paid through the then effective term of the agreement and (ii) the then lump sum present value of the amount he would have received if a yearly bonus in an amount equal to the annual cash bonus for the last full calendar year completed prior to the termination (including any bonus pursuant to the Annual Performance Bonus Plan) had been paid yearly through the then effective term of the agreement. If Mr. Messmer's employment is terminated by reason of death or disability, he or his estate will receive only 75% of the base salary he would have received through the then effective term of the agreement and will not receive any amount in lieu of bonus. If Mr. Messmer's employment terminates other than for Cause, he and his wife will each continue thereafter to participate in the Company's healthcare plan for its employees, at Company expense, until his or her death. For one year following termination, Mr. Messmer is prohibited from competing with the Company's personnel services business, employing any officer of the Company or soliciting any officer of the Company to leave the Company. Since 1990, the terms of the employment agreement have provided that it automatically renew on each December 31 for an additional year without further action by the Company or Mr. Messmer and without formal amendment.

Severance Agreements have been entered into with Messrs. Messmer, Waddell, Gentzkow, Glass and Karel. Each Severance Agreement provides that the employee will be paid a lump sum equal to two years base salary (2.99 years if the employee has served as a director) if his employment is terminated (a) without Cause (see Appendix A for a definition of this term), (b) voluntarily by the employee following a reduction by more than 5% of the employee's base salary per month or (c) voluntarily by the employee following a request by the Company that the employee relocate more than 50 miles away from the current location of the principal executive offices of the Company. The terminated employee will also receive a pro rata share of any bonus he would otherwise have received pursuant to any bonus plan if his employment had not been terminated. However, if the termination occurs within one year following a Change in Control of the Company (see Appendix A for a definition of this term), then in lieu of the foregoing bonus payment the employee will receive a lump sum equal to twice the prior year's bonus (2.99 times the prior year's bonus if the employee has served as a director). Notwithstanding the foregoing, no individual shall receive salary and bonus payments under both his Severance Agreement and any other agreement. Instead, only the greater of such benefits provided by either agreement shall be paid. On the termination date, any unvested stock or options would become fully vested, and any options would remain outstanding until their normal expiration date. Any amounts accrued for the employee's benefit

under the Senior Executive Retirement Plan would also become fully vested. The individual will continue to receive all employee benefits in effect on the termination date, including, but not limited to, medical and life insurance payments, for two years following termination (2.99 years if the employee has served as a director). In addition, if the employee has served as a director, the foregoing benefits will be provided in the event of any voluntary termination within one year following a Change in Control. The Agreements also provide that any termination of his employment (other than a termination by the Company for Cause) after age 60 (age 53 if the employee has served as a director) will entitle him and his wife, at Company expense, to each continue to participate in the Company's healthcare plan for its employees or receive equivalent coverage, until his or her death, at the greatest level provided at any time since April 2009.

The Company has entered into Part-Time Employment Agreements with each of Messrs. Messmer, Waddell, Gentzkow, Glass and Karel. Each Agreement provides that the employee will be retained as a part-time employee for a four year period following retirement. The individual will provide advice and counsel as requested during the part-time employment period and will be prohibited from competing with the Company's staffing services business or soliciting any employee to leave the Company during that period. In return, the individual will receive annual compensation during the part-time employment equal to 8% of the average annual cash base salary and bonus (including any bonus pursuant to the Annual Performance Bonus Plan) paid during the last five complete calendar years prior to retirement, and stock option and restricted stock awards made prior to retirement will remain outstanding and continue to vest in accordance with their original vesting schedules. For purposes of the Agreements, retirement is defined to be any termination by the employee of his employment subsequent to the later of age 55 or 20 years of service. Messrs. Messmer, Gentzkow and Karel are currently eligible for retirement under this provision.

In 1996, the Company adopted an Excise Tax Restoration Agreement covering Messrs. Berwick, Messmer, Richman, Waddell, Gentzkow, Glass and Karel. If any such individual becomes subject to such a tax in connection with a change of control, he will receive a cash payment equal to the sum of the excise tax due, in addition to an amount necessary to restore him to the same after-tax position as if no excise tax had been imposed.

The Stock Incentive Plan, pursuant to which all equity grants to executive officers subsequent to October 2004 have been made, provides that any award held by an executive officer will vest upon (a) such individual's death or disability or (b) a Change in Control of the Company (see Appendix A for a definition of this term). The only grants that have been made under this plan to executive officers are restricted stock grants. For more details regarding the Stock Incentive Plan, see the discussion below the Grants of Plan-Based Awards table.

All stock option awards to executive officers that are still outstanding were made in 2004 or earlier pursuant to then existing equity plans that were terminated in 2005. All of such options were granted with time vesting schedules. Such time vesting schedules have been satisfied and all such options are now fully vested. Unexercised options held by any executive officer lapse 90 days after the termination of his employment. However, except with respect to options granted prior to 2004 to Mr. Buckley, the award agreements for these options provide that in the event of (a) the executive officer's death or disability, or (b) a Change in Control of the Company (see Appendix A for a definition of this term), such options will remain outstanding until their normal expiration date. The severance agreements described above also provide for the options to remain outstanding until their normal expiration date.

