

PRG-SCHULTZ INTERNATIONAL, INC.

Form DEF 14A

April 23, 2009

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (Amendment No.     )**

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 §240.14a-12

PRG-SCHULTZ INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
  
  - 2) Form, Schedule or Registration Statement No.:
  
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-

**Table of Contents**

**PRG-SCHULTZ INTERNATIONAL, INC.  
600 GALLERIA PARKWAY  
SUITE 100  
ATLANTA, GA 30339**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD WEDNESDAY, MAY 27, 2009**

**TO THE SHAREHOLDERS OF  
PRG-SCHULTZ INTERNATIONAL, INC.:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of PRG-SCHULTZ INTERNATIONAL, INC. (the Company ) will be held at the Company s offices, 600 Galleria Parkway, Atlanta, Georgia 30339, on May 27, 2009 at 3:00 p.m., for the following purposes:

1. To elect two Class I directors to serve until the Annual Meeting of Shareholders to be held in 2012 or until their successors are elected and qualified;
2. To ratify BDO Seidman, LLP as our independent registered public accounting firm for the fiscal year 2009; and
3. To transact such other business as may properly come before the meeting or any adjournments thereof.

The proxy statement is attached. Only record holders of the Company s common stock at the close of business on April 15, 2009 will be eligible to vote at the meeting.

If you are not able to attend the meeting in person, please complete, sign, date and return your completed proxy in the enclosed envelope. If you attend the meeting, you may revoke your proxy and vote in person. However, if you are not the registered holder of your shares you will need to get a proxy from the registered holder (for example, your broker or bank) in order to attend and vote at the meeting.

By Order of the Board of  
Directors:

/s/ Patrick G. Dills  
Patrick G. Dills, Chairman

April 23, 2009

A copy of the Company s Annual Report on Form 10-K for the year ended December 31, 2008 is enclosed with this notice and proxy statement.

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**TABLE OF CONTENTS**

GENERAL INFORMATION

PROPOSAL 1: ELECTION OF DIRECTORS

PROPOSAL 2: RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM

INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF  
DIRECTORS

REPORT OF THE AUDIT COMMITTEE

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION COMMITTEE REPORT

EXECUTIVE COMPENSATION

GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2008

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008

STOCK VESTED FOR FISCAL YEAR 2008

CERTAIN TRANSACTIONS

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

OWNERSHIP OF DIRECTORS, PRINCIPAL SHAREHOLDERS AND CERTAIN EXECUTIVE  
OFFICERS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

EXECUTIVE OFFICERS

PRINCIPAL ACCOUNTANTS FEES AND SERVICES

SHAREHOLDER PROPOSALS

DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

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**Table of Contents**

**PRG-SCHULTZ INTERNATIONAL, INC.  
600 GALLERIA PARKWAY  
SUITE 100  
ATLANTA, GA 30339**

**PROXY STATEMENT  
FOR ANNUAL MEETING OF SHAREHOLDERS  
May 27, 2009**

**GENERAL INFORMATION**

The Board of Directors of PRG-Schultz International, Inc. (which we refer to in this proxy statement as PRG-Schultz, the Company, we, us or our) is furnishing you this proxy statement to solicit proxies on its behalf voted at the 2009 Annual Meeting of Shareholders. The annual meeting will be held on Wednesday, May 27, 2009, at 3:00 p.m., at the Company's offices, 600 Galleria Parkway, Atlanta, Georgia 30339. The proxies may also be voted at any adjournments or postponements of the meeting.

This proxy statement and the accompanying form of proxy are first being mailed to shareholders on or about April 23, 2009. You must complete and return the proxy in order for your shares of common stock to be voted.

Any shareholder who has given a proxy may revoke it at any time before it is exercised at the meeting by:  
delivering to the Secretary of the Company a written notice of revocation dated later than the date of the proxy;

executing and delivering to the Secretary a subsequent proxy relating to the same shares; or

attending the meeting and voting in person, unless you are a street name holder without a legal proxy, as explained below. Attending the meeting will not in and of itself constitute revocation of a proxy.

Shareholders who hold shares in street name (e.g., in a bank or brokerage account) must obtain a legal proxy form from their bank or broker in order to attend and vote at the meeting. You will need to bring the legal proxy with you to the meeting, or you will not be able to attend or vote at the meeting.

All communications to the Secretary should be addressed to the Secretary at the Company's offices, 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339. Any proxy which is not revoked will be voted at the annual meeting in accordance with the shareholder's instructions. If a shareholder returns a properly signed and dated proxy card but does not mark any choices on one or more items, his or her shares will be voted in accordance with the recommendations of the Board of Directors as to such items. The proxy card gives authority to the proxy holders to vote shares in their discretion on any other matter properly presented at the annual meeting.

The Company will pay all expenses in connection with the solicitation of proxies, including postage, printing and handling and the expenses incurred by brokers, custodians, nominees and fiduciaries in forwarding proxy material to beneficial owners. In addition to solicitation by mail, solicitation of proxies may be made personally or by telephone, facsimile or other means by directors, officers and employees of the Company and its subsidiaries. Directors, officers and

**Table of Contents**

employees of the Company will receive no additional compensation for any such further solicitation. The Company may also engage a proxy solicitation firm to assist in the solicitation. The fee to be paid for such services is estimated not to exceed \$10,000 plus reasonable out of pocket expenses.

**Voting Requirements**

Only holders of record of the Company's common stock at the close of business on April 15, 2009 (the Record Date) are entitled to notice of, and to vote at, the annual meeting. Holders on the Record Date are referred to as the Record Holders in this discussion. On the Record Date, the Company had outstanding a total of 22,068,725 shares of common stock. Each share of common stock will have one vote per share held.

In order to constitute a quorum with respect to each matter to be presented at the annual meeting, there must be present, in person or by proxy, a majority of the total votes entitled to be cast by Record Holders of the common stock.

With respect to Proposal 1 regarding the election of Class I directors, assuming a quorum, the two candidates receiving a plurality of the votes cast by the Record Holders of the common stock, will be elected Class I directors. Under plurality voting, assuming a quorum is present, the two candidates receiving the most votes will be elected, regardless of whether they receive a majority of the votes cast. Abstentions and broker non-votes will have no effect on the outcome.

With respect to Proposal 2 regarding approval of the 2009 independent registered public accounting firm, ratification of this appointment requires that a quorum be present and that more shares vote for than against it. Abstentions and broker non-votes will have no effect on the outcome.

Votes cast by proxy or in person at the annual meeting will be counted by the person or persons appointed by the Company to act as inspector(s) of election for the meeting. Prior to the meeting, the inspector(s) will sign an oath to perform their duties in an impartial manner and to the best of their abilities. The inspector(s) will ascertain the number of shares outstanding and the voting power of each of such shares, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots and perform certain other duties as required by law.

It is expected that shares owned by current executive officers and directors of the Company will be voted in favor of the nominees for director that have been recommended by the Board and in favor of the other proposals. As of April 15, 2009, shares owned by executive officers and directors of the Company and entitled to vote at the annual meeting represented in the aggregate approximately 22.53% of the shares of common stock outstanding on that date.

Any other proposal not addressed herein but properly presented at the meeting will be approved if a proper quorum is present and the votes cast in favor of it meet the threshold specified by the Company's Articles, Bylaws and by Georgia law with respect to the type of matter presented. No shareholders have submitted notice of intent to present any proposals at the annual meeting as required by the Company's Bylaws.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 27, 2009**

In accordance with rules adopted by the United States Securities and Exchange Commission (SEC), the Company is also making this proxy statement and its annual report available to stockholders electronically via the Internet. To access this proxy statement and the Company's annual report on Form 10-K on the Internet please visit [www.prgx.com/proxy](http://www.prgx.com/proxy).

**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS**

The Company currently has six directors. The Board is divided into three classes of directors, designated as Class I, Class II and Class III. The directors in each class serve staggered three-year terms. Shareholders annually elect directors to serve for the three-year term applicable to the class for which such directors are nominated or until their successors are elected and qualified. At the annual meeting, shareholders will be voting to elect two directors to serve as Class I directors. The terms of Romil Bahl and Steven P. Rosenberg, currently serving as Class I directors, will expire at the annual meeting unless they are re-elected.

The persons named in the proxy intend to vote FOR election of all the nominees named below as directors of the Company, unless otherwise specified in the proxy. Those directors of the Company elected at the annual meeting to be held on May 27, 2009 to serve as Class I directors will each serve a three-year term or until their successors are elected and qualified. Each of the nominees has consented to serve on the Board of Directors if elected. Should any nominee become unable to accept nomination or election, which is not anticipated, it is the intention of the persons named in the proxy, unless otherwise specifically instructed in the proxy, to vote for the election of such other person as the Board of Directors may nominate.

Set forth below are the name, age and director class of each director nominee and director continuing in office following the annual meeting and the period during which each has served as a director.

**The Board's Nominees for Class I Directors are:**

<b>Nominee</b>	<b>Age</b>	<b>Service as Director</b>
Romil Bahl	40	Since January 2009
Steven P. Rosenberg <sup>(1)(2)</sup>	50	Since March 2006

(1) Member of the Audit Committee.

(2) Member of the Nominating and Corporate Governance Committee.

**The Board of Directors of the Company recommends a vote FOR the election of each of the nominees named above for election as director.**

**Directors Continuing in Office**

<b>Continuing Director</b>	<b>Age</b>	<b>Class</b>	<b>Term Expires</b>	<b>Service as Director</b>
Patrick G. Dills <sup>(1)(2)</sup>	55	Class II	2010	Since March 2006
N. Colin Lind <sup>(3)</sup>	53	Class II	2010	Since March 2006*
David A. Cole <sup>(2)(3)</sup>	66	Class III	2011	Since July 2005
Philip J. Mazzilli, Jr. <sup>(1)(2)</sup>	68	Class III	2011	Since March 2006

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.



(3) Member of the  
Nominating and  
Corporate  
Governance  
Committee.

\* Mr. Lind  
previously  
served as a  
director of the  
Company from  
May 2002 to  
October 2005.

**Table of Contents**

**Information about Nominees for Election as Class I Directors**

*Romil Bahl* is the Company's President and Chief Executive Officer. Prior to joining the Company, Mr. Bahl held a number of senior leadership positions with Infosys Technologies Limited, a publicly traded global technology and consulting services company, since April 2004. Mr. Bahl was one of the founders and a Managing Director of Infosys Consulting, Inc., a wholly-owned subsidiary of Infosys Technologies, and from November 2007 until January 2009, he led Infosys' global Systems Integration business unit. Prior to joining Infosys in 2004, Mr. Bahl led the global Consulting Services business of EDS and between 1995 and 2002 he held a number of senior roles at the management consulting firm of A.T. Kearney, last serving as the leader of the firm's European Strategic Technology and Transformation Practice based in London. From 1992 to 1995, Mr. Bahl served in a number of roles at Deloitte Consulting.

*Steven P. Rosenberg* is President of SPR Ventures, Inc., a private investment company he founded in 1997 and President of SPR Packaging LLC. From 1992 to 1997 he was President of the Arrow subsidiary of ConAgra Foods Inc., a packaged food company. Mr. Rosenberg also serves as a director of Texas Capital Bancshares, Inc., a bank holding company, and Cinemark Holdings, Inc., a motion picture exhibition company.

