HALF ROBERT INTERNATIONAL INC /DE/
Form DEF 14A
April 15, 2016

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x 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))**

x 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):

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1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

ROBERT HALF INTERNATIONAL INC.

2884 Sand Hill Road

Menlo Park, California 94025

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held

Monday, May 16, 2016

11:00 A.M.

To the Stockholders:

The annual meeting of stockholders of ROBERT HALF INTERNATIONAL INC. (the Company) will be held at 11:00 a.m. on Monday, May 16, 2016 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 seven directors.

2. To ratify the appointment of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as auditors for 2016.

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 March 24, 2016 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 16, 2016

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 2015 Annual Report to Stockholders are available at *http://www.roberthalf.com/14aFilings* and *http://www.roberthalf.com/AnnualReport*, respectively.

BY ORDER OF THE BOARD OF DIRECTORS

EVELYN CRANE-OLIVER
Secretary

Menlo Park, California

April 15, 2016

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 15, 2016. The proxy is solicited for use at the annual meeting of stockholders (the Meeting) to be held at 11:00 a.m. on Monday, May 16, 2016, at The Westin Hotel San Francisco Airport, 1 Old Bayshore Highway, Millbrae, California, 94030. Only stockholders of record on March 24, 2016 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 March 24, 2016, the Company had outstanding and entitled to vote 131,633,045 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. The Company has retained the services of Georgeson LLC to solicit the proxies of certain stockholders for the annual meeting. The cost of such services is estimated to be $10,000 plus reimbursement of out-of-pocket expenses. In addition, solicitation of proxies may be made by directors, officers or employees of the Company (who will receive no extra compensation for their services) by telephone, by fax or in person 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.

NOMINATION AND ELECTION OF DIRECTORS

There are seven 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 seven 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 date of the Meeting and the year current service as a director began.

Name	Age	Director Since
Andrew S. Berwick, Jr.	82	1981
Harold M. Messmer, Jr.	70	1982
Marc H. Morial	58	2016
Barbara J. Novogradac	55	2009
Robert J. Pace	53	2009
Frederick A. Richman	70	2008
M. Keith Waddell	59	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.

Mr. Morial has been President and CEO of the National Urban League, the largest historic civil rights organization in the United States, since 2003. From 1994 to 2002, he served as Mayor of the City of New Orleans. Mr. Morial also served on the independent advisory board of the Company s Protiviti Inc. subsidiary from 2009 until his election to the Board in March 2016.

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.

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, 2011 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.

Mr. Morial served on the board of directors of Corinthian Colleges, Inc., a for-profit post-secondary education company, from April 27, 2013 to August 2015.

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.

Mr. Morial has substantial leadership experience, having served as President and CEO of the National Urban League from 2003 through the present, following two terms as the Mayor of the City of New Orleans from 1994 to 2002. Mr. Morial was a member of the independent advisory board of the Company s Protiviti Inc. subsidiary from 2009 until March 2016.

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

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

Name	Age	Office
Harold M. Messmer, Jr.	70	Chairman of the Board and Chief Executive Officer
M. Keith Waddell	59	Vice Chairman of the Board, President and Chief Financial Officer
Paul F. Gentzkow	60	President and Chief Operating Officer-Staffing Services
Robert W. Glass	57	Executive Vice President, Corporate Development
Michael C. Buckley	50	Executive Vice President, Chief Administrative Officer and Treasurer

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.

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.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this proxy statement, the Company has disclosed information that may be forward-looking in nature, including the earnings per share, revenue and net income goals for 2016 discussed in the Compensation Discussion and Analysis section of this proxy statement. The goals for 2016 are targets set by the Compensation Committee for compensation purposes only. They are not a guarantee of future performance or intended to be the Company s projections or guidance for 2016. To the extent they may be deemed forward looking statements, they are subject to risks and uncertainties associated with our business. For information regarding risks and uncertainties associated with our business and a discussion of some of the factors that may cause actual results to differ materially from these goals used for performance-based compensation, please refer to our SEC filings, including the Management s Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and Legal

Proceedings sections of our 2015 Annual Report on Form 10-K. The Company undertakes no obligation to update information in this proxy statement.