The Annual Performance Bonus Plan, pursuant to which performance-based cash bonuses are paid to executive officers, provides for a pro-rated bonus to be paid to the estate of any executive officer in the event of his death during the year. For more details regarding the Annual Performance Bonus Plan, see the discussion below the Grants of Plan-Based Awards table.

The Deferred Compensation Plan and the Senior Executive Retirement Plan each provide that all vested amounts will be paid following disability or termination of employment for any reason. For more details regarding these two plans, see the discussion below the Nonqualified Deferred Compensation table.





### Payments in the Event of Various Circumstances

Set forth below is information regarding amounts that would have been payable to each of the executive officers pursuant to the arrangements described herein under the assumption that various circumstances had occurred on December 31, 2011. There were no material amendments to any of such arrangements during 2011.

Depending upon the circumstances surrounding separation, the individual may be entitled to receive one or more of the following benefits: (a) immediate vesting of then-unvested restricted stock awards, (b) then-unvested restricted stock awards would remain outstanding, subject to their existing vesting schedule, (c) allocation of additional amounts under the Senior Executive Retirement Plan, (d) immediate vesting of then-unvested amounts under the Senior Executive Retirement Plan, (e) payout of amounts allocated under the Senior Executive Retirement Plan, (f) a lump sum payment whose calculation is based on salary, (g) a lump sum payment whose calculation is based on bonus, (h) retention as a part-time employee (with payment of compensation) for a specified period, (i) continued participation in Company medical plans and payment of other medical expenses until death, or (j) continued payment of life insurance and other miscellaneous benefits for a specified period. Such benefits would be provided pursuant to the Senior Executive Retirement Plan or one or more of the plans or agreements described above under the heading Employment Agreement and Potential Payments upon Termination or Change in Control.

The amounts that actually would be payable if any such event occurs in the future would be different than those set forth below (which, as stated above, are calculated under the assumption that the event occurred on December 31, 2011) because such payments are contingent upon various factors at the time of the occurrence of the assumed event, including, but not limited to, one or more of the following: (1) each individual's then current salary and non-equity award potential, (2) each individual's salary and non-equity award for preceding fiscal years, (3) the amount and nature of unvested equity awards held by the individual, (4) the trading price of the Company's stock, (5) the then current level of benefits and other items, (6) the individual's age or years of service with the Company and (7) the date of termination, including, but not limited to, where the date of termination falls within the fiscal year or the measurement period for a specific grant. For further information regarding the impact of these factors, see the discussion above regarding the Senior Executive Retirement Plan and the discussion under the heading Employment Agreement and Potential Payments upon Termination or Change in Control.

The following table sets forth, for each individual and each possible benefit (a) the value of each such benefit computed on the assumption a triggering event occurred on December 31, 2011, and (b) the circumstances for that individual under which payment of that benefit would be triggered. Note that the circumstances that trigger a specific benefit may be different for different individuals. **As can be seen from the table, not all benefits are paid to an individual under all circumstances. Therefore, no useful information would be obtained by summing the items in any column. For information regarding the total amount payable to any individual upon the occurrence of a specific event, see the table appearing in the next subsection.**

*Value of Specified Severance or Change in Control Benefits*

	Harold M. Messmer, Jr.	Triggering Events (see footnotes for explanation)	M. Keith Waddell	Triggering Events (see footnotes for explanation)	Paul F. Gentzkow	Triggering Events (see footnotes for explanation)	Robert W. Glass	Triggering Events (see footnotes for explanation)	Michael C. Buckley	Triggering Events (see footnotes for explanation)
Restricted Stock Vesting or Remaining Outstanding	\$ 12,025,858	a,b,c,d,e,f	\$ 8,563,472	b,c,d,e,f	\$ 6,630,611	a,b,c,d,e,f	\$ 1,896,204	b,c,d,e,f	\$ 1,717,504	b,d,e,f
Senior Executive Retirement Plan Vesting	n/a		\$ 2,056,467	c,d,e,f	\$ 1,313,305	c,d,e,f	\$ 867,655	c,d,e,f	\$ 507,335	d,e,f
Senior Executive Retirement Plan Change in Control Allocation	n/a		\$ 2,126,446	d,e,f	n/a		n/a		n/a	
Lump Sum Payment Based on Salary	\$ 2,099,151	c,e,f	\$ 792,350	c,e,f	\$ 530,000	c,e	\$ 490,000	c,e	n/a	
Lump Sum Payment Based on Bonus	\$ 14,059,882	c,e,f	\$ 5,262,956	e,f	\$ 3,168,334	e	\$ 997,436	e	n/a	
Lump Sum or Continuing Payment Based on Partial Salary	\$ 1,575,000	b	n/a		n/a		n/a		n/a	
Consulting Fees	\$ 1,313,735	a,f	n/a		\$ 601,018	a,f	n/a		n/a	
Life Insurance and Miscellaneous Benefits	\$ 106,429	c,e,f	\$ 20,729	c,e,f	\$ 24,068	c,e	\$ 4,557	c,e	n/a	
Post Termination Health Care Benefits	\$ 253,020	a,b,c,e,f	\$ 506,923	a,b,c,e,f	\$ 21,699	c,e	\$ 21,406	c,e	n/a	

a Voluntary Resignation or Retirement in the Absence of a Prior Change in Control