**Information about the Class II Directors whose Terms will Expire at the 2010 Annual Meeting of Shareholders**

*Patrick G. Dills* is Chairman of the Board of MSC Care Management, a nationwide leader in the delivery of medical products and services to the workers compensation industry. MSC Care Management is a successor, as of June 2008, to certain of the business interests and assets of Medical Services Company, where Mr. Dills was also Chairman of the Board. Prior to joining Medical Services Company in 2006, Mr. Dills served from 1988 to 2005 in several executive roles at First Health Group Corp., which was acquired by Coventry Health Care in 2005. Mr. Dills' last position with First Health Group was Executive Vice President. He was also President of two wholly owned subsidiaries of First Health Group, CCN and Health Net Plus, from 2001 to 2005 and 2003 to 2005, respectively. Mr. Dills also served as Interim President and Chief Executive Officer of PRG-Schultz from December 1, 2008 to January 21, 2009.

*N. Colin Lind* is the Managing Partner of Blum Capital Partners, L.P. ( Blum L.P. ), a public strategic block and private equity investment firm he joined in 1986 which is currently responsible for managing over \$2 billion in assets. Mr. Lind previously served as a director of four public and eight private companies.

**Information about the Class III Directors whose Terms will Expire at the 2011 Annual Meeting of Shareholders**

*David A. Cole* is the retired Chairman of the Board and Chief Executive Officer of Kurt Salmon Associates, Inc. ( KSA ), an international management consulting firm serving the retail, consumer products and health care industries. He was appointed president of KSA in 1983, served as its chief executive officer from 1988 through 1998 and served as its chairman from 1988 to 2001. Mr. Cole currently serves as a director of AMB Property Corporation, a global owner and operator of industrial real estate, and as a director of Americorp Holdings, Inc., a privately held operator of healthcare clinics. Mr. Cole also currently serves on the Dean's Advisory Council of Goizueta Business School at Emory University.

*Philip J. Mazzilli, Jr.* is a financial and general business consultant. From 2000 to 2003 he was Executive Vice President and Chief Financial Officer of Equifax Corporation, an international provider of consumer credit information and information database management. From 1999 to 2000 he was Executive Vice President and Chief Financial Officer of Nova Corporation, a payment services company.

Messrs. Patrick G. Dills, N. Colin Lind, Philip J. Mazzilli, Jr., and Steven P. Rosenberg were previously selected for appointment to the Board by the previous Board in consultation with the Ad Hoc Bondholders' Committee pursuant to a restructuring support agreement which was entered into with the Ad Hoc Bondholders Committee in furtherance of the Company's restructuring and exchange offer which closed on March 17, 2006 (the Restructuring Support Agreement ). As a result of the completion of the restructuring and exchange offer, the terms of the Restructuring Support Agreement

**Table of Contents**

are no longer in effect. Mr. Rosenberg was re-elected to the Board by the shareholders at the 2006 annual meeting. Messrs. Dills and Lind were re-elected to the Board by the shareholders at the 2007 annual meeting, and Mr. Mazzilli was re-elected to the Board by the shareholders at the 2008 annual meeting.

Blum L.P., pursuant to its Investor Rights Agreement with the Company, as amended (the Investor Rights Agreement ), has the right to name one nominee for election to the Board. This right is currently satisfied by the election at the 2007 annual meeting of Mr. Lind to a three-year term as a Class II director. Also pursuant to the Investor Rights Agreement, Blum L.P. has the right to designate an observer to attend the Company s Board meetings.

**Table of Contents**

**PROPOSAL 2: RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Board of Directors, upon the recommendation of our Audit Committee, has appointed BDO Seidman, LLP ( BDO Seidman ) as the Company s independent registered public accounting firm for the 2009 fiscal year. A proposal will be presented at the annual meeting to ratify the appointment of BDO Seidman as our independent registered public accounting firm for the 2009 fiscal year. Shareholder ratification of the selection of BDO Seidman as our independent registered public accounting firm is not required but is being presented to our shareholders as a matter of good corporate practice. Notwithstanding shareholder ratification of the appointment of the independent registered public accounting firm, the Audit Committee, in its discretion, may direct the appointment of a new independent registered public accounting firm if the Audit Committee believes that such a change would be in our best interests and the best interests of our shareholders. If the shareholders do not ratify the appointment, the Audit Committee will reconsider the appointment of BDO Seidman. We have been advised that a representative from BDO Seidman will be present at the annual meeting, will be given an opportunity to speak, and will be available to answer appropriate questions.

**The Board of Directors recommends a vote FOR approval to ratify the appointment of the 2009 independent registered public accounting firm.**

**Table of Contents****INFORMATION ABOUT THE BOARD OF DIRECTORS  
AND COMMITTEES OF THE BOARD OF DIRECTORS****Independence**

The Board of Directors has evaluated the independence of each Board member and has determined that the following directors, which constitute a majority of the Board, are independent in accordance with the Nasdaq and SEC rules governing director independence: Messrs. Cole, Dills, Lind, Mazzilli and Rosenberg.

**Meetings of the Board of Directors and Attendance at the Annual Meeting of Shareholders**

During 2008, there were eight meetings of the Board of Directors. Each incumbent director attended more than 75 percent of the aggregate of all meetings of the Board of Directors held while he was a director and any committees on which that director served.

The Board of Directors does not have a policy requiring director attendance at the annual shareholders meeting. However, directors are encouraged to attend. All of our directors attended the 2008 Annual Meeting of Shareholders.

**Director Compensation**

The following table presents information relating to total compensation of the directors for the fiscal year ended December 31, 2008. Information with respect to the compensation of Mr. McCurry is included below under Executive Compensation. Mr. Bahl did not join the Company until January 2009, and as an executive officer of the Company, does not receive compensation for his service as a director. Information regarding the compensation of Mr. Dills for his service as an officer is included below under Executive Compensation.

Name	Fees Earned				Total
	Paid In Cash	Stock Awards <sup>(1)</sup>	Option Awards <sup>(1)</sup>	All Other Compensation	
	(\$)	(\$)	(\$)	(\$)	(\$)
David A. Cole	60,000	29,584	277,469 <sup>(2)</sup>		367,053
Patrick G. Dills	67,500	29,584	177,113		274,197
N. Colin Lind	46,000	29,584	177,113		252,697
Philip J. Mazzilli, Jr.	69,750	29,584	177,113		276,447
Steven P. Rosenberg	55,750	29,584	177,114		262,447

(1) Represents the compensation expense recorded in 2008 computed in accordance with Statements of Financial Accounting Standards No. 123R ( FAS 123R ), Share-Based Payment. Additional information about assumptions used in these calculations is

available in  
Note 1(I) to the  
Company's  
Consolidated  
Financial  
Statements in  
the Company's  
Form 10-K for  
the year ended  
December 31,  
2008.

- (2) The amount included in Option Awards for Mr. Cole consists of compensation expense associated with the options granted to all non-employee directors in 2006, 2007, and 2008 as well as the option granted to Mr. Cole in 2005, each of which is described in greater detail in the narrative below.

Each non-employee member of the Board is paid a \$30,000 annual retainer for their service on the Board. Non-employee members of Board committees are paid annual committee retainers of \$12,000 for the Audit Committee, \$9,000 for the Compensation Committee and \$6,000 for the Nominating and Corporate Governance Committee. Chairs of each

**Table of Contents**

of these committees are paid supplemental annual committee retainers equal to the amount of the applicable member retainer for the particular committee. Non-employee directors also receive an additional \$1,500 attendance fee for attendance at Board meetings and the annual meeting of shareholders, if the annual meeting of shareholders is not held in conjunction with a Board meeting. Effective June 1, 2008, as a result of the change to compensating directors for committee service through the payment of an annual retainer, attendance fees are no longer paid for attendance at meetings of the Audit Committee, the Compensation Committee or the Nominating and Corporate Governance Committee. Directors are reimbursed for all out-of-pocket expenses, if any, incurred in attending Board and committee meetings.

In 2005, the Company entered into a Retainer Agreement with Mr. Cole in connection with his service as non-executive Chairman of the Board. Under the terms of the Retainer Agreement, Mr. Cole received a non-qualified option to purchase 45,000 shares of the common stock of the Company at an exercise price of \$31.60 per share, equal to the closing price of the Company's common stock on the Nasdaq Stock Market on July 29, 2005, as adjusted to give effect to the reverse stock split effected in August 2006. The terms of Mr. Cole's option grant are as follows: the time-vesting tranche of his option, representing the right to purchase 15,000 shares was initially scheduled to become exercisable on the earlier of the 2006 annual meeting of shareholders and June 30, 2006, but was accelerated with all of the other out-of-the-money options on December 15, 2005, in order avoid adverse accounting consequences; and the performance-vesting tranche, representing the balance of his option, will be exercisable as follows: (a) Tier 1, representing the right to purchase 10,000 shares will become exercisable at any time after June 30, 2006 (the 2006 Vesting Date), if the Company attains a specified target common stock trading price for 45 consecutive trading days after the 2006 Vesting Date; (b) Tier 2, representing the right to purchase an additional 10,000 shares will become exercisable at any time after the 2006 Vesting Date, if the Company attains a specified target common stock trading price for 45 consecutive trading days after the 2006 Vesting Date; and (c) Tier 3, representing the right to purchase an additional 10,000 shares, will become exercisable at any time after the earlier of the 2007 annual meeting of shareholders and June 30, 2007 (the 2007 Vesting Date), if the Company attains a specified target common stock trading price for 45 consecutive trading days after the 2007 Vesting Date. Unless sooner terminated, the option will expire on July 29, 2012. As of the date hereof, none of the target trading prices have been attained and therefore, none of the performance-vesting options have vested.

In September 2006, the Board established the position of Presiding Director to oversee meetings of the independent members of the Board. The Presiding Director was elected by the independent members of the Board for a one year term. Patrick G. Dills served as Presiding Director from September 2006 until December 2008. Upon Mr. Dills election as Chairman, the Board determined that the Presiding Director position is not necessary so long as the Chairman is an independent director.

In addition to cash compensation, the Board may grant nonqualified stock option grants or other equity awards to the non-employee directors from time to time. On May 29, 2008, options to purchase 12,027 shares of the Company's common stock were granted to each of the Company's non-employee directors. The Board also granted 5,065 shares of restricted stock to each non-employee director. All of the options have an exercise price of \$9.87, the closing price of the Company's common stock on the date of grant, and vest upon the earlier of (i) the date of the 2009 Annual Meeting of Shareholders (May 27, 2009) or (ii) May 29, 2009. The options expire on May 28, 2015. The restricted stock vests upon the earlier of (i) the date of the 2009 Annual Meeting of Shareholders (May 27, 2009) or (ii) May 29, 2009.

**Stock Ownership Guidelines**

On May 29, 2008, the Nominating and Corporate Governance Committee adopted stock ownership guidelines for non-employee directors to better align the interests of non-employee directors with shareholders. The guidelines require non-employee directors to own shares of Company stock with a value equal to or greater than four times the amount of the annual retainer paid to the non-employee director for Board service. Directors have three years to achieve compliance with the guidelines. Shares must be owned directly by the director or his immediate family residing in the same household or in trust for the benefit of the non-employee director or his immediate family. Restricted stock units, unvested shares of

**Table of Contents**

restricted stock and stock options (vested or unvested) do not count toward satisfaction of the guidelines. The Nominating and Corporate Governance Committee has authority to grant exceptions to the guidelines in rare circumstances.