BENEFICIAL STOCK OWNERSHIP

The following table sets forth information as of March 31, 2016, 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. 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
The Vanguard Group, Inc. P.O. Box 2600 Valley Forge, PA 19482	11,805,258(a)	9.0%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	8,365,708(b)	6.4%
Andrew S. Berwick, Jr.	352,613(c)	0.3%
Harold M. Messmer, Jr.	1,304,754(d)	1.0%
Marc H. Morial	(e)	0.0%
Barbara J. Novogradac	127,568(f)	0.1%
Robert J. Pace	68,646(g)	0.1%
Frederick A. Richman	42,146(h)	0.0%
M. Keith Waddell	1,384,418(i)	1.1%
Paul F. Gentzkow	645,514(j)	0.5%
Robert W. Glass	381,524(k)	0.3%
Michael C. Buckley	161,782(l)	0.1%
All executive officers and directors as a group (10 persons)	4,468,965	3.4%

(a) Information is as of December 31, 2015, 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 is held with respect to 244,094 shares, shared voting power is held with respect to 12,600 shares, sole dispositive power is held with respect to 11,547,273 shares, and shared dispositive power is held with respect to 257,985 shares.

(b) Information is as of December 31, 2015, 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 is held with respect to all of such shares and sole voting power is held with respect to 6,931,874 shares.

(c) Includes 14,196 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.

(d) Includes 428,738 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 45,167 shares as to which Mr. Messmer has voting and dispositive power but disclaims pecuniary interest, 500,000 shares held in trusts as to which Mr. Messmer has voting and dispositive power, and 330,849 shares as to which Mr. Messmer shares voting and dispositive power with his wife.

(e) Mr. Morial joined the Board of Directors on March 23, 2016, and no securities are beneficially owned.

(f) 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 14,196 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.

(g) Includes 14,196 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.

(h) Includes 14,196 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.

(i) Includes 342,701 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 1,041,717 shares as to which Mr. Waddell shares voting and dispositive power with his wife.

(j) Includes 289,426 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, and 356,088 shares as to which Mr. Gentzkow shares voting and dispositive power with his wife.

(k) Includes 74,396 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 and 307,128 shares as to which Mr. Glass shares voting and dispositive power with his wife.

(l) Includes 91,943 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 69,839 shares as to which Mr. Buckley shares voting and dispositive power with his wife.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In this Compensation Discussion and Analysis (CD&A), we provide the following:

Executive Summary	page 7
Compensation Risk and Governance	page 10
2015 Financial Highlights & 2015 Compensation Highlights	page 11
Compensation Philosophy Pay for Performance	page 14
Compensation Process	page 15

Executive Summary

Fiscal 2015 was a year of strong financial and strategic performance. Fiscal 2015 at a glance:

Performance and Compensation Highlights

In 2015, the Compensation Committee took the following steps to continue to align 2015 compensation with performance and shareholder interests:

The Company did not change base salaries for its executive officers in 2015. In fact, base salaries for the CEO and CFO have not changed during the last 18 years.

The Company set 2015 target cash bonus levels at the same amounts as 2014 target bonus levels. Cash bonuses were subject to two annual performance conditions net income (80% weighting) and revenue (20% weighting). Target amounts for 2015 were set to achieve 16.5% annual growth in net income and 10.5% annual growth in revenue. Actual 2015 performance was achieved at 100.4% of target net income and 98.2% of target revenue. As a result, bonuses for 2015 were equal to 99.96% of 2015 target bonuses.

Named Executive Officers (NEOs)

Harold M. Messmer, Jr.

Chairman of the Board and Chief Executive Officer

M. Keith Waddell

President and Chief Financial Officer

Paul F. Gentzkow

President and Chief Operating Officer, Staffing Services

Robert W. Glass

Executive Vice President, Corporate Development

All equity awards issued to executive officers during 2015 were again 100% performance shares. Performance share grants were subject to three-year cliff vesting and two performance conditions annual earnings per share (EPS) and a modifier based on three-year cumulative total shareholder return (TSR) relative to an industry GICS index.

Michael C. Buckley

Executive Vice President, Chief Administrative Officer

Revenues

Net Income

Diluted Earnings per Share

Return on Equity

Strong 2015 Operating Performance

Revenue Growth: 8.5%

Net Income Growth: 17%

EPS Growth: 19%

Multi-Year Growth Continues

The fourth quarter of 2015 represents the 23rd consecutive quarter of double digit growth in net income and earnings per share.

Double-digit 3yr and 5yr Shareholder Returns

Total shareholder returns for the 3- and 5-year periods ending December 31, 2015 were double-digit percentages notwithstanding stock price declines in the fourth quarter of 2015 due to heightened global economic uncertainty.