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- b Termination by Reason of Death or Disability
- c Termination without Cause in the Absence of a Prior Change in Control
- d Change in Control with No Subsequent Termination
- e Change in Control Followed by an Involuntary Termination without Cause
- f Change in Control Followed by a Resignation or Retirement within One Year Thereafter

*Total Amounts under Specified Circumstances*

The table below sets forth the total amounts of the benefits that would be provided to each individual in the event of the various circumstances described in the table. **Each of the situations described in the table is a separate and complete alternative situation, and each line item sets forth the total amount payable in that alternative. The different line items are not cumulative and should not be added. They are mutually exclusive alternative scenarios.** In all circumstances, each individual would also be entitled, in addition to the amounts set forth below, to receive his then vested account under the Deferred Compensation Plan or the Senior Executive Retirement Plan. These vested amounts are set forth above in the Nonqualified Deferred Compensation table. All amounts are calculated on the assumption that the event occurred on December 31, 2011.

*Total Benefits Payable Under Various Circumstances*

	Harold M. Messmer, Jr.	M. Keith Waddell	Paul F. Gentzkow	Robert W. Glass	Michael C. Buckley
<b>Alternative 1 Voluntary Resignation or Retirement in the Absence of a Prior Change in Control(a)</b>	\$ 13,592,613	\$ 506,923	\$ 7,231,629	\$ 0	\$ 0
<b>Alternative 2 Termination by Reason of Death or Disability</b>	\$ 13,853,878	\$ 9,070,395	\$ 6,630,611	\$ 1,896,204	\$ 1,717,504
<b>Alternative 3 Termination without Cause in the Absence of a Prior Change in Control</b>	\$ 28,544,340	\$ 11,939,941	\$ 8,519,683	\$ 3,279,822	\$ 0
<b>Alternative 4 Change in Control with No Subsequent Termination</b>	\$ 12,025,858	\$ 12,746,385	\$ 7,943,916	\$ 2,763,859	\$ 2,224,839
<b>Alternative 5 Change in Control Followed by an Involuntary Termination without Cause</b>	\$ 28,544,340	\$ 19,329,343	\$ 11,688,017	\$ 4,277,258	\$ 2,224,839
<b>Alternative 6 Change in Control Followed by a Resignation or Retirement within One Year Thereafter</b>	\$ 29,858,075	\$ 19,329,343	\$ 8,544,934	\$ 2,763,859	\$ 2,224,839

- (a) These numbers consist of \$12,025,858 and \$6,630,611 of restricted stock for Messrs. Messmer and Gentzkow, respectively, that would remain outstanding subject to continued vesting requirements and \$1,313,735 and \$601,018 of consulting fees for Messrs. Messmer and Gentzkow, respectively, paid over four years for four years of consulting services. Such amounts are subject to forfeiture if Messrs. Messmer and Gentzkow do not fulfill the terms of their Part-Time Employment Agreements, which are described above under the heading Employment Agreement and Potential Payments upon Termination or Change in Control. These numbers also include \$253,020 and \$506,923 of health benefits for Messrs. Messmer and Waddell, respectively.

**2011 Director Compensation**

Name	Fees Earned or Paid in Cash	Stock Awards(a)	Option Awards(b)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Andrew S. Berwick, Jr.	\$ 70,000	\$ 182,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 252,280
Edward W. Gibbons(c)	\$ 50,250	\$ 182,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 232,530
Barbara J. Novogradac	\$ 49,000	\$ 182,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 231,280
Robert J. Pace	\$ 49,000	\$ 182,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 231,280
Frederick A. Richman	\$ 70,000	\$ 182,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 252,280
J. Stephen Schaub(d)	\$ 13,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,000

(a) Consists of restricted shares granted under a stockholder approved plan. All amounts under the Stock Awards column represent grant date fair value of the underlying stock at the date of grant computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. Pursuant to the SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting. At December 31, 2011, Mr. Berwick held 15,500 restricted shares, Mr. Richman held 15,113 restricted shares, Mr. Pace held 14,338 restricted shares and Ms. Novogradac held 13,950 restricted shares.

(b) At December 31, 2011, Mr. Berwick held options for 72,000 shares.

(c) Mr. Gibbons passed away in November 2011.

(d) Mr. Schaub retired from the Board in May 2011.

Cash fees for outside directors are as follows: (1) an annual fee of \$40,000 for service on the Board, (2) a fee of \$1,500 for each Board meeting attended, (3) a \$3,000 annual fee for service on each of, as applicable, the Audit Committee, the Compensation Committee, and/or the Nominating and Governance Committee, and (4) an additional annual fee of \$15,000 for serving as Chairman of the Audit Committee, the Compensation Committee or the Nominating and Governance Committee. All directors also receive reimbursement for travel and other expenses directly related to activities as directors.