**Audit Committee**

The Company's Audit Committee consists of three independent directors: Messrs. Dills, Mazzilli and Rosenberg. Mr. Mazzilli currently serves as Chairman of the Audit Committee, and the Board has determined that Mr. Mazzilli is an audit committee financial expert, as such term is defined in Item 407(d) of SEC Regulation S-K. The Board of Directors has determined that the current Audit Committee members satisfy the independence criteria included in the current listing standards for the Nasdaq Global Market and by the SEC for audit committee membership. The Audit Committee met 12 times in 2008. The Audit Committee has sole authority to retain the Company's independent registered public accounting firm and reviews the scope of the Company's annual audit and the services to be performed for the Company in connection therewith. The Audit Committee also formulates and reviews various Company policies, including those relating to accounting practices and the internal control structure of the Company, and the Company's procedures for receiving and investigating reports of alleged violations of the Company's policies and applicable regulations by the Company's directors, officers and employees. The Audit Committee also reviews and approves any related party transactions. The Board has adopted a written Audit Committee Charter which is available at the Company's website address: [www.prgx.com](http://www.prgx.com) or upon written request to the Secretary of the Company at 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339. See Report of the Audit Committee.

*Audit Committee Pre-Approval Policies and Procedures.* Each engagement of the Company's principal accountants for audit and non-audit related services and its associated projected fees is approved by the Audit Committee in advance of such engagement.

**Compensation Committee**

The Company's Compensation Committee consists of three independent directors: Messrs. Cole, Dills and Mazzilli. Mr. Dills is Chairman of the Compensation Committee. The Board of Directors has determined that each of the Compensation Committee members is independent based on the current listing standards for the Nasdaq Global Market.

The Compensation Committee held nine meetings in 2008. The Compensation Committee determines the compensation of the executive officers of the Company. The Compensation Committee also administers the Company's benefit plans, including the 2008 Equity Incentive Plan, the Stock Incentive Plan, the Performance Bonus Plan, and the 2006 Management Incentive Plan and makes recommendations to the Nominating and Corporate Governance Committee regarding director compensation. All rights to determine awards of stock-based compensation to individuals who file reports pursuant to Section 16 of the Securities Exchange Act of 1934 (the Exchange Act) are determined by the Compensation Committee, each member of which is a nonemployee director, as such term is defined in Rule 16b-3 promulgated pursuant to the Exchange Act. Messrs. Cole and Mazzilli are outside directors, as such term is defined in the regulations promulgated pursuant to Section 162(m) of the Internal Revenue Code of 1986 (the Code). Due to his service as Interim CEO and President of the Company from December 1, 2008 to January 21, 2009, Mr. Dills does not meet the definition of an outside director under Section 162(m) of the Code. Therefore, Mr. Dills will abstain from voting on Compensation Committee matters which may be deemed to be performance-based and intended to meet the requirements of Section 162(m). The Compensation Committee's charter requires that all members of the Committee shall be independent from the Company and that at least two members shall satisfy the definition of nonemployee director described above. The Compensation Committee Charter is available at the Company's website address: [www.prgx.com](http://www.prgx.com) and upon written request to the Secretary at 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339. For information regarding the Company's 2008 executive compensation, see Compensation Discussion and Analysis.



**Table of Contents**

**Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee ( NCG Committee ) consists of three independent directors: Messrs. Cole, Lind and Rosenberg. The Board of Directors has determined that each of the NCG Committee members is independent based on the listing standards for the Nasdaq Global Market. Mr. Cole serves as Chairman of the NCG Committee. The NCG Committee met three times in 2008. The NCG Committee has the responsibility to consider and recommend nominees for the Board of Directors and its committees, to oversee review and assessment of the performance of the Board, set Board compensation, and monitor and recommend governance principles and guidelines for adoption by the Board.

Since February 2003, the NCG Committee has been delegated the responsibility for evaluating current Board members at the time they are considered for re-nomination. After considering the appropriate skills, expertise and experience needed on the Board, the independence, expertise, experience, skills and performance of the current membership of the Board, and the willingness of Board members whose terms are expiring to be re-nominated, the NCG Committee recommends to the Board whether those directors should be re-nominated.

In preparation for the annual meeting, the NCG Committee considers whether the Board would benefit from adding a new member, and if so, the skills, expertise and experience to be sought with the new member. If the Board determines that a new member would be beneficial, the NCG Committee sets the qualifications for the position and conducts a search to identify qualified candidates. Such search may utilize the services of an executive search firm that would receive a fee for its services. The NCG Committee (or its Chairman) screens the available information about the potential candidates. Based on the results of the initial screening, interviews with the viable candidates are scheduled with NCG Committee members, other members of the Board and senior members of management. Upon completion of these interviews and other due diligence, the NCG Committee may recommend to the Board the election or nomination of a candidate. All potential candidates, regardless of whether they are developed through the executive search firm or otherwise, are reviewed and evaluated under the same process.

When an executive search firm is engaged, using the desired qualifications identified by the NCG Committee, the search firm performs research to identify and qualify potential candidates, contacts such qualified candidates to ascertain their interest in serving on the Company's board, collects resumes and other data about the interested candidates and recommends candidates for further consideration by the NCG Committee.

The NCG Committee has no set minimum criteria for selecting Board nominees, although its preference is that a substantial majority of all non-executive directors possess the qualifications of independence that satisfy the listing standards established for companies listed on the Nasdaq Global Market; significant leadership experience at the corporate level in substantial and successful organizations; relevant, but non-competitive, business experience; the ability and commitment to devote the time required to fully participate in Board and committee activities; strong communication and analytical skills; and a personality that indicates an ability to work effectively with the other members of the Board and management. In any given search, the NCG Committee may also define particular characteristics for candidates to balance the overall skills and characteristics of the Board with the perceived needs of the Company. The NCG Committee believes that it is necessary for at least one independent Board member to possess significant operational experience, and at least one with financial expertise. However, during any search the NCG Committee reserves the right to modify its stated search criteria for exceptional candidates.

The NCG Committee will also consider nominating candidates recommended by shareholders. Such recommendations will only be considered by the NCG Committee if they are submitted to the NCG Committee in accordance with the requirements of the Company's Bylaws and accompanied by all the information that is required to be disclosed in connection with the solicitation of proxies for election of director nominees pursuant to Regulation 14A under the Exchange Act, including the candidate's written consent to serve as director, if nominated and elected. To be considered by the NCG Committee, shareholder recommendations for director nominees to be elected at the 2010 Annual Meeting of Shareholders, together with the requisite consent to serve and proxy disclosure information in written form,

**Table of Contents**

must be received by Victor A. Allums, Secretary, at the offices of the Company at 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339, no earlier than December 24, 2009 and no later than January 23, 2010.

As of April 23, 2009, the Company had not received any shareholder recommendations of director candidates for election at the 2009 Annual Meeting.

The NCG Committee is a standing committee of the Board and its charter is available at the Company's website address: [www.prgx.com](http://www.prgx.com) or upon written request to the Secretary of the Company at 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339.

**Shareholder Communications to the Board of Directors**

In addition to recommendations for director nominees, the Board of Directors welcomes hearing from shareholders regarding the management, performance and prospects for the Company. To facilitate complete and accurate transmittal of shareholder communications to the directors, it is requested that all shareholder communication to the Board or any of its members be made in writing and addressed to the Company's Secretary, Victor A. Allums, at PRG-Schultz International, Inc., 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339. It is also helpful if the communication specifies whether it is directed to one or more individual directors, all the members of a Board committee, the independent members of the Board, or all members of the Board and the address to which any reply should be addressed. On receipt, Mr. Allums will forward the communication to the director(s) to whom it is addressed as specified by the shareholder. If the shareholder does not specify which directors should receive the communication, Mr. Allums will distribute the communication to all directors.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

The purpose of the Audit Committee is to assist the Board in its general oversight of the Company's financial reporting, internal controls and audit functions. The Board has adopted a written Audit Committee Charter that sets out the organization, purpose, duties and responsibilities of the Audit Committee.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. The Company's independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles, as well as expressing an opinion on the effectiveness of internal control over financial reporting.

In fulfilling its oversight responsibilities with respect to the year ended December 31, 2008, the Audit Committee: reviewed and discussed the consolidated financial statements of the Company set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 with management of the Company and BDO Seidman, LLP, independent registered public accounting firm for the Company;

discussed with BDO Seidman, LLP the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as modified and supplemented to date;

obtained a formal written statement from BDO Seidman, LLP delineating all relationships between the auditors and the Company consistent with the applicable requirements of the Public Company Accounting Oversight Board and discussed with the auditors all significant relationships the auditors have with the Company which may affect the auditors' independence; and

based on the review and discussions with management of the Company and BDO Seidman, LLP referred to above, recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

**AUDIT COMMITTEE**

Philip J. Mazzilli, Jr., Chairman

Patrick G. Dills

Steven P. Rosenberg

*Notwithstanding anything to the contrary which is or may be set forth in any of the Company's filings under the Securities Act of 1933 or the Exchange Act that might incorporate Company filings, including this proxy statement, in whole or in part, the preceding Report of the Audit Committee shall not be incorporated by reference into any such filings.*

**COMPENSATION DISCUSSION AND ANALYSIS**

As discussed above under Information About the Board of Directors and Committees of the Board of Directors, the Compensation Committee of the Board of Directors has the overall responsibility for our executive compensation plans, policies and programs. The Compensation Committee approves the compensation of each of our named executive officers as well as other key officers of the Company (which is defined in the Compensation Committee's charter to include the Chief Executive Officer, those officers that directly report to the CEO, and other officers designated from time to time by the Compensation Committee). The Compensation Committee is also responsible for recommending to the

**Table of Contents**

Nominating and Corporate Governance Committee the compensation and compensation plans, policies and programs for our directors. The Compensation Committee consists of three members who are independent directors under the Company's corporate governance guidelines and the rules of The Nasdaq Stock Market LLC.

**Executive Compensation Philosophy**

We strive to establish compensation practices which attract, retain and reward our key officers, and strengthen the mutuality of interests between our key officers and our shareholders. We believe that the most effective executive compensation program is one that is conservative, but competitive, and which aligns executive compensation with the creation of shareholder value. Under the oversight of the Compensation Committee, we have developed and implemented a pay-for-performance executive compensation program that rewards key officers for the achievement of certain financial performance objectives. The philosophies of pay-for-performance and aligning executive compensation with shareholder value creation are achieved primarily by providing a substantial portion of each key officer's total annual compensation through annual performance bonuses and grants of long-term equity compensation. In each of the past three years, the Compensation Committee established financial performance objectives for payment of target and maximum bonuses under our Performance Bonus Plan. As further evidence of our pay-for-performance philosophy, in September 2008, the Compensation Committee tied the vesting of a significant portion of stock options and restricted stock granted to key officers to the achievement of certain financial performance goals in addition to a time-vesting component. Our 2008 Performance Bonus Plan is described in greater detail below under Cash Bonus and equity grants are described in more detail under Long-Term Equity Incentive Compensation.

**Background**

In the latter half of 2005 and into 2006, we undertook a significant financial and operational restructuring with the objective of improving our operating results and strengthening our financial condition. During this same time period, there was significant turnover among the members of our senior management team and the Board of Directors. In connection with the financial restructuring, we entered into a Restructuring Support Agreement with certain of our bondholders, which contemplated that we would adopt a new equity-based management incentive plan to incentivize our key officers, including our named executive officers, to strengthen our financial condition and remain with the Company. This plan, the 2006 Management Incentive Plan (MIP), was approved by our shareholders at the 2006 Annual Meeting of Shareholders. Additionally, in an effort to reward our key officers for achieving short-term performance objectives, we also adopted a Performance Bonus Plan (a short-term cash incentive bonus plan with annual performance goals) for our key officers, including the named executive officers, and other key employees. A Performance Bonus Plan has been utilized by the Company each year since 2006.