Total Shareholder Returns

(Compounded Annually)

Say On Pay 98% Approval

Our shareholders were supportive of the structure and philosophy of our pay program and, as a result, we have made no material changes. Mr. Messmer s total direct compensation for fiscal 2015 was over 94% performance-based and the year-over-year increase in his total direct compensation is consistent with our year-over-year increase in operational performance.

CEO Pay

Total Direct Compensation (base salary, bonus and performance shares as set forth in the Supplemental Summary Compensation Table): Fiscal 2014: $8,292,876

Fiscal 2015: $8,904,570

Pay for Performance

In line with the Compensation Committee s pay-for-performance philosophy, the compensation of the CEO, when expressed as a percentage of the Company s total market capitalization, was 0.12% as compared with a median of 0.51% for the staffing industry, as illustrated in the adjacent graph.

Compensation as a Percentage of Market Capitalization

Performance Share TSR Modifier

Notwithstanding strong operating results for the 3 years ended 2015, the Company s relative TSR ranking resulted in a partial forfeiture by the NEOs of the 2013 Performance Shares and related accrued but unpaid dividends.

3 year Cumulative TSR	64.58%
TSR Ranking vs. GICS Group	47th percentile
2013 Performance Share Forfeiture	9%

* 2015 Staffing Firm Executive Compensation Analysis prepared by Equilar Inc., for Staffing Industry Analysts on 11/6/2015 for highest paid executive officers at 63 global staffing firms. (Compensation data for 2014 was used as it was the latest data available.)

Listening to Our Shareholders

The Company s informed and accessible Compensation Committee is composed solely of independent directors that have established effective means for communicating with shareholders, including the opportunity for shareholders to cast a non-binding advisory vote regarding executive compensation at the Company s annual shareholders meeting.

The Compensation Committee is very interested in the ideas and concerns of our shareholders regarding executive compensation. An advisory vote regarding executive compensation was presented to shareholders for the fifth time at last year s annual meeting of shareholders and approved by approximately 98% of shareholder votes, consistent with prior advisory votes by our shareholders regarding executive compensation.

Compensation Risk and Governance

The Company s compensation program has the following features for alignment with best practices:

Hedging and Pledging Policy	The Company does not allow any pledging or hedging of Company stock by directors, officers, and employees.
Director Elections	The Company amended its By-laws to provide for a plurality standard in contested elections.
Maximum Award Amounts	The Compensation Committee establishes caps on maximum awards with appropriate balance between long-term and short-term objectives.
No Dividends on Unearned Shares	Equity awards do not receive dividends until all performance conditions and time vesting requirements have been satisfied. Dividends declared prior to the satisfaction of all requirements are accrued but not paid until the shares vest. If a portion of the award is forfeited, the accrued dividends on that portion will also be forfeited.
Clawback Policy	The Compensation Committee has adopted an Executive Compensation Clawback Policy. This policy is available at the Company s website at *www.roberthalf.com* in the Corporate Governance section under the About Us/Investor Center tab. The Company has never restated its financial statements.
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.roberthalf.com* in the Corporate Governance section under the About Us/Investor Center tab. No executive officer has ever been terminated under circumstances that required severance payments.
Share Ownership Policy	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.roberthalf.com* in the Corporate Governance section under the About Us/Investor Center tab. Pursuant to such policy, the minimum number of shares that Messrs. Messmer, Waddell, Gentzkow, Glass, and Buckley are required to own are 184,643, 93,201, 93,201, 72,099, and 55,198, respectively. Each such officer owns significantly more shares than the minimum requirement.

	The Board of Directors has also 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.roberthalf.com* in the Corporate Governance section under the About Us/Investor Center tab. Pursuant to such policy, each director is required to own a minimum of 10,000 shares no later than three years from the commencement of such individual s current tenure as director. Each director with more than three years tenure also owns significantly more shares than the minimum requirement.
No Excise Tax Gross-Up Payments	The Compensation Committee has established that no excise tax gross up payments shall be made to executive officers or outside directors in the event of a change in control.
No Perquisites	The Compensation Committee again provided no perquisites to the executive officers during 2015.

Based on the above governance features, the Compensation Committee does not believe that the compensation program creates risks that are reasonably likely to have a material adverse effect on the Company.