On May 4, 2011, the date of the Company's 2011 Annual Meeting of Stockholders, Messrs. Berwick, Gibbons, Pace and Richman and Ms. Novogradac each received a grant of 6,200 shares of restricted stock under the Stock Incentive Plan. The closing price of the Company's stock on the date of grant was \$29.40 per share, so the grant date fair value of each award was \$182,280. Each of the foregoing grants is subject to a time vesting condition which provides for the vesting of 25% of the grant on each of May 1, 2012, May 1, 2013, May 1, 2014 and May 1, 2015. Notwithstanding the foregoing, each grant will vest upon the recipient's retirement (except under certain specified circumstances), death, termination due to total and permanent disability, or the occurrence of a Change in Control (see Appendix A for a definition of this term). Each of Messrs. Berwick and Richman is eligible for retirement under the foregoing provision.

## CORPORATE GOVERNANCE

### Transactions with Related Persons

In 2011, there were no transactions with related persons of the type required to be disclosed pursuant to Item 404(a) of Regulation S-K adopted by the Securities and Exchange Commission.

### Policy Regarding Transactions with Related Persons

The Company's policy with respect to related party transactions is that directors and officers are expected to report any transaction that the Company would be required to disclose pursuant to Item 404(a) of Securities and Exchange Commission Regulation S-K (a Related-Party Transaction) to the Nominating and Governance Committee. All such Related-Party Transactions shall be subject to the review and approval of the non-interested members of the Nominating and Governance Committee. In determining whether to approve any such transaction, the Nominating and Governance Committee will consider such factors as it deems relevant, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in arm's length negotiations with an unrelated third party. This policy is expressed in the Company's Corporate Governance Guidelines, which guidelines are available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

### Section 16(a) Beneficial Ownership Reporting Compliance

To the best of the Company's knowledge, each of the directors and executive officers filed on a timely basis all forms required to be filed with respect to 2011 pursuant to Section 16(a) of the Securities Exchange Act of 1934.

### Code of Ethics

The Company has adopted a code of ethics applicable to the directors and to all employees, including, but not limited to, the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Business Conduct and Ethics is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

### Director Independence

The Board of Directors has determined that each of Messrs. Berwick, Pace and Richman and Ms. Novogradac has no material relationship with the Company and therefore is independent as defined by Section 303A of the Listed Company Manual of the New York Stock Exchange. In making such determination, the Board has adopted guidelines providing that any relationship with the Company shall be deemed to be *not* material if (a) the director meets the independence requirements set forth in Sections 303A.02(b)(i) through 303A.02(b)(v) of the New York Stock Exchange's Listed Company Manual and (b) the relationship is not required to be disclosed pursuant to Item 404(a) of Regulation S-K adopted by the Securities and Exchange Commission. Generally, such Item 404(a) requires disclosure, with certain exceptions, of transactions

exceeding \$120,000 in which a director or executive officer has a material direct or indirect interest.

**Required Officer Ownership**

The Board of Directors has adopted a policy regarding minimum required share ownership by the Company's executive officers. Details regarding such policy are available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab. Pursuant to such policy, the minimum number of shares that Messrs. Messmer, Waddell, Gentzkow, Glass, Karel and Buckley are required to own are 184,643, 93,201, 93,201, 72,099, 72,099 and 56,578, respectively.



### **Required Director Ownership**

The Board of Directors has adopted a policy regarding minimum required share ownership by the Company's directors. Details regarding such policy are available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab. Pursuant to such policy, each director is required to own a minimum of 10,000 shares no later than the later to occur of (a) October 29, 2009 or (b) three years from the commencement of such individual's current tenure as director.

### **Severance Benefits Policy**

The Compensation Committee has adopted a Compensation Committee Policy Regarding Severance Benefits for Executive Officers, pursuant to which future severance agreements with any executive officer shall not, individually or in the aggregate, provide severance benefits, as defined in the policy, that exceed 2.99 times the sum of such executive officer's base salary and annual bonus. This policy is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

It should be noted that no executive officer has ever been terminated under circumstances that required severance payments.

### **Clawback Policy**

The Compensation Committee has adopted an Executive Compensation Clawback Policy. This policy is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

It should be noted that the Company has never restated its financial statements.

### **CEO Succession Plan**

The Company's Corporate Governance Guidelines require that the Board of Directors adopt a CEO Succession Plan and that the plan be reviewed annually. Such a plan has been adopted and it has been reviewed by the Board within the past year. Information regarding the requirements of the plan is contained in the Company's Corporate Governance Guidelines, which guidelines are available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

### **Director Succession Plan**

The Company's Board of Directors has adopted a Director Succession Plan. The plan is an appendix to the Company's Corporate Governance Guidelines, which guidelines are available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