In March 2008, the performance units granted under the MIP fully vested for most of our executive officers. In addition, since our existing long-term equity incentive compensation plan was expiring in June 2008, the Compensation Committee approved in 2008 a new long-term equity incentive program that provided the Compensation Committee with the ability to grant equity and cash awards tied to the achievement of performance goals in order to further motivate our employees, including the key officers, to continue to achieve improved operating results for the Company. In May 2008, our shareholders approved this new plan, the PRG-Schultz International, Inc. 2008 Equity Incentive Plan (the 2008 Equity Incentive Plan). The MIP, the Performance Bonus Plan and the 2008 Equity Incentive Plan are each discussed in more detail below.

## **Table of Contents**

### **Elements of the Company's Compensation Program**

Our compensation program for key officers is designed to provide our key officers, including the named executive officers, with a combination of cash (guaranteed and incentive-based) and long-term equity incentive compensation to align the officers' interests with those of our shareholders. During 2008, our executive compensation program primarily consisted of the following elements:

base salary;

cash performance bonuses; and

long-term equity incentive awards.

Although the Compensation Committee has not established a policy for allocating between the different forms of compensation, cash bonus opportunities and long-term incentive award opportunities are generally a function of each key officer's base salary. In allocating total compensation among these various elements, the Compensation Committee strives to achieve an appropriate mix between the different forms of compensation in order to:

motivate the key officers to deliver superior performance in the short-term by providing competitive base salaries and annual cash performance bonuses;

align the interests of the key officers with the long-term interests of the shareholders through the grant of equity incentive compensation; and

provide an overall compensation package that is competitive and therefore promotes executive recruitment and retention.

### **Process for Establishing Executive Compensation**

***Role and Use of Compensation Consultants.*** The Compensation Committee from time to time engages compensation consultants to assist the Compensation Committee in making compensation decisions. In early 2007, the Compensation Committee engaged Mercer Human Resource Consulting ( Mercer ), an independent compensation consulting firm, to perform a study on executive compensation and to evaluate and provide recommendations regarding the level of compensation for the Company's key officers. With the assistance of Mercer, the Compensation Committee reviewed the base salary, annual bonus and long term incentive awards for the key officers by comparing their compensation to the compensation of a select group of 14 companies within the professional/business services industry, including auditing, consulting and professional staffing companies. The Compensation Committee recognized that it was challenging to identify a traditional peer group for this study, as we operate within a niche market and have few public company competitors. Accordingly, for analysis and comparison purposes, public companies within the industries noted above, with annual revenues between 50% and 250% of our annual revenue, with a comparable number of employees and certain per employee ratios, and with similar financial condition and market capitalizations to the Company were identified. It was determined that the base salaries for our executive team were near the 50<sup>th</sup> percentile and the total cash compensation was between the 50<sup>th</sup> and 75<sup>th</sup> percentile for this comparison group of companies. In addition, the Compensation Committee determined that the 2006 performance unit grants under the MIP would likely provide adequate retention incentives for our executives for 2007. Although no adjustments to the named executive officers' base salaries or short term cash bonus opportunities were recommended by Mercer for 2007, it was recommended that executives be granted long term incentive awards in 2008 based on a pay strategy of achieving total direct compensation (comprised of salary, target bonus, and target equity) at the 75<sup>th</sup> percentile of the comparison group.

In September 2008, the Compensation Committee again engaged an independent compensation consulting firm, Pearl Meyer & Partners ( Pearl Meyer ), to provide advice on executive compensation. The Compensation Committee chose Pearl Meyer due primarily to the fact that the individual compensation consultant who had advised the Company in prior years had joined Pearl Meyer in 2008. Pearl Meyer presented the Compensation Committee with an analysis of the Company's compensation program for its key officers and made certain recommendations to the Compensation



**Table of Contents**

Committee to better align our executive compensation programs with the compensation programs of other similarly situated companies, and to achieve greater uniformity in the terms of employment for the Company's key officers.

**Benchmarking.** To assist the Compensation Committee in the review of executive compensation, Pearl Meyer provided compensation data for a peer group of 18 publicly-traded companies consisting primarily of professional/business services companies, including auditing, consulting, professional staffing and healthcare industry services companies, with annual revenues ranging from approximately \$189 million to \$1 billion. The peer group consisted of largely the same companies analyzed by the Compensation Committee in 2007. However, additional companies were included in the peer group in 2008, including three healthcare industry services companies, due to our increasing focus on services to the healthcare industry. The companies in the peer group consist of the following:

Advisory Board Company*	Huron Consulting Group, Inc.
Analysts International Corp.	ICF International, Inc.
CBIZ, Inc.	LECG Group*
CRA International, Inc.	Maximus, Inc.*
Exponent, Inc.	MedAssets, Inc.*
FTI Consulting, Inc.	Navigant Consulting, Inc.
GP Strategies Corp.	Portfolio Recovery Association, Inc.
HMS Holdings Corp.*	RCM Technologies, Inc.
Hooper Holmes, Inc.	Resources Connection, Inc.

\* Added in 2008

The Compensation Committee analyzed the compensation data of the peer group which showed that the base salaries of our named executive officers were generally within the 50<sup>th</sup> to 75<sup>th</sup> percentile. However, in order to generally position total cash compensation (salary plus target bonus) between the 50<sup>th</sup> and 75<sup>th</sup> percentiles and total direct compensation near the 75<sup>th</sup> percentile when the Company is achieving targeted financial performance, Pearl Meyer recommended that (i) the amount payable for the achievement of the target financial performance objective under the annual performance bonus program be increased to 50% of base salary for executive officers (other than the Chief Executive Officer) and to 100% of base salary for the Chief Executive Officer and (ii) that annual equity grant values be established at 200% of base salary for the Chief Executive Officer and 110% of base salary for other executive officers. In addition, it was recommended that the Company grant multiple types of awards under the 2008 Equity Incentive Plan in 2008 and add a performance-based vesting component to the 2008 long-term equity-based incentive compensation awards. Based on the analysis discussed above, the Compensation Committee decided to (i) increase the amounts payable to certain key officers, including Messrs. Limeri, Robinson, and Roos under the Performance Bonus Plan and the applicable employment agreements for meeting the target performance objectives, and (ii) grant to certain key officers, including Messrs. Limeri, Robinson, and Roos, stock options subject to time vesting and restricted stock, some of which vests with the passage of time and the rest of which vests based on our financial performance over three years.

**Compensation of the CEO.** In mid 2008, James B. McCurry, our former Chairman of the Board of Directors, Chief Executive Officer and President informed the Board of Directors of his decision to resign from the Company by the end of 2008. The independent members of our board of directors appointed a Search Committee, led by our Presiding Director, Patrick G. Dills, to conduct a national search for Mr. McCurry's successor. The Search Committee interviewed numerous candidates to fill the roles of Chief Executive Officer and President of the Company. Effective November 30, 2008, Mr. McCurry resigned as Chairman of the Board, Chief Executive Officer and President. The Board of Directors appointed Mr. Dills, a member of our Board of Directors since March 2006 and our Presiding Director, to serve as our interim Chief Executive Officer and interim President until the Board of Directors appointed a new permanent Chief Executive Officer and President. At this time, Mr. Dills was also appointed to serve as our Chairman of the Board with his service as Chairman to extend beyond his service as an interim officer. For his service in his interim officer capacity,





**Table of Contents**

Mr. Dills was paid a monthly salary of \$35,000 in December 2008 and \$45,000 in January 2009, as determined by the Compensation Committee. After an extensive search, on January 9, 2009, the Board of Directors announced the appointment of Romil Bahl as our new Chief Executive Officer and President, effective January 21, 2009.

In connection with Mr. Bahl's appointment as our Chief Executive Officer and President, the Compensation Committee took into account the recommendations of Pearl Meyer and Mr. Bahl's compensation arrangement with his former employer in establishing Mr. Bahl's compensation package. The Compensation Committee reviewed compensation data regarding the compensation of other CEOs of the Company's peer group companies and targeted Mr. Bahl's base salary, annual target performance bonus and long-term equity compensation at the 75<sup>th</sup> percentile of this peer group. Mr. Bahl's overall compensation package was established through arms-length negotiations in a process that was led by the Compensation Committee. Mr. Bahl's employment agreement provides for an annual base salary of \$600,000 and that Mr. Bahl will be eligible for an annual target performance bonus equal to 100% of his annual base salary and a maximum performance bonus equal to 150% of his annual base salary under the Company's Performance Bonus Plan, based on the achievement of certain performance objectives to be set by the Company's Compensation Committee.

In addition to his salary and annual performance bonus, the Compensation Committee agreed to pay Mr. Bahl a one-time bonus in the aggregate amount of \$1 million payable on the last payroll date in July 2010, subject to Mr. Bahl's continued employment at such time. Mr. Bahl also received on January 21, 2009, the day that he joined the Company, a one-time, equity inducement grant award of 296,296 non-qualified stock options and 344,445 shares of restricted stock, subject to time-vesting requirements. The non-qualified stock options have a seven year term, and an exercise price of \$3.57, which was the closing price of the Company's common stock on the date of the grant. 111,111 of the non-qualified stock options and 233,334 shares of the restricted stock (collectively, the Initial Equity) will vest in equal increments over a period of four years. The remaining 185,185 options and 111,111 shares of restricted stock (collectively, the One-Time Equity Awards) will vest in equal increments on the second and fourth anniversaries of the date of the grant. The \$1 million cash bonus and One-Time Equity Awards were specifically intended to compensate Mr. Bahl for his vested cash compensation awards at his former employer that were forfeited when he accepted the position as our Chief Executive Officer and President.

The compensation package of Mr. McCurry, our former President and Chief Executive Officer, was essentially the same in 2008 as the package that was negotiated when Mr. McCurry joined the Company in 2005. Mr. McCurry's 2005 base salary was set at slightly above the 50<sup>th</sup> percentile of base salaries of CEOs in companies of comparable size, and his bonus amount was set at the 70<sup>th</sup> percentile of bonuses for CEOs in companies of comparable size. Mr. McCurry's bonus was aligned with a higher percentile in order to overweight the performance-based portion of Mr. McCurry's cash compensation. In connection with the negotiation of Mr. McCurry's employment agreement in 2005, the Compensation Committee decided to eliminate the practice of providing the Chief Executive Officer and other executive officers with certain perquisites that had historically been provided to the Company's executive officers prior to Mr. McCurry's arrival. Mr. McCurry did not receive any increase in his base salary in 2006, 2007 or 2008. Due to the announcement of his resignation in 2008, Mr. McCurry also did not receive any equity grants in 2008. In connection with his resignation, we entered into a release agreement with Mr. McCurry which superseded his employment agreement. The terms of Mr. McCurry's release agreement are more fully described under Employment and Severance Arrangements.