2015 Financial Highlights

In the view of the Compensation Committee, management achieved excellent results in 2015, as noted below:

1. During 2015 the Company s revenues, net income and earnings per share grew by 8.5%, 17.0% and 19.3% respectively.

2. The fourth quarter of 2015 marked the 23rd consecutive quarter of double-digit net income and EPS percentage growth on a year-over-year basis.

3. The Company s unlevered return on equity for 2015 was 36%.

4. The Company had operating cash flow of $438 million in 2015, which helped to fund approximately $228 million in stock repurchases on the open market, $90 million for acquisitions and capital expenditures, $28 million for employee benefit plans and the payment of $108 million in dividends to stockholders. The cash dividend has been raised every year since it was initiated in 2004.

5. The Company has returned $1.2 billion to stockholders during the past five years in the form of either dividends or stock repurchases.

6. The Company ended the year with $225 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 Company deems appropriate.

7. In March 2015, the Company ranked first in its industry on FORTUNE® magazine s World s Most Admired Companies list. Robert Half has appeared on the publication s Most Admired Companies lists annually since 1998.

8. In November 2015, Mr. Messmer was named one of FORTUNE® magazine s Businesspersons of the Year, an annual list of 50 top CEOs based on the Company s financial results in the most recent 12- and 36-month periods.

9. In December 2015, Mr. Messmer was named in the Company s applicable business sector to *Institutional Investor* magazine s All-America Executive Team, which honors top-ranked Chief Executive Officers (as determined by buy-side institutional investors).

10. The Company retained all key executives and field personnel during the year, which it believes is critical to its future success.

2015 Compensation Highlights

The ratio of the CEO s performance-based compensation to total compensation for 2015 was 94%. In other words, only 6% of the CEO s compensation was fixed and the remainder depended on Company performance. Compensation for the Company s CEO for 2015 as compared with 2014 was as follows:

Base Salary	No Change

Cash Bonus	-6%
Value of Performance Shares Closing Price on Day of Grant(a)	+18%
Company Increase in EPS over Prior Year	+19%

(a) If the 2015 performance shares were valued using the Monte Carlo method, as described in the 2015 Summary Compensation Table appearing below, there would be a 17% increase in the value of the award over 2014.

The ratio of the CEO s performance-based stock awards to total stock awards for 2015 was 100%. Therefore, none of the stock awards were absolute and all were dependent on the Company s performance.

As discussed below and in the descriptions that appear under the Grants of Plan-Based Awards table, each 2015 award under the Annual Performance Bonus Plan and the Stock Incentive Plan was subject to modification depending on various metrics (2015 revenue and 2015 net income for the Annual Performance Bonus Plan and 2015 EPS and three-year TSR for the Stock Incentive Plan). The Compensation Committee adopted target goals that it believed were realistically possible to achieve but not easily achieved. The realistic nature of the targets is borne out by the fact that, with respect to the last ten years, the annual Target EPS set for compensation purposes was achieved six times and not achieved four times.

2015 Annual Performance Bonus Plan

The 2015 bonus award was computed in accordance with a formula whereby the ratio of actual performance relative to target performance is applied directly to target bonuses on a one-for-one basis. For example, if actual performance relative to each of the specified metrics exceeds target by 20%, then actual bonuses exceed target by 20%. As noted above, the Compensation Committee selected revenue and net income as the metrics to emphasize both top line and bottom line performance and avoid any duplication of metrics under the Annual Performance Bonus Plan and the Stock Incentive Plan. For 2015, each individual s actual bonus was determined by weighting 20% to the ratio of actual revenue to target revenue and 80% to the ratio of actual net income to target net income. However, no bonus can exceed the lesser of twice the target bonus or $9,000,000 and no bonus would be paid to any executive if actual net income for 2015 were less than zero. See the 2015 Grants of Plan-Based Awards table on page 19 for a complete description of the plan.

For 2015, target bonus awards, target metrics and actual results, and actual bonus awards were as follows:

	2015 Target Goal	2015 Actual Results	Satisfaction of Performance Metrics (% of target)	2014 Actual Results
Revenue (20% weight)	$ 5.187 B	$ 5.095 B	98.2%	$ 4.7 B
Net Income (80% weight)	$ 356 M	$ 358 M	100.4%	$ 306 M
Cumulative			99.96%	

For 2015, target bonus awards and actual awards were as follows:

	Target Bonus	Actual Bonus	Actual Bonus as Percentage of Target
Mr. Messmer	$ 3,121,607	$ 3,120,343	
Mr. Waddell	$ 2,263,599	$ 2,262,682	
Mr. Gentzkow	$ 2,037,239	$ 2,036,414	99.96%
Mr. Glass	$ 641,351	$ 641,091	
Mr. Buckley	$ 735,000	$ 734,702	

For 2015, the target metric for revenue of $5.187 billion was an increase of 10.5% over 2014 and for net income of $356 million was an increase of 16.5% over 2014. Target bonuses for 2015 were set by the Compensation Committee at the same levels as 2014 target bonuses without increase.