**Board of Directors Leadership Structure**

Harold M. Messmer, Jr. serves as both Chairman and Chief Executive Officer. As President of the Company in 1986, Mr. Messmer negotiated the purchase of Robert Half Incorporated, the predecessor of the Company, which had annual revenues of approximately \$7 million. Since 1988, Mr. Messmer has functioned as both Chairman and Chief Executive Officer. During Mr. Messmer's tenure in both positions, the Company has experienced substantial growth. Annual revenues for 2011 were approximately \$3.8 billion. The Company's cumulative return to stockholders during Mr. Messmer's service as both Chairman and Chief Executive Officer was over 1,700%, which is an average annual compound return of 14%. In 1988, the Company's business consisted solely of the operation or franchising of offices placing temporary and full-time professionals in the fields of accounting and finance. Under Mr. Messmer's tenure, the Company has (a) expanded its placement services to include temporary and full-time professionals in the office, administrative, technology, legal and creative fields, (b) acquired all of its franchisees and (c) created a subsidiary named Protiviti that provides

business consulting and internal audit services. The Company has also expanded its operations from the United States into more than 20 countries on five continents. The Company and Mr. Messmer have received numerous accolades. The Company has had multiple appearances on *Forbes* magazine's Best Big Companies list (1999 through 2001 and 2003 through 2008) and on *FORTUNE* Magazine's Most Admired Companies lists (each year from 1999 through 2011). In 2011, the Company was named to *Human Resource Executive* magazine's Most Admired for HR list. The Company has been recognized by *Diversity Employer* magazine as a Top Employer every year since 2005. Mr. Messmer has been named to *Institutional Investor* magazine's Best CEOs list three times (in 2006, 2007 and 2008), was named Ernst & Young's Entrepreneur of the Year in 2007, was selected by Morningstar, Inc. as 2003 CEO of the Year and was elected to the San Francisco Bay Area Council Business Hall of Fame in 2010. In 2011, Mr. Messmer received the Staffing Innovator Award from Staffing Industry Analysts, Inc. and was named by the *San Francisco Business Times* as the San Francisco Bay Area's Most Admired CEO in the large public company category. In light of the considerable success the Company has experienced under Mr. Messmer's leadership, the Board of Directors believes it was appropriate to have him serve as both Chairman and Chief Executive Officer.

Andrew S. Berwick, Jr., Chairman of the Nominating and Governance Committee has been designated Lead Director. Mr. Berwick's duties include, among other things, presiding at executive sessions of the independent directors, working with the Chairman to establish agendas and schedules for Board of Directors meetings and approving the retention of any consultants retained by the Board of Directors. The Company's Board of Directors has adopted a Lead Director Statement of Duties, which contains further information regarding the role of the Lead Director. The statement is an appendix to the Company's Corporate Governance Guidelines, which guidelines are available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

#### **Risk Oversight Role**

The Board of Directors exercises its risk oversight function in a variety of ways, both directly and through its various committees.

The Board of Directors reviews and approves the Company's annual strategic plan. At its meetings, it receives reports from the Chairmen of its committees. The Board also periodically receives presentations from the heads of the Company's various operating departments. Compliance policies are reviewed and re-approved annually.

As prescribed in its charter, the Audit Committee monitors guidelines and policies that govern the process by which risk assessment and management is undertaken. The Committee receives a quarterly written report from the manager of the Company's internal audit and risk management department and discusses the report with the manager. The Audit Committee reviews and adopts the budget of the internal audit and risk management department and also reviews and approves, in advance, the scope and the staffing of the internal audit. Any complaints to the Company's Financial Controls Hotline are automatically routed to the Chairman of the Audit Committee in addition to the appropriate management personnel.

The Compensation Committee approves all executive compensation programs. It believes that the emphasis on time vesting equity compensation encourages executive officers to take a long-term view when making decisions. In addition, both cash bonuses and share awards are subject to the Company's Clawback Policy, which is available at the Company's website at [www.rhi.com](http://www.rhi.com) in the Corporate Governance section under the Investor Center tab.

#### **Available Information**

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The Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, and charters for its Audit Committee, Compensation Committee and Nominating and Governance Committee are available on its website, which is [www.rhi.com](http://www.rhi.com), in the Corporate Governance section under the Investor Center tab. Each of these documents is also available in print to any stockholder who makes a request to Robert Half International Inc., 2884 Sand Hill Road, Menlo Park, CA 94025, Attn: Corporate Secretary.

## THE BOARD AND COMMITTEES

The Board met four times during 2011. Each of the directors attended at least 75% of the aggregate number of meetings of the Board and of the committees of the Board held while a member thereof.

It is the Company's policy that directors are expected to attend the Annual Meeting of Stockholders. All of the directors attended the 2011 Annual Meeting of Stockholders.

The Board of Directors has standing Audit, Compensation, Nominating and Governance, and Executive Committees.

The Audit Committee, currently composed of Messrs. Berwick and Richman and Ms. Novogradac, met four times during 2011. The functions of the Audit Committee include selecting the Company's independent auditors (subject to stockholder ratification), approving the fees of the independent auditors, monitoring the qualifications and independence of the independent auditors, consulting with the independent auditors with regard to the plan of audit, the results of the audit and the audit report, conferring with the auditors with regard to the adequacy of internal accounting controls, and monitoring the effectiveness of the Company's internal accounting function.