**Compensation of Other Named Executive Officers.** At the time of the hiring of Mr. McCurry in 2005, the Search Committee was also searching for a new Chief Financial Officer. Accordingly, in connection with the negotiation of Mr. Limeri's employment agreement in late 2005, the Compensation Committee utilized data similar to that used in connection with the hiring of Mr. McCurry. In connection with the hiring of Mr. White in June 2006, in order to ensure that his compensation was properly benchmarked, the Compensation Committee reviewed survey data from the Economic Research Institute, which provides geographic-specific survey data derived from 14,000 U.S. publicly-traded corporations' proxy statements, annual and other reports filed with the SEC (1994 to present), loan and employment applicant earnings verifications and digitized public records. The Compensation Committee established parameters for Mr. White's compensation based upon benchmarks for the business services industry by surveying companies with \$250-



**Table of Contents**

\$500 million in revenue and targeting total cash compensation at the 60<sup>th</sup> percentile of the survey data. With respect to the other named executive officers, Messrs. Roos and Robinson, the primary components of their compensation packages were established prior to 2005; however, annual adjustments to their compensation packages, if any, have been determined as set forth below.

The Compensation Committee reviews the performance and compensation of our Chief Executive Officer each year. In evaluating the compensation of the Chief Executive Officer, the Compensation Committee considers factors such as market data regarding the compensation of other comparable executive officers at comparable companies and the skills and relevant experience of the Chief Executive Officer.

The Chief Executive Officer annually reviews the performance of each of our other key officers, including the named executive officers, and makes recommendations to the Compensation Committee regarding compensation for the other named executive officers. After taking into consideration the recommendations of the Chief Executive Officer, the Compensation Committee then determines the amount of compensation for our other named executive officers for the upcoming year. With respect to these other officers, the Compensation Committee and the Chief Executive Officer consider multiple factors in establishing the terms of their executive compensation packages, including market data regarding the compensation of comparable executive officers at comparable companies, the recent performance of the executive at the Company and the skills and relevant experience of each executive.

**Base Salary**

The annual base salary component of the executive compensation program provides each named executive officer with a fixed minimum amount of annual cash compensation. Salaries for our named executive officers are generally determined through their employment agreements, subject to annual review and adjustment by the Compensation Committee. There were no increases in the salaries of our named executive officers in 2006 or in 2007 as the Compensation Committee determined that the salaries for our named executive officers were appropriate in order for the Company's compensation to remain competitive.

Although the Compensation Committee did not increase the salaries for Mr. White or Mr. Roos in 2008, the Compensation Committee increased Mr. Limeri's salary from \$220,000 to \$260,000, effective on March 31, 2008, based upon a review of survey data of the compensation of the chief financial officers of public companies provided by Mercer in March of 2008. In addition, based on its analysis of the peer group information, the Compensation Committee further increased Mr. Limeri's salary from \$260,000 to \$300,000, effective October 1, 2008, resulting in Mr. Limeri's salary falling slightly above the 50<sup>th</sup> percentile of salaries for other chief financial officers in the Company's peer group. Mr. Robinson's salary was also increased in 2008 to include certain amounts that were previously paid separately from his base salary.

**Table of Contents**

The following table sets forth the 2008 base salaries for each of our named executive officers:

<b>Named Executive Officer</b>	<b>Base Salary</b>
James B. McCurry	\$500,000*
Peter Limeri	\$300,000**
Bradley T. Roos	\$323,000
Larry Robinson	\$419,269
N. Lee White	\$325,000

\* Mr. McCurry resigned as Chairman, President, and Chief Executive Officer of the Company effective November 30, 2008.

\*\* Mr. Limeri's salary set forth in this table reflects his base salary effective October 1, 2008.

**Cash Bonus**

**2008 Performance Bonus Plan.** We provided cash bonus awards to certain of our senior employees, including all of our named executive officers, through the 2008 Performance Bonus Plan. The 2008 Performance Bonus Plan was a cash incentive program designed to recognize and reward employees who were expected to make significant contributions towards achieving our 2008 business plan.

Cash bonuses awarded under the 2008 Performance Bonus Plan were contingent upon our achievement of certain 2008 financial performance objectives. Each of our named executive officers participated in the 2008 Performance Bonus Plan. Under the terms of the 2008 Performance Bonus Plan, no bonuses were to be earned under the plan until our consolidated 2008 adjusted EBITDA reached a specified threshold. Adjusted EBITDA is earnings from continuing operations before interest, taxes, depreciation and amortization, as adjusted for unusual and other significant items that management views as distorting our operating results from period to period. If this threshold level of adjusted EBITDA was achieved, then the participant was entitled to receive 50% of the target bonus amount set forth in the participant's employment agreement. If consolidated 2008 adjusted EBITDA reached the specified target level, then the participant was entitled to receive the target bonus amount set forth in the participant's employment agreement. If consolidated 2008 adjusted EBITDA reached the specified maximum level, then the participant was entitled to receive the maximum bonus amount set forth in the participant's employment agreement. Bonus payouts under the 2008 Performance Bonus Plan were to be increased on a pro rata basis to the extent that our consolidated adjusted EBITDA exceeded the minimum threshold for one bonus tier, but did not meet the minimum threshold for the next higher bonus tier. In no event, however, were the participants to receive a bonus that exceeded the maximum bonus amount set forth in the participant's employment agreement. The bonus amounts payable upon the achievement of the annual target adjusted EBITDA goal and the annual maximum adjusted EBITDA goal in 2008 are set forth as a percentage of base salary in each named executive officer's employment agreement.

The annual target and maximum adjusted EBITDA goals under the 2008 Performance Bonus Plan were established by the Compensation Committee in December 2007 after the Board of Directors completed its annual financial planning and budgeting process. Since it is the primary measure we use to measure and manage our operating performance, the Compensation Committee believed that adjusted EBITDA was the most appropriate financial measure to which bonus payments under the plan should be linked. In setting these performance objectives, the target adjusted EBITDA goal was lowered for 2008 as compared to 2007 because our contract under the demonstration project with the Centers for Medicare & Medicaid Services was expiring in March 2008, and we did not expect to receive any significant

**Table of Contents**

additional revenues from the demonstration project in 2008. However, the Compensation Committee raised the maximum adjusted EBITDA goal for 2008, both in absolute terms and as a percentage of the target adjusted EBITDA goal, from approximately 115% of the target goal to approximately 135% of the target goal. For 2008, the target adjusted EBITDA goal was \$35.10 million and the maximum adjusted EBITDA goal was \$47.26 million. We exceeded the target adjusted EBITDA goal for 2008, therefore entitling the participants, including our named executive officers, to receive annual performance bonuses under the Performance Bonus Plan.

Upon our achievement of the target and maximum adjusted EBITDA goals, our named executive officers were entitled to receive the following bonus amounts (reflected as a percentage of base salary) under the 2008 Performance Bonus Plan:

<b>Name</b>	<b>Target Bonus (% of Base Salary)</b>	<b>Maximum Bonus (% of Base Salary)</b>
James B. McCurry	70%	140%
Peter Limeri*	50%	100%
Bradley T. Roos*	50%	100%
Larry Robinson*	50%	100%
N. Lee White	40%	80%

\* Reflects an increase from applicable percentages of 40% and 80% in 2006 and 2007.

If the Company's performance fell between the target and maximum adjusted EBITDA goals, our named executive officers were entitled to receive an amount between the target and maximum bonus amounts, according to a formula established by the Compensation Committee.

Since the Company exceeded its annual target adjusted EBITDA performance goal for 2008, each of the named executive officers earned the following bonus amounts as a result of their participation in the 2008 Performance Bonus Plan:

<b>Named Executive Officer</b>	<b>2008 Bonus Amount</b>
James B. McCurry	\$ 372,158*
Peter Limeri	\$ 174,300
Bradley T. Roos	\$ 187,663
Larry Robinson	\$ 243,595
N. Lee White	\$ 151,060

\* Mr. McCurry's bonus reflected is his annual performance bonus under the 2008 Performance Bonus Plan

pro-rated  
through  
November 30,  
2008.

In addition to our named executive officers, approximately 80 current U.S. and international employees participated in the 2008 Performance Bonus Plan. We paid approximately \$3.6 million in cash bonuses to the participating employees based on the Company's level of EBIDTA performance in 2008.

**Long-Term Equity Incentive Compensation**

*Issuance of Stock Options and Restricted Stock.* Prior the adoption of the 2008 Equity Incentive Plan, we granted stock options and restricted stock awards under the Amended Stock Incentive Plan (the "Stock Incentive Plan") to our named executive officers and other key management personnel responsible for the growth of the Company. In connection with the 2008 annual meeting of shareholders, the Board of Directors recommended that the shareholders adopt the 2008 Equity Incentive Plan because of the limited number of shares available for future issuance under the Stock Incentive Plan and the impending expiration date of the current Stock Incentive Plan in June 2008. Our

**Table of Contents**

shareholders approved the 2008 Equity Incentive Plan on May 29, 2008. The 2008 Equity Incentive Plan expires on March 25, 2018, and permits the grant of stock options (both incentive stock options and non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units, and other incentive awards.

As a result of the equity grants under the MIP in 2006 (as discussed below), the Compensation Committee did not grant any stock options or restricted stock to our named executive officers in 2006 or 2007. In 2008, however, the Compensation Committee determined that we should provide long-term incentive compensation to our key officers, including our named executive officers, in the form of service-based restricted stock, performance-based restricted stock, and time-vesting stock options. The Compensation Committee believes that this three-part approach to long-term incentive compensation provides appropriate long-term incentives from both executive retention and Company performance perspectives. Since a key officer will benefit from a stock option award only to the extent our stock price appreciates above the exercise price of the stock option, stock options align the interests of the key officers with those of shareholders and ensure that key officers achieve gains only to the extent that share value has appreciated. The performance-based restricted stock is designed to focus key officers on the achievement of specific financial goals over a three-year performance period, which correlates restricted stock vesting to intermediate-term operating performance. The performance-based restricted stock vests only if performance goals are attained, and this generally supports the objective of ensuring financial efficiency in the overall compensation program. Service-based restricted stock which vests over three years serves the dual objectives of aligning key officers' interests with stockholders by creating an ownership interest and attracting and retaining highly skilled executives. The retention objective is further supported through the three-year time vesting schedule in the stock option awards and the three-year financial performance objective included in the performance-based restricted stock awards.

In considering the specific allocation between various elements of long-term incentive compensation for 2008, the Compensation Committee analyzed market data with respect to the allocation of various types of long-term incentive compensation. Overall, the Compensation Committee established the awards at levels designed to place the executives between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the market with respect to total direct compensation.

On September 17, 2008, the Compensation Committee made grants of equity incentive awards to certain of our officers and employees, including the grants of restricted stock and non-qualified stock options to the following named executive officers:

**Shares of Restricted Stock**

<b>Name</b>	<b>Service- Based Shares</b>	<b>Performance- Based Shares</b>	<b>Non-Qualified Options</b>
Peter Limeri	16,222	18,333	12,222
Bradley T. Roos	16,784	19,739	13,159
Larry Robinson	19,138	25,622	17,081

Given that Mr. McCurry had previously announced his intention to resign from the Company, Mr. McCurry did not receive an equity award in September 2008. In recognition of the need for additional retention measures for certain of our key officers during the search process for a new CEO and our transition to a new CEO, in September 2008, the Compensation Committee awarded additional service-based restricted stock to Messrs. Limeri, Roos and Robinson and certain other executive officers as an incentive for such individuals to remain with the Company. These retention awards are included in the table presented above.