2015 Performance Shares

All equity awards issued to executive officers during 2015 were again 100% performance shares. When making its determination with respect to the 2015 grant of performance shares to each executive, the Compensation Committee considered 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 and Target TSR performance metrics set with respect to the grant, 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 the team to produce consistently favorable results for stockholders.

The Compensation Committee determined the target value of the CEO s 2015 performance share grant by first determining his target total direct compensation for 2015, which, the Compensation Committee determined should be 10% higher than his target total direct compensation for 2014. (The CEO s total compensation for four consecutive years had been lower than 2010 levels and the Committee desired to recognize strong recent performance.) Because base salary, and target bonus amounts for 2015 are the same as 2014 target amounts the 10% increase in total target direct compensation is attributable to his performance shares. To determine the number of performance shares to be issued, the Compensation Committee used the closing price on the date of grant.

Each of the 2015 grants was 100% performance based: subject to (1) reduction based on earnings per share for 2015, (2) reduction or increase based on TSR for the three-year period from January 1, 2015, through December 31, 2017, and (3) time vesting on a three-year cliff basis.

Performance against the annual EPS goal can only result in either no change to the number of the shares able to be earned based on TSR performance or a reduction in the number of shares if the goal is not attained. For 2015, the target earnings per share established by the Compensation Committee and actual earnings per share are set forth below and because actual earnings per share exceeded target earnings per share no reduction was effected and all of the shares remain subject to the three-year TSR modifier and the three-year cliff vesting requirement. In setting the target, the Compensation Committee considered the Company s annual strategic plan, consensus Wall Street estimates and other items, including share repurchases that are to be funded exclusively with operating cash flow.

	2015 Target Goal	**2015 Actual Result**	**Satisfaction of Performance Metric (% of target)**
Earnings Per Share	$2.65 (117.3% of 2014)	$ 2.69	101.5%

TSR performance against the 50th percentile of an industry GICS index over the three-year performance period can modify the award up or down by 50%. Specifically, the TSR requirement provided for increase or decrease of the 2015 award by as much as 50% based on how the Company s TSR for the period from January 1, 2015 through December 31, 2017 compares to an industry GICS index for the same period. If the Company s TSR is below the 50th percentile, 3 1/3% of the award will be forfeited for each percentile, to a maximum decrease of 50% of the award at the 35th percentile or below. If the Company s TSR is above the 50th percentile, the award will be increased by 3 1/3% for each percentile, to a maximum increase of 50% of the award at the 65th percentile or above. For example, if the Company s relative TSR is at the 40th percentile, then 33.3% of the total shares shall be forfeited.

The time vesting requirement provides that the 2015 award vests in full on the third anniversary of the grant date on a cliff basis. Notwithstanding the foregoing, the time vesting requirement (but <u>not</u> the earnings per share requirement or the TSR requirement) is waived upon the recipient s death or termination of employment due to total and permanent disability.

No portion of the 2015 performance share award may be released to the recipient until such portion is no longer subject to any of the three requirements (earnings per share, TSR and time vesting).

The Compensation Committee and Frederic W. Cook & Co., Inc., the Compensation Committee s independent compensation consultant, believe that the 2015 awards under the Stock Incentive Plan and the

Annual Performance Bonus Plan, considered in the context of each individual s total compensation opportunity and the conditions applicable to such awards, are at competitive levels necessary for retention of the current executive officers and for incenting them to continue to provide superior results to stockholders. It also believes that the relationship of total compensation among the named executive officers is appropriate for purposes of internal equity in light of their roles and responsibilities.