The Compensation Committee, currently composed of Messrs. Berwick and Richman, met four times during 2011. The function of the Compensation Committee is to establish compensation policies for the Company's senior officers and to administer compensation plans in which officers, directors and employees are eligible to participate.

The Nominating and Governance Committee, currently composed of Messrs. Berwick, Pace and Richman, met twice during 2011. The Nominating and Governance Committee's role is to recommend candidates to fill any vacancy that may occur in the Board of Directors, develop and recommend corporate governance guidelines to the Board and oversee the evaluation of the Board and management.

The Executive Committee, currently composed of Messrs. Messmer, Berwick and Pace, did not meet during 2011. The Executive Committee has all of the powers of the Board of Directors, with certain specific exceptions required by Delaware law.

The Company's independent directors meet regularly in executive session without management. Prior to his death in November 2011, Edward W. Gibbons, who was Chairman of the Nominating and Governance Committee and Lead Director, presided at such meetings. Such meetings are now presided by Andrew S. Berwick, Jr., who currently is Chairman of the Nominating and Governance Committee and Lead Director.

### **Nominating and Governance Committee**

*Nominating and Governance Committee Charter*

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The Nominating and Governance Committee has adopted a charter. It is available on the Company's website, which is [www.rhi.com](http://www.rhi.com). The charter can be found in the Corporate Governance section under the Investor Center tab.

### *Submission to Nominating and Governance Committee of Suggested Nominees for Director*

The Nominating and Governance Committee will consider director candidates recommended by stockholders. A stockholder wishing to submit a candidate to the Nominating and Governance Committee for consideration as nominee for director shall submit the information set forth below to Robert Half International Inc., 2884 Sand Hill Road, Menlo Park, CA 94025, Attn: Corporate Secretary Director Candidate. The Corporate Secretary will forward the information to the Nominating and Governance Committee. The information to be included in any such submission is: (a) a statement from the nominee consenting to be named

in the proxy and proxy card if selected and to serve on the board if elected, (b) whether the candidate qualifies as independent under the listing standards of the New York Stock Exchange, (c) the nominee's biographical data (including other boards on which the nominee serves), business experience and involvement in any legal proceedings, including any involving the Company, (d) transactions and relationships between the nominee and the recommending stockholder, on the one hand, and the Company or management, on the other hand, (e) the stock trading history and current ownership information of the recommending stockholder and the nominee, including the name and address of the recommending stockholder and the nominee as they appear on the Company's stock ledger, (f) any material proceedings to which the nominee or his associates is a party that are adverse to the Company, (g) information regarding whether the recommending stockholder or nominee (or their affiliates) have any plans or proposals for the Company and (h) whether the recommending stockholder and nominee seek to use the nomination to redress personal claims or grievances against the Company or others or to further personal interests or special interests not shared by stockholders at large. In evaluating individuals for nomination as director, the Nominating and Governance Committee shall select individuals who (a) have skills and experience that can be of assistance to management in operating the Company's business, (b) demonstrate integrity, accountability and judgment and (c) can be expected to add to the total mix of individuals on the Board of Directors so as to give the Company a Board that exhibits effectiveness, collegiality, diversity and responsiveness to the needs of the Company. Diversity is not further defined in the Corporate Governance Guidelines, but is applied in its broadest sense so as to encourage the selection of a diverse group of Board members that will give the Company the benefit of a wide mix of talent, experience and skills. Other factors that may be considered include (i) experience with small to mid-size businesses (the Company's principal client base), (ii) a record of entrepreneurial success and/or (iii) financial or accounting experience.

## **Audit Committee**

### *Audit Committee Charter*

The Company's Board of Directors has adopted a charter for the Audit Committee. The charter is available on the Company's website, which is [www.rhi.com](http://www.rhi.com). The charter can be found in the Corporate Governance section under the Investor Center tab. The Board of Directors has determined that all of the members of the Audit Committee are independent as defined in the New York Stock Exchange's listing standards.

### *Audit Committee Financial Expert*

The Board of Directors has also determined that Barbara J. Novogradac, who is Chairman of the Audit Committee, is an audit committee financial expert and independent in accordance with the requirements of Item 407(d)(5) of Securities and Exchange Commission Regulation S-K and the rules and regulations of the New York Stock Exchange.

### *Audit Committee Report*

*Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate by reference this Proxy Statement or future filings with the Securities and Exchange Commission, in whole or in part, the following information shall not be deemed to be incorporated by reference into any such filings.*

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2011, contained in the Company's Annual Report on Form 10-K (the 2011 Financial Statements) with the Company's management. The Audit Committee has discussed with PricewaterhouseCoopers LLP (PwC), an independent registered public accounting firm that is the Company's independent auditors, the matters required to be discussed by SAS 61, as amended. The Audit Committee has also received the written disclosures and the letter from PwC required by applicable requirements of the Public





Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence and has discussed PwC's independence with them. Based on the foregoing review and discussions, the Audit Committee has recommended to the Company's Board of Directors that the 2011 Financial Statements be included in the Company's Annual Report on Form 10-K.