The service-based restricted shares granted on September 17, 2008 will vest in three equal installments on each of September 17, 2009, 2010 and 2011. The performance-based restricted shares will vest in part if the Company exceeds a cumulative minimum Adjusted EBITDA threshold (the Minimum Adjusted EBITDA) which was established by the



**Table of Contents**

Compensation Committee on the grant date for the three-year period ending December 31, 2011 (the Measurement Period ) and will fully vest if the Company achieves a significantly higher cumulative Adjusted EBITDA objective for the Measurement Period (the Target Adjusted EBITDA ). In the event the Company does not achieve the Target Adjusted EBITDA, the number of performance-based restricted shares that vest will be on a pro-rata basis, based on the amount by which the Company's actual cumulative Adjusted EBITDA for the Measurement Period exceeds the Minimum Adjusted EBITDA. The Target Adjusted EBITDA amounts described above will be very challenging for us to achieve as it will require significant increases in our Adjusted EBITDA performance. Unvested shares of restricted stock with performance-based vesting will be forfeited in the event the officer ceases to be employed by the Company. In accordance with the terms of the officers' respective employment agreements, however, unvested shares of restricted stock with service-based vesting will automatically vest in the event an officer's employment is terminated without cause, the officer terminates employment for good reason, or the Company chooses to not extend the term of an officer's employment agreement. All shares of restricted stock will become 100% vested upon a change of control.

The non-qualified stock options granted on September 17, 2008, will vest in three equal installments on each of September 17, 2009, 2010 and 2011 and will expire on September 16, 2015. In accordance with the terms of the officers' respective employment agreements, all unvested options will automatically vest in the event an officer's employment is terminated without cause, the officer terminates employment for good reason, or the Company chooses to not extend the term of an officer's employment agreement. In such circumstances, the vested options remain outstanding until the earlier of (i) one year after the termination of employment or (ii) the original expiration date of the options. If an officer's employment with the Company terminates for any other reason, all unvested options are immediately forfeited. The options will become 100% vested upon a change of control. It is our standard practice to grant options with an exercise price equal to the closing price our common stock on the date of grant. The non-qualified stock options have a seven year term, and an exercise price of \$9.51, which was the closing price of our common stock on the date of the grant.

***Issuance of Performance Units under Management Incentive Plan.*** In 2006, as contemplated by our financial restructuring, we modified the long-term incentive program for key officers to include a performance share component to complement stock option and restricted stock awards under the Stock Incentive Plan. This component of our long term incentive program, the MIP, contains the material terms that were delineated for such plan in the Restructuring Support Agreement that we entered into with certain of our bondholders as part of the financial restructuring. The MIP was approved by the independent members of the Board of Directors and the Compensation Committee, subject to the approval of our shareholders. In August 2006, our shareholders approved the adoption of the MIP. Under the MIP, the Compensation Committee may award performance units to key officers and other key employees, as determined in the sole discretion of the Compensation Committee. In September 2006, the Compensation Committee granted performance units to Mr. McCurry, our Chief Executive Officer and President at that time, and to Messrs. Limeri, Roos, Robinson and White. In December 2007, the Compensation Committee, in light of the extension of the transition rule under Section 409A of the Internal Revenue Code of 1976, approved amendments to the outstanding 2006 MIP awards that permitted each executive to change the payment schedule for his or her vested performance units.

Each performance unit entitles the holder, after the vesting of such performance unit, to receive on the payment date the fair market value of one share of our common stock on the payment date, subject to applicable tax withholding. The payment dates are established by each participant's performance unit agreement. The Compensation Committee has determined that the fair market value is equal to the closing price of our common stock on the applicable payment date. Payments for vested performance units on the payment date are to be made 40% in cash and 60% in shares of common stock of the Company.

At the time of the adoption of the MIP and in accordance with the terms of the Restructuring Support Agreement that was entered into with certain of our bondholders in March 2006, 40% of the performance units available for issuance under the MIP were reserved for issuance to the Chief Executive Officer. Under the terms of Mr. White's employment agreement, we agreed to use our best efforts to ensure that Mr. White participated in the MIP at a level no less than the participation level of the members of our other executive officers, and the agreement contemplated that Mr. White would receive grants of performance units under the MIP equal to 12.5% of the common stock

reserved for issuance under the

**Table of Contents**

plan. With respect to the other named executive officers listed below, the Compensation Committee determined the amount of performance units to be awarded based upon the recommendation of the Chief Executive Officer.

On September 29, 2006, the Compensation Committee approved the following awards of MIP performance units to our named executive officers:

<b>Name</b>	<b>MIP Performance Units</b>
James B. McCurry	295,048
Peter Limeri	73,762
Bradley T. Roos	55,322
Larry Robinson	55,322
N. Lee White	92,203

Until payout, the performance units are subject to anti-dilution adjustments for certain corporate events, such as the conversions into common stock of the Company's Series A Preferred Stock and 10% Senior Convertible Notes which occurred in 2006 and 2007. In 2006 and 2007, as a result of the conversion into common stock of the Company's Series A Preferred Stock and 10% Convertible Notes, additional performance units accrued to our named executive officers as follows:

<b>Name</b>	<b>Accrued Performance Units</b>
James B. McCurry	661,335
Peter Limeri	165,334
Bradley T. Roos	124,001
Larry Robinson	124,001
N. Lee White	206,668

One half of the performance units vested upon the grant of such performance units, and one half vested in installments equal to 1/36<sup>th</sup> of the total number of performance units granted beginning October 17, 2006 and continuing on the 17<sup>th</sup> day of each succeeding month such that the performance units became fully vested in March 2008.

**Table of Contents**

The following is a schedule of performance unit payouts:

<b>Name</b>	<b>Percentage of Performance Units Paid &amp; Payment Dates</b>	<b>Percentage of Performance Units Payable &amp; Future Payment Dates</b>
James B. McCurry	25% paid on April 30, 2008	75% to be paid in June 2009*
Peter Limeri	None paid to date	50% payable on April 30, 2009 25% payable on April 30, 2010 25% payable on April 30, 2011
Bradley T. Roos	25% paid on April 30, 2008	25% payable on April 30, 2009 25% payable on April 30, 2010 25% payable on April 30, 2011
Larry Robinson	25% paid on April 30, 2008	25% payable on April 30, 2009 25% payable on April 30, 2010 25% payable on April 30, 2011
N. Lee White	25% paid on April 30, 2008	75% to be paid in July 2009*

\* As a result of separation from service on November 30, 2008 (McCurry) and December 31, 2008 (White).

As noted above, on April 30, 2008, we settled a portion of the performance units in accordance with the various officers' individual payout schedules. Such settlements resulted in the issuance of shares of the Company's common stock (60% of the value of the settled performance units) and cash (40% of the value of the settled performance units) to Messrs. McCurry, Roos, Robinson and White, as follows:

<b>Name</b>	<b>No. of Shares of Common Stock</b>	<b>Cash Payments</b>
James B. McCurry	143,457	\$ 946,824
Bradley T. Roos	26,898	\$ 177,535
Larry Robinson	26,898	\$ 177,535
N. Lee White	44,830	\$ 295,890

The total value of the performance units was calculated based upon the closing price of our common stock on The NASDAQ Global Select Market on April 30, 2008 of \$9.90.

**Employment and Severance Arrangements**

On November 28, 2008, we entered into new executive employment agreements with Messrs. Limeri, Roos and Robinson. These new employment agreements were entered into primarily in order to standardize the terms of employment for our named executive officers. Other than the increase of Mr. Limeri's base salary from \$260,000 to

\$300,000 and the increase in the percentage of base salary payable upon achieving the target and maximum performance targets under our Performance Bonus Plan, many of the material terms of the new employment agreements

**Table of Contents**

are substantially similar to the material terms of the named executive officers' previous employment arrangements. Each of these agreements is described in more detail below.

Mr. Limeri's executive employment agreement provides for him to serve as the Company's Chief Financial Officer and Treasurer at an annual salary of \$300,000 for an initial term of one year that will automatically be extended for additional one-year periods, unless either party notifies the other in writing at least thirty days prior to the end of the original term or any additional term of its intention not to extend the agreement. Mr. Limeri will be eligible to earn an annual performance bonus under the Company's Performance Bonus Plan as described above under "Cash Bonus- 2008 Performance Bonus Plan." Mr. Limeri's executive employment agreement provides for standard expense reimbursement, vacation time, and other standard executive benefits. In addition, Mr. Limeri's executive employment agreement contains standard non-competition and non-solicitation provisions. Mr. Limeri is also eligible to receive stock options, restricted stock, stock appreciation rights and/or other equity awards under the Company's applicable equity plans on such basis as the Compensation Committee may determine. See "Potential Payments Upon Termination or Change of Control" below for more information regarding severance payments payable to Mr. Limeri in the event of the termination of his employment.

Mr. Robinson's executive employment agreement provides for him to serve as the Company's Senior Vice President and President - Americas at an annual salary of \$419,269 for an initial term of one year that will automatically be extended for additional one-year periods, unless either party notifies the other in writing at least thirty days prior to the end of the original term or any additional term of its intention not to extend the agreement. Mr. Robinson will be eligible to earn an annual performance bonus under the Company's Performance Bonus Plan as described above under "Cash Bonus- 2008 Performance Bonus Plan." Mr. Robinson's executive employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits. Under the terms of Mr. Robinson's executive employment agreement, Mr. Robinson also receives the following additional compensation in connection with his assignment to Dallas, Texas:

a housing allowance;

a one-time relocation allowance;

a payment to cover certain out of pocket medical expenses related to his assignment to the United States;

reimbursement of applicable costs for a work permit/visa;

an auto allowance;

tax preparation assistance; and

a benefit to protect him against any incremental tax liability from living in the United States as compared to Canada.

In addition, Mr. Robinson's executive employment agreement contains standard non-competition and non-solicitation provisions. Mr. Robinson is also eligible to receive stock options, restricted stock, stock appreciation rights and/or other equity awards under the Company's applicable equity plans on such basis as the Compensation Committee may determine. See "Potential Payments Upon Termination or Change of Control" below for more information regarding severance payments payable to Mr. Robinson in the event of the termination of his employment.

**Table of Contents**

Mr. Roos' executive employment agreement provides for him to serve as the Company's Senior Vice President and President Europe and Asia Pacific at an annual salary of \$323,000 for an initial term of one year that will automatically be extended for additional one-year periods, unless either party notifies the other in writing at least thirty days prior to the end of the original term or any additional term of its intention not to extend the agreement. Mr. Roos will be eligible to earn an annual performance bonus under the Company's Performance Bonus Plan as described above under Cash Bonus- 2008 Performance Bonus Plan. Mr. Roos' executive employment agreement provides for standard expense reimbursement, vacation time, and other standard executive benefits. Under the terms of Mr. Roos' executive employment agreement, Mr. Roos also receives the following additional compensation in connection with his international assignment in the United Kingdom:

occupation of a house leased by the Company;

two home travel leaves per calendar year for Mr. Roos and his family;

tax consultation and preparation assistance;

an education allowance for Mr. Roos' children to attend the American school; and

an annual tax equalization benefit designed to ensure that Mr. Roos bears a total tax liability approximately equivalent to the tax liabilities he would have incurred if working for the Company in the United States.

In addition, Mr. Roos' executive employment agreement contains standard non-competition and non-solicitation provisions. Mr. Roos is also eligible to receive stock options, restricted stock, stock appreciation rights and/or other equity awards under the Company's applicable equity plans on such basis as the Compensation Committee may determine. See Potential Payments Upon Termination Or Change of Control below for more information regarding severance payments payable to Mr. Roos in the event of the termination of his employment. The Company has reported that Mr. Roos will be leaving the Company effective May 8, 2009.