Realized 2013 Performance Shares

As described in the proxy statement for our 2013 annual meeting of shareholders, the equity awards issued to executive officers during 2013 were similar to the 2015 performance shares, with a TSR requirement which provided for an increase or decrease of the award based on how the Company s TSR for the period from January 1, 2013 through December 31, 2015 compared to an industry peer group for the same period. The 2013 performance shares were also subject to a time vesting requirement which provided that the 2013 award would vest in full on the third anniversary of the grant date, or May 23, 2016. The 2013 performance shares (for which the three-year TSR performance cycle is complete) were earned resulting in the forfeiture of 9% of the target shares as follows based on the Company s TSR during the performance period of 64.58%, which is at the 47^{th} percentile of the peer group, subject to the executive officer s continued service through the vest date:

	Target 2013 Performance Shares	**Additional / Forfeited Shares**	**Total 2013 Performance Shares**
Mr. Messmer	127,095	(11,439)	115,656
Mr. Waddell	102,057	(9,185)	92,872
Mr. Gentzkow	85,990	(7,739)	78,251
Mr. Glass	21,748	(1,957)	19,791
Mr. Buckley	26,992	(2,429)	24,563

Compensation Philosophy Pay for Performance

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 Compensation 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 Compensation Committee believes the Company s compensation program achieves this result.

The Compensation Committee further believes that the Company has an outstanding management team that 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: four of the executive officers (Messrs. Messmer, Waddell, Gentzkow and Glass) 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 $743 million of annual revenues in 2015. The annual revenues of Robert Half Incorporated at the time of its purchase in 1986 were approximately $7 million. In fiscal 2015, the Company s revenues were approximately $5.1 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 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 Company believes the vast majority of such remuneration should be contingent on achieving superior performance and, indeed, makes bonuses subject to achievement of goals the Compensation Committee sets and, further, makes annual grants of equity incentives subject to partial or total forfeiture depending on the achievement of goals set by the Compensation 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.

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 Compensation 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 total direct compensation (base salary, bonus and performance shares) 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. In 2015, over 94% of total CEO compensation was based on Company performance.

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 and retain 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 and retain top talent.

Compensation Process

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 CD&A, the vast majority of executive compensation is highly contingent upon the Company s results.

Independent Compensation Consultant

In addition, the Compensation Committee from time to time considers 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. The Compensation Committee has retained Frederic W. Cook & Co., Inc. (FWC) as its independent compensation consultant. FWC is retained directly by the Compensation Committee (and not on behalf of management) and performs no other consulting or other services for the Company. In compliance with SEC and NYSE rules, the Committee annually reviews information related to FWC s relationship with the Company, the members of the Compensation Committee and the Company s executive officers. The Committee confirmed that FWC does not provide any other services to the Company or its management except with respect to the services provided on behalf of the Committee, and that FWC had no business or personal relationship with any member of the Committee or executive officer. The Committee also reviewed information on the fees paid to FWC (which represent less than 0.1% of FWC s total consulting income during the same period) and FWC s ownership of any Company securities. Considering this information, the Committee has determined that FWC is independent and that its work for the Committee during 2015 has not raised a conflict of interest. While the Compensation Committee receives input from the CEO and CFO and discusses compensation with them, the ultimate decision regarding compensation is solely at the discretion of the Compensation Committee.

Policy Regarding Compensation in Excess of $1 Million a Year

Section 162(m) generally disallows a tax deduction for compensation in excess of $1 million paid to our CEO and the three other most highly compensated named executive officers (excluding the CFO) employed at the end of the year. Certain compensation is specifically exempt from the deduction limit to the extent that it is performance based as defined in Section 162(m).

The 2015 awards under the Stock Incentive Plan and the Annual Performance Bonus Plan are intended to comply with the exception for performance-based compensation under Section 162(m). In order to maintain flexibility in rewarding individual performance and contributions, the Compensation Committee will not limit all the amounts paid under all of the Company s compensation programs to just those that qualify for tax deductibility. In addition, because of the fact-based nature of the performance-based compensation exception and the limited amount of binding-related guidance, the Company cannot guarantee that compensation that is intended to comply with the performance-based compensation exception under Section 162(m) will in fact so qualify.

Other Benefits

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 the Company s size, and, in light of the moderate salaries and 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 provide tax-qualified retirement arrangements for these executives. A detailed description of how the deferred compensation arrangements operate is set forth below in the two paragraphs under the Nonqualified Deferred Compensation table.

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, and the severance benefits do not include for any executive officer an excise tax gross-up payment. Such triggering events and benefits were selected by the Compensation Committee in light of competitive conditions and customary practices at the time of their implementation, and the Compensation Committee believes that they continue to be reasonable.