Andrew S. Berwick, Jr.

Barbara J. Novogradac

Frederick A. Richman

## **Compensation Committee**

### *Compensation Committee Charter*

The Compensation Committee has adopted a charter. It is available on the Company's website, which is [www.rhi.com](http://www.rhi.com). The charter can be found in the Corporate Governance section under the Investor Center tab.

### *Compensation Committee Procedures*

Each component of executive compensation is determined by the Compensation Committee. The Compensation Committee determines what changes, if any, should be made to continuing arrangements, such as base salaries and fringe benefits. When determining compensation for the coming year, the Compensation Committee reviews (a) the Company's results for the prior year, (b) the issues that will confront the Company in the coming year, (c) the individual performance of the executive officers, (d) the need to set compensation at levels that promote retention and (e) such other information it deems appropriate. After such review, it makes its ultimate determinations based upon its evaluation of such information and its long term experience with the Company. While the Compensation Committee receives input from the Chief Executive Officer and Chief Financial Officer and discusses compensation with them, the ultimate decision regarding compensation is solely at the discretion of the Committee. For further information, see Compensation Discussion and Analysis, above. The Compensation Committee has the authority to retain consultants to assist with its decisions. No consultant was involved in determining compensation for 2009, 2010 or 2011.

Compensation of directors is determined by the full Board of Directors, except for equity awards under the Stock Incentive Plan, which are made by the Compensation Committee.

### *Compensation Committee Report*

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis appearing earlier in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Andrew S. Berwick, Jr.

Frederick A. Richman

## **Stockholder Communications with Directors**

Stockholders or other interested persons who wish to communicate with any director, with the non-management directors as a group, or the entire Board may do so by addressing communications to such person or persons c/o Robert Half International Inc., 2884 Sand Hill Road, Menlo Park, CA 94025, Attn: Corporate Secretary Director Communication. The Corporate Secretary or his delegee will forward such communication to the addressee unless he determines that the communication is not suitable for delivery. Examples of communications that would not be suitable for delivery include, but are not limited to, (a) advertisements or solicitations, (b) frivolous, obscene or offensive items, and (c) communications unrelated to the business, affairs or governance of the Company.

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**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected PricewaterhouseCoopers LLP, an independent registered public accounting firm, to audit the books, records and accounts of the Company for 2012, subject to ratification by stockholders. PricewaterhouseCoopers LLP has acted as auditors of the Company since 2002. Representatives of that firm will be present at the Meeting and will have the opportunity to make a statement if they desire to do so. They will also be available to respond to questions.

PricewaterhouseCoopers charges for 2010 and 2011 were as follows:

	2010	2011
Audit Fees	\$ 1,757,069	\$ 1,782,466
Audit-Related Fees	\$ 7,928	\$ 10,619
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ 0	\$ 0

The 2010 and 2011 Audit-Related Fees were incurred in connection with attest services relating to reviews of financial information for three wholly owned subsidiaries. Rule 2-01(c)(7)(i)(C) of Securities and Exchange Commission Regulation S-X (relating to waivers with respect to the requirement that fees be pre-approved) was not applicable to any of the services for 2010 or 2011 described in the above table.

**Audit Committee Policy Regarding Pre-Approval of Services of Independent Auditors**

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the independent auditor is required to provide detailed back-up documentation at the time of approval. The Audit Committee may delegate pre-approval authority to one or more of its members. Such a member must report any decisions to the Audit Committee at the next scheduled meeting.

**Required Vote**

The affirmative vote of the holders of a majority of the outstanding shares of Common Stock present in person or by proxy at the Meeting and entitled to vote is required for ratification of the appointment of PricewaterhouseCoopers LLP as auditors for 2012.

**Board Recommendation**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY A CONTRARY CHOICE IN THEIR PROXIES.



### ADVISORY VOTE ON EXECUTIVE COMPENSATION

Stockholders are entitled to cast an advisory vote at the annual meeting to approve the compensation of the Company's named executive officers, as disclosed in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's named executive officers and the philosophy, policies and practices described in this proxy statement. Although, pursuant to the Dodd-Frank Act, the vote is non-binding, the Compensation Committee and the Board of Directors will consider the outcome of the vote in establishing compensation philosophy and making future compensation decisions.

The Company's executive compensation programs are designed to attract and retain key individuals who are critical to the success of a personal services business in which there are few tangible assets and in which people represent the true assets of the Company. The Compensation Committee's view is that, as a personal services business, it is in the Company's long term best interest to be known as an organization offering the opportunity to achieve superior remuneration in the industry. The Committee believes the vast majority of such remuneration should be contingent on achieving outstanding results. As part of its effort to emphasize performance based compensation, the Committee has set base salaries at levels it considers modest and instead heavily weights remuneration toward performance based compensation. An examination of the Summary Compensation Table will show that the vast majority of each executive's compensation consists of performance based restricted share awards and performance based cash payments earned under the stockholder approved plans. The Compensation Committee's policy to provide the opportunity for top level compensation and incentives for extraordinary results has been essentially unchanged for many years, and it is believed that the success of this policy is reflected by the superior results that management has achieved for the Company. More information regarding the Compensation Committee's philosophy regarding executive officer compensation is set forth in the section titled Compensation Discussion and Analysis.