On December 1, 2008, in connection with Mr. McCurry's resignation, we entered into a Release Agreement with Mr. McCurry which superseded and replaced Mr. McCurry's employment agreement. In accordance with the terms of his employment agreement, the Release Agreement provided, among other things, that the Company pay to Mr. McCurry a pro-rated portion (through November 30, 2008) of the 2008 annual incentive bonus that Mr. McCurry would have received had he remained employed with the Company in accordance with the 2008 Performance Bonus Plan. Mr. McCurry also released and fully discharged, except for certain specified preserved rights, the Company and its subsidiaries and their officers and directors from all claims, rights and causes of action of all nature, known and unknown, in any way arising out of, connected with or related to his employment. Other than the right to receive a pro-rated portion of the 2008 annual incentive bonus under the 2008 Performance Bonus Plan, Mr. McCurry did not receive any other severance benefits from the Company in connection with his departure from the Company.

On November 30, 2008, we entered into a Separation Agreement with Mr. White, the Company's Executive Vice President. The Separation Agreement superseded and replaced Mr. White's employment agreement. The Company and Mr. White agreed in the Separation Agreement that Mr. White's employment would end effective December 31, 2008. The Separation Agreement provided, among other things, that in accordance with the terms of his employment agreement with the Company, Mr. White would receive severance payments in an amount equal to his current salary for 26 bi-weekly pay periods following December 31, 2008. Mr. White will also receive the 2008 annual incentive bonus that he would have received for calendar year 2008 had he remained employed until the time of payment. Mr. White also agreed to provide consulting services to the Company at no charge until March 31, 2009, after which the Company would pay Mr. White a consulting fee of \$150 per hour, as well as reimbursement for reasonable out-of-pocket expenses; however, we do not anticipate that Mr. White will be providing any such consulting services after March 31, 2009. As a condition to the receipt of his severance benefits, Mr. White also entered into a Release Agreement that provided, among other things, that Mr. White released and fully discharged, except for certain specified preserved rights, the Company and its





**Table of Contents**

subsidiaries and their officers and directors from all claims, rights and causes of action of all nature, known and unknown, in any way arising out of, connected with or related to his employment.

On January 8, 2009, we entered into an executive employment agreement with Mr. Bahl, the Company's Chief Executive Officer and President. The term of Mr. Bahl's executive employment agreement is four years, which will automatically be extended for additional one-year periods, unless either party notifies the other in writing at least 90 days prior to the end of the original term or any additional term of its intention not to extend the agreement. Mr. Bahl's executive employment agreement provides for an annual base salary of \$600,000 and that Mr. Bahl will be eligible for an annual target performance bonus equal to 100% of his annual base salary and a maximum performance bonus equal to 150% of his annual base salary under the Company's Performance Bonus Plan, based on the achievement of certain performance objectives to be set by the Company's Compensation Committee. Mr. Bahl will also be eligible to receive an additional one-time, cash bonus in the aggregate amount of \$1 million payable on the last regular payroll date in July 2010, subject to Mr. Bahl's continued employment until such time. Under the terms of his executive employment agreement, Mr. Bahl received a one-time, equity inducement grant of an aggregate of 296,296 non-qualified stock options and 344,445 shares of restricted stock. In addition, Mr. Bahl's executive employment agreement contains standard non-competition and non-solicitation provisions. Mr. Bahl is also eligible to receive stock options, restricted stock, stock appreciation rights and/or other equity awards under the Company's applicable equity plans on such basis as the Compensation Committee may determine. Mr. Bahl's executive employment agreement further provides for standard expense reimbursement, vacation time, and other standard executive benefits. Finally, the Company provided Mr. Bahl with relocation benefits in an amount up to \$75,000 in connection with his relocation to Atlanta, Georgia.

**401(k) Plan**

We currently sponsor a 401(k) plan for all of our eligible employees. This plan (the "401(k) Plan") is a tax-qualified retirement plan designed to meet the requirements of Sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended. Under the 401(k) Plan, participants may elect to make pre-tax savings deferrals of from 1 percent to 60 percent of their compensation each year, subject to annual limits on such deferrals (e.g., \$15,500 in 2008) imposed by the Code. We may also in our discretion, on an annual basis, make a matching contribution with respect to a participant's elective deferrals and/or may make additional Company contributions. In 2008, we made matching contributions to the named executive officers that participated in the 401(k) plan, which amounts are included under the heading "All Other Compensation" in the "Summary Compensation Table" under "Executive Compensation." The only form of benefit payment under the 401(k) Plan is a single lump-sum payment equal to the vested balance in the participant's account. Under the 401(k) Plan, the vested portion of a participant's accrued benefit is payable upon such employee's termination of employment, attainment of age 59 1/2, retirement, total and permanent disability or death. Participants may also make in-service withdrawals from their pre-tax contributions under the plan for certain specified instances of hardship.

**Perquisites**

We provide our named executive officers with perquisites and other personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with our overall compensation program. In 2008, we provided perquisites to Mr. Roos and Mr. Robinson, who were working for at least a portion of the year outside of the United States. In addition, in 2008, we granted Mr. Robinson certain perquisites in connection with his re-assignment from Canada to Dallas, Texas. The perquisites made available to Mr. Roos and Mr. Robinson are described above under "Employment and Severance Arrangements," and include housing assistance, relocation expenses, tax preparation expenses and tax equalization payments.

**Income Deduction Limitations**

Section 162(m) of the Code generally sets a limit of \$1 million on the amount of compensation that the Company may deduct for federal income tax purposes in any given year with respect to the compensation of each of our named executive officers. However, certain performance-based compensation that complies with the requirements of Section

**Table of Contents**

162(m) is not included in the calculation of the \$1 million cap. The Compensation Committee generally considers Section 162(m)'s conditions for deductibility when structuring compensation arrangements for its officers, including the named executive officers. However, it is also true that we need flexibility to pursue our incentive and retention objectives, even if this means that a portion of executive compensation may not be deductible by the Company. Accordingly, the Compensation Committee has from time to time approved elements of compensation for certain officers that are not fully deductible, and will likely do so in the future under appropriate circumstances.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management and, based on such review and discussion, the Compensation Committee recommends to the Board of Directors that it be included in this proxy statement.

COMPENSATION COMMITTEE

Patrick G. Dills, Chairman

David A. Cole

Philip J. Mazzilli, Jr.

*Notwithstanding anything to the contrary which is or may be set forth in any of the Company's filings under the Securities Act of 1933 or the Exchange Act that might incorporate Company filings, including this proxy statement, in whole or in part, the preceding Compensation Committee Report shall not be incorporated by reference into any such filings.*

**Table of Contents****EXECUTIVE COMPENSATION**

The following table sets forth the compensation paid or accrued by the Company to the Chief Executive Officer, the Interim Chief Executive Officer, the Chief Financial Officer and the other three most highly paid executive officers of the Company in 2008 (collectively, the named executive officers). Mr. Bahl, the Company's current President and Chief Executive Officer did not join the Company until January 2009, and as such did not receive any compensation from the Company for 2008 or years prior.

**Summary Compensation Table for 2008**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(2)</sup>	Non-Equity Incentive			Total (\$)
					Option Awards (\$) <sup>(3)</sup>	Plan Compensation (\$) <sup>(4)</sup>	All Other Compensation (\$)	
<b>James B. McCurry</b> Chairman, President and Chief Executive Officer <sup>(1)</sup>	2008	463,942		(260,098)		372,158		576,002
	2007	500,000		8,422,592		700,000	15,708	9,638,300
	2006	500,000		1,489,067	2,567,623	700,000		5,256,690
<b>Peter Limeri</b> Chief Financial Officer <sup>(5)</sup>	2008	260,000		(189,386)	36,487	174,300	3,000	284,401
	2007	220,000		2,105,648	28,332	176,000	3,000	2,532,980
	2006	220,000		372,267	28,332	176,000		796,599
<b>Bradley T. Roos</b> Executive Vice President and President Europe <sup>(6)</sup>	2008	323,000		(26,317)	7,986	187,663	91,204	583,536
	2007	323,000		1,620,506		258,400	1,031,328	3,233,235
	2006	323,000		320,455		258,400	368,655	1,179,510
<b>Larry Robinson</b> Senior Vice President Asia Pacific, Latin America and Canada <sup>(7)</sup>	2008	419,269		(31,317)	10,366	243,595	55,785	697,698
	2007	385,414		1,579,254		331,740	42,808	2,339,216
	2006	371,561		279,203		300,501	38,880	990,145
<b>N. Lee White</b> Executive Vice President U.S. <sup>(8)</sup>	2008	325,000		(81,281)		151,060	3,000	397,779
	2007	325,000		2,632,066		260,000		3,217,066
	2006	168,750	69,808	465,336		69,808	4,981	778,683
<b>Patrick G. Dills</b> <sup>(9)</sup> Interim Chief Executive Officer and President	2008	35,000						35,000

(1) Mr. McCurry resigned from the Company effective November 30, 2008. Mr. McCurry's reported Option Awards compensation in

2006 relates entirely to an inducement option award granted in connection with his joining the Company in 2005. During 2006, Mr. McCurry voluntarily surrendered for cancellation his option to purchase all shares under the grant, thus causing an acceleration of the related compensation expense. This compensation expense was based on a Black-Scholes calculation of the expected value of the option at the time of its grant. Because of the cancellation of the option, Mr. McCurry has not and will not realize any actual value from the option grant. Mr. McCurry's All Other Compensation in 2007 relates to reimbursement for attorneys fees and a matching contribution

under the  
Company's  
401(k) Plan.

- (2) Stock Awards compensation reported for all named executive officers relates to awards of restricted stock granted pursuant to the 2008 Equity Incentive Plan and awards of Performance Units granted pursuant to the Company's 2006 Management Incentive Plan. See Compensation Discussion and Analysis Long-Term Equity Incentive Compensation for a description of such plans. Mr. Roos' Stock Awards compensation for 2008, 2007, and 2006 also includes \$7,147, \$41,252, and \$41,252, respectively, related to a restricted stock award granted in 2005. The amounts in this column represent the compensation expense recorded in 2008, 2007, and

2006 computed  
in accordance  
with Statements  
of Financial  
Accounting  
Standards No.

**Table of Contents**

123R ( FAS  
123R ),  
Share-Based  
Payment.  
Additional  
information about  
assumptions used  
in these  
calculations is  
available in Note  
1(l) to the  
Company s  
Consolidated  
Financial  
Statements in the  
Company s Form  
10-K for the year  
ended  
December 31,  
2008. Due to a  
partial cash  
settlement feature,  
portions of  
Performance Units  
are considered  
liability-classified  
awards, thus  
negative  
compensation may  
result from  
remeasurement at  
each balance sheet  
date based on the  
market value of  
the Company s  
common stock.

- (3) Represents the  
compensation  
expense recorded  
in 2006, 2007, and  
2008 as computed  
in accordance with  
Statements of  
Financial  
Accounting  
Standards  
No. 123R ( FAS  
123R ),

Share-Based  
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1(l) to the  
Company's  
Consolidated  
Financial  
Statements in the  
Company's Form  
10-K for the year  
ended  
December 31,  
2008.

(4) Non-Equity  
Incentive Plan  
Compensation  
reported for all  
named executive  
officers consists of  
compensation  
earned pursuant to  
the Company's  
Performance  
Bonus Plans in  
2006, 2007, and  
2008; which  
amounts were paid  
in March 2007,  
2008, and 2009,  
respectively. See  
Compensation  
Discussion and  
Analysis Cash  
Bonus for a  
description of the  
Performance  
Bonus Plan.