2015 Supplemental Summary Compensation Table Reflecting Restricted Stock Grants Valued at the Closing Price at Date of Grant

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 2015) with performance share awards valued at the closing price on the date of grant. The rules and regulations of the Securities and Exchange Commission relating to the Summary Compensation Table, which appears as the first item in the Compensation Tables section, specify that performance-based restricted stock awards should be valued in accordance with formulas specified in Financial Accounting Standards Board Accounting Standards Certification Topic 718, which used the Monte Carlo Simulated Method for 2015. The Compensation Committee believes the valuation of performance share awards using the closing price on the date of grant is a more appropriate method of determining equity award values. No other variations exist between the following table and the Summary Compensation Table.

				Stock Awards						
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Number of Shares**	**Market Value on Grant Date(a)**	**Option Awards**	**Non-Equity Incentive Plan Compensation(b)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings(c)**	**All Other Compensation(d)**	**Total**
Harold M. Messmer, Jr.	2015	$ 525,000	$ 0	86,472	$ 5,259,227	$ 0	$ 3,120,343	$ 0	$ 0	$ 8,904,570
	2014	$ 525,000	$ 0	106,069	$ 4,449,595	$ 0	$ 3,318,281	$ 0	$ 0	$ 8,292,876
Chairman and Chief Executive Officer	2013	$ 525,000	$ 0	127,095	$ 4,449,596	$ 0	$ 3,080,165	$ 0	$ 0	$ 8,054,761
M. Keith Waddell	2015	$ 265,000	$ 0	68,779	$ 4,183,139	$ 0	$ 2,262,682	$ 0	$ 379,152	$ 7,089,973
	2014	$ 265,000	$ 0	85,173	$ 3,573,007	$ 0	$ 2,406,215	$ 63,888	$ 400,682	$ 6,708,792
Vice Chairman, President and Chief Financial Officer	2013	$ 265,000	$ 0	102,057	$ 3,573,016	$ 0	$ 2,233,547	$ 66,746	$ 374,782	$ 6,513,091
Paul F. Gentzkow	2015	$ 265,000	$ 0	58,234	$ 3,541,792	$ 0	$ 2,036,414	$ 0	$ 345,212	$ 6,188,418
	2014	$ 265,000	$ 0	71,764	$ 3,010,500	$ 0	$ 2,165,593	$ 53,879	$ 364,589	$ 5,859,561
President and Chief Operating Officer- Staffing Services	2013	$ 265,000	$ 0	85,990	$ 3,010,510	$ 0	$ 2,010,193	$ 56,068	$ 341,279	$ 5,683,050
Robert W. Glass	2015	$ 245,000	$ 0	15,228	$ 926,167	$ 0	$ 641,091	$ 0	$ 132,914	$ 1,945,172
	2014	$ 245,000	$ 0	18,150	$ 761,393	$ 0	$ 681,759	$ 24,764	$ 139,014	$ 1,851,930
Executive Vice President, Corporate Development	2013	$ 245,000	$ 0	21,748	$ 761,397	$ 0	$ 632,836	$ 25,991	$ 131,675	$ 1,796,899
Michael C. Buckley	2015	$ 265,000	$ 0	18,736	$ 1,139,524	$ 0	$ 734,702	$ 0	$ 149,955	$ 2,289,181
	2014	$ 265,000	$ 0	22,527	$ 945,008	$ 0	$ 781,308	$ 11,311	$ 156,946	$ 2,159,573
Executive Vice President, Chief Administrative Officer and Treasurer	2013	$ 265,000	$ 0	26,992	$ 944,990	$ 0	$ 725,242	$ 11,096	$ 148,536	$ 2,094,864

(a) All amounts in this column represent grant date value of the underlying stock at the date of grant computed by multiplying the number of shares granted by the closing price per share of the Company s stock on the date of grant.

(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. All executive officers waived this for 2015.

(d) The amounts in this column for 2015 consist of allocations pursuant to defined contribution plans, as described in the Nonqualified Deferred Compensation table.

COMPENSATION TABLES

2015 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 2015) in accordance with Securities and Exchange Commission rules.

				Stock Awards						
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Number of Shares**	**Value(a)**	**Option Awards**	**Non-Equity Incentive Plan Compensation(b)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings(c)**	**All Other Compensation(d)**	**Total**
Harold M. Messmer, Jr. Chairman and Chief Executive Officer	2015	$ 525,000	$ 0	86,472	$ 6,213,878	$ 0	$			