Stockholders are asked to indicate their support for our named executive officer compensation as described in this proxy statement by voting FOR the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis, compensation tables and narrative discussion, is hereby approved.

#### Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of Common Stock present in person or by proxy at the Meeting and entitled to vote is required for approval of the proposal. The total vote cast on the proposal also must equal or exceed at least 50% of the number of shares of Common Stock outstanding on the Record Date.

#### Board Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PROPOSAL RELATING TO EXECUTIVE COMPENSATION. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY A CONTRARY CHOICE IN THEIR PROXIES.

**STOCKHOLDER MATTERS**

**Proposal of Matters for Inclusion in Proxy Statement**

In order to be included in the Company's proxy statement and form of proxy for the 2013 Annual Meeting of Stockholders, a stockholder proposal must, in addition to satisfying the other requirements of the Securities and Exchange Commission's rules and regulations, be received at the principal executive offices of the Company not later than December 26, 2012.

**Presentation of Business at Annual Meeting of Stockholders**

Any stockholder proposal, including the nomination of an individual for election to the Board of Directors, not intended for inclusion in the Company's proxy statement and form of proxy must, in addition to satisfying the other requirements of the Company's By-laws, be received at the principal executive offices of the Company between February 23, 2013 and March 25, 2013, inclusive, in order to be presented at the 2013 Annual Meeting. The following information is required to be included with the submission of any such proposal or nomination: (a) for any nominee for director, all information relating to the candidate as is required to be disclosed in a proxy statement pursuant to the rules of the Securities and Exchange Commission (including such candidate's written consent), (b) as to any other proposal, a brief description of (i) the proposal, (ii) the reasons for raising the proposal at the meeting and (iii) any material interest the stockholder has in the proposal, and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner and (ii) the number of shares of the Company which are owned beneficially and of record by such stockholder and such beneficial owner.

**OTHER MATTERS**

The proxy authorizes the holders to vote, in their discretion, upon any other business that comes before the Meeting and any adjournment of the Meeting. The Board knows of no other matters which will be presented to the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

STEVEN KAREL  
*Secretary*

Menlo Park, California

April 24, 2012

**YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE REQUESTED TO SIGN AND RETURN THE ACCOMPANYING FORM IN THE ENCLOSED, POST-PAID ENVELOPE. ALTERNATIVELY, YOU MAY, IF YOU WISH, VOTE VIA THE INTERNET OR VIA TOLL-FREE TELEPHONE CALL FROM A TOUCH-TONE TELEPHONE IN THE U.S. BY FOLLOWING THE DIRECTIONS ON THE ENCLOSED FORM.**



### Definitions of Certain Terms Used in the Proxy Statement

#### *Change in Control*

As used in the proxy statement discussion of the Senior Executive Retirement Plan, the Stock Incentive Plan, and the various plans and agreements discussed under the heading Employment Agreement and Potential Payments upon Termination or Change in Control, the term Change in Control means the occurrence of any of the following:

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

(b) The liquidation or dissolution of the Company.

(c) A change in the composition of the Board of Directors of the Company occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. Incumbent Directors shall mean directors who either (i) are directors of the Company as of the date hereof, or (ii) are elected, or nominated for election, to the Board of Directors of the Company with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company). As a result of or in connection with any cash tender offer, merger, or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Company just prior to such event shall cease within one year to constitute a majority of the Board.

(d) The Company ceases to be an independent publicly owned corporation.



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(e) The Company (i) merges or consolidates with or into another corporation in which the holders of the Stock immediately before such merger or reorganization do not, immediately following such merger or reorganization, hold as a group on a fully-diluted basis both the ability to elect at least a majority of the directors of the surviving corporation and at least a majority in value of the surviving corporation's outstanding equity securities, or (ii) sells or otherwise disposes of all or substantially all of its assets.

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*Termination other than for Cause*

As used in the proxy statement discussion of the Employment Agreement with Harold M. Messmer, Jr., a termination for Cause means a termination by the Company of Mr. Messmer's employment by the Company by reason of Mr. Messmer's willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to, the Company or by reason of Mr. Messmer's willful material breach of his employment agreement which has resulted in material injury to the Company; provided, however, that Mr. Messmer's employment shall not be deemed to have been terminated for Cause if such termination took place as a result of any act or omission believed by Mr. Messmer in good faith to have been in the interest of the Company.

As used in the proxy statement discussion of the Severance Agreements with Messrs. Messmer, Waddell, Gentzkow, Glass and Karel, a termination for Cause means a termination by the Company of the employee's employment by the Company by reason of the employee's willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to the Company, or by reason of the employee's willful material breach of any employment agreement with the Company, which has resulted in material injury to the Company; provided, however, that the employee's employment shall not be deemed to have terminated for Cause if such termination took place as a result of any act or omission believed by the employee in good faith to have been in the interest of the Company.