(5) Mr. Limeri's  
reported Option  
Awards  
compensation  
relates to options  
granted under the  
2008 Equity



Incentive Plan as well as an inducement option award granted in connection with his joining the Company in 2005. Mr. Limeri's All Other Compensation represents a matching contribution in 2008 and 2007 under the Company's 401(k) Plan.

- (6) The Company has reported that Mr. Roos will be leaving the Company effective May 8, 2009. Mr. Roos reported All Other Compensation includes education assistance and housing assistance of \$86,597 and \$1,607, respectively in 2008, \$84,986 and \$943,341, respectively, in 2007 and \$69,030 and \$297,875, respectively, in 2006. The amount in 2007 includes \$768,995 related to the prepayment of rent for Mr. Roos through 2009. It also includes a \$3,000 matching contribution for each of 2008 and 2007 and a \$1,750

matching contribution for 2006 under the Company's 401(k) Plan. Amounts paid for education assistance and housing assistance are paid in the British Pound. For purposes of this proxy statement, such amounts have been converted to the U.S. Dollar using the average of all daily exchange rates for the British Pound to the U.S. Dollar for 2006, 2007, and 2008 (approximately US\$1.844, US\$2.001, and US\$1.850 per British Pound in 2006, 2007, and 2008, respectively).

- (7) Mr. Robinson's reported All Other Compensation includes a relocation payment of \$23,188, life and health insurance related supplements of \$29,597 and an auto allowance of \$3,000 for 2008, life and health insurance related supplements of \$25,445 and an auto allowance of \$17,365 for 2007,

and life and health insurance related supplements of \$22,941 and an auto allowance of \$15,939 for 2006. Mr. Robinson's salary and bonus were paid in the Canadian Dollar during 2006 and 2007 and a portion of 2008. For purposes of this proxy statement, such amounts have been converted to the U.S. Dollar using the average of all daily exchange rates for the Canadian Dollar to the U.S. Dollar for 2006, 2007, 2008 (approximately US\$0.858, US\$0.935, and US\$0.986 respectively, per Canadian Dollar).

- (8) Mr. White's reported Bonus for 2006 represents a discretionary bonus which was paid in March 2007. Mr. White's reported All Other Compensation for 2008 represents a matching contribution under the Company's 401(k) Plan and for 2006 relates to a reimbursement for professional

services incurred  
in connection with  
his employment.

- (9) Mr. Dills served  
as Interim Chief  
Executive Officer  
and President of  
the Company from  
December 1, 2008  
until January 1,  
2009.

**Employment Agreements**

The Company has entered into employment agreements with all of its current named executive officers, the terms of which are described under Compensation Discussion and Analysis- Employment and Severance Agreements.

**Table of Contents****Potential Payments Upon Termination or Change of Control**

Under the terms of the employment agreements and other arrangements with its named executive officers, the Company has agreed to make severance payments to the named executive officers upon the termination of their employment. The following table shows the estimated payments and benefits for each named executive officer under the various employment termination scenarios set forth in their respective employment agreements assuming the triggering event took place on December 31, 2008. The payments to be made to Messrs. McCurry and White in connection with their separation from the Company are described below. In accordance with SEC regulations, we do not report any amount to be provided to a named executive officer under any arrangement which does not discriminate in scope, terms, or operation in favor of our executive officers and which is available generally to all salaried employees. Notwithstanding the amounts described below, other than accrued obligations, an executive's right to receive any payments or benefits upon termination of his employment is contingent upon the executive's executing a separation and release agreement in a form acceptable to the Company.

Name	Benefit	Termination without Cause or Resignation with Good Reason- No Change of	Termination without Cause or Resignation with Good Reason-Change of	Termination with Cause <sup>(3)</sup>	Death, Disability or Resignation without Good Reason <sup>(4)</sup>
		Control <sup>(1)</sup> (\$)	Control <sup>(2)</sup> (\$)	(\$)	(\$)
Peter Limeri	Severance Payment	300,000	450,000		
	Bonus	174,300	174,300		174,300
	Health Care Coverage	11,777	17,666		
	Vested Options and Restricted Stock	214,014	388,361		
	Outplacement Services	20,000	20,000		
Bradley T. Roos <sup>(5)</sup>	Severance Payment	323,000	484,500		
	Bonus	187,663	187,663		187,663
	Health Care Coverage	13,378	20,068		
	Vested Options and Restricted Stock	219,607	407,325		
	Outplacement Services	20,000	20,000		
	Relocation Benefits <sup>(5)</sup>	65,906	65,906		
Larry Robinson	Severance Payment	516,023	628,903		
	Bonus	243,595	243,595		243,595
	Health Care Coverage	6,012	7,327		
	Vested Options and Restricted Stock	262,289	505,955		
	Outplacement Services	20,000	20,000		

**Table of Contents**

- (1) Other than within two years after a change of control, if a named executive officer:
  - (x) terminates his employment for good reason (y) is terminated by the Company without cause (as defined in the Employment Agreements), or
  - (z) terminates his employment upon the Company's failure to renew the Agreement, then the named executive officer is entitled to the following:
    - (i) payment of the named executive officer's annual base salary for the period equal to the greater of one year or the sum of four weeks for each full year of continuous service the named executive officer has with the Company (the Severance Period );
    - (ii) payment of any actual earned full-year bonus (pro-rated) for the year in which the named executive officer's employment termination occurs;
    - (iii) continuation of health care plan coverage for the

Severance Period;  
(iv) payment of accrued obligations;  
(v) vesting in full of the named executive officer's outstanding unvested options, restricted stock and other equity-based awards that would have vested solely based on the continued employment of the named executive officer, as well as the continuation of outstanding stock options, until the earlier of one year after the date of termination of the named executive officer's employment or the original expiration date of the options; and (vi) payment of up to \$20,000 of outplacement services.

- (2) If a termination described in footnote (1) above occurs within two years of a change of control, then the named executive officer would receive the same payments and benefits except that (i) the payment of the named executive officer's annual base salary shall be for the period equal to the

greater of  
18 months or the  
sum of four weeks  
for each full year of  
continuous service  
the named  
executive officer  
has with the  
Company (the  
Change in Control  
Severance Period ),  
(ii) the named  
executive officer's  
health care plan  
coverage shall  
continue for the  
Change in Control  
Severance Period,  
and (iii) in addition  
to the equity  
vesting and term  
benefits described  
in footnote  
(1) above, the  
performance-based  
restricted stock  
would have become  
fully vested upon  
the Change in  
Control.

- (3) If the Company  
terminates a named  
executive officer  
employment for  
cause, the  
Employment  
Agreements  
terminate and the  
Company will have  
no further  
obligations to the  
named executive  
officer other than to  
pay accrued  
obligations, which  
shall not include  
any bonus  
otherwise payable  
to the named  
executive officer.



- (4) If the named executive officer's employment is terminated for reason of death or incapacity he shall be entitled to receive payment of an amount equal to the actual full-year bonus earned for the year that includes his death or incapacity, prorated based on the number of days the executive is employed for the year. If a named executive officer resigns without good reason, he is entitled to receive any bonus earned for any completed fiscal year of the Company which has not been paid as of the date of the executive's resignation. Bonus amounts reflected in this column represent bonuses earned in 2008 which were payable in 2009 only if the named executive officer completed a full year of service in 2008.
- (5) The Company has reported that Mr. Roos will be leaving the Company effective May 8, 2009. As of December 31, 2008, upon any

termination of  
Mr. Roos without  
cause (initiated by  
the Company), the  
Company was  
required to  
reimburse  
Mr. Roos for  
certain costs  
relating to his  
relocation to the  
United States, as  
well as temporary  
living expenses up  
to 60 days.

In connection with the Release Agreement with Mr. McCurry, the Company will pay to Mr. McCurry \$372,158 on or about June 1, 2009, such amount to constitute the pro-rated portion through November 2008 of Mr. McCurry's 2008 annual performance bonus. In connection with the Separation Agreement with Mr. White, the Company will make severance payments in the amount of \$12,500 for 26 bi-weekly pay periods following December 31, 2008, his 2008 full year annual performance bonus of \$151,060, and \$11,365 for continued medical coverage.

**Table of Contents****Plan-Based Awards**

The following tables set forth certain information regarding awards made under the Company's various incentive plans. For additional information regarding these incentive plans and awards, please see Compensation Discussion and Analysis above.

**GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2008**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All other Stock Awards Number of Shares	All other Option Awards: Exercise Number of Securities	Grant Date Fair Value Of Stock Price And	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				or Units
James B. McCurry		160,137	320,274	640,548							
Peter Limeri	9/17/08	75,000	150,000	300,000							
	9/17/08				18,333 <sup>(2)</sup>			16,222 <sup>(3)</sup>	12,222 <sup>(4)</sup>	9.51	77,353
											328,618
Bradley T. Roos	9/17/08	80,750	161,500	323,000							
	9/17/08				19,739 <sup>(2)</sup>			16,784 <sup>(3)</sup>	13,159 <sup>(4)</sup>	9.51	83,283
											347,334
Larry Robinson	9/17/08	104,817	209,635	419,269							
	9/17/08				25,622 <sup>(2)</sup>			19,138 <sup>(3)</sup>	17,081 <sup>(4)</sup>	9.51	108,106
											425,668
N. Lee White		65,000	130,000	260,000							

<sup>(1)</sup> The Threshold, Target and Maximum Payouts reported for all named executive officers were based upon the Company's attainment of

specified  
adjusted  
EBITDA levels  
as defined in the  
Company's 2008  
Performance  
Bonus Plan. The  
Company  
exceeded the  
specified target  
levels but did  
not achieve the  
maximum level  
under the 2008  
Performance  
Bonus Plan. The  
payouts for each  
of the named  
executive  
officers are as  
follows:  
Mr. McCurry:  
\$372,158,  
Mr. Limeri:  
\$174,300,  
Mr. Roos:  
\$187,663,  
Mr. Robinson:  
\$243,595, and  
Mr. White:  
\$151,060. The  
amounts in the  
preceding  
sentence were  
paid to  
Messrs. Limeri,  
Roos, and  
Robinson in  
March 2009 and  
the amounts will  
be paid to  
Mr. McCurry  
and Mr. White  
in June 2009  
and July 2009,  
respectively, in  
accordance with  
Section 409A of  
the Internal  
Revenue Code.  
See

Compensation  
Discussion and  
Analysis Cash  
Bonus for a  
description of  
the 2008  
Performance  
Bonus Plan.

- (2) Grant of restricted stock pursuant to the 2008 Equity Incentive Plan which vests subject the Company's meeting a cumulative Adjusted EBITDA target for the three-year period ending December 31, 2011.
- (3) Grant of restricted stock pursuant to the 2008 Equity Incentive Plan, which vests in three equal installments on each of September 17, 2009, 2010 and 2011.
- (4) Grant of options pursuant to the 2008 Equity Incentive Plan which vests in three equal installments on each of September 17, 2009, 2010, and 2011.

- (5) Computed in accordance with Statements of Financial Accounting Standards No. 123R ( FAS 123R ), Share-Based Payment. Additional information about assumptions used in these calculations is available in Note 1(l) to the Company s Consolidated Financial Statements in the Company s Form 10-K for the year ended December 31, 2008.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008**

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of
	Number of Securities Underlying Unexercised Options: Exercisable (#)	Number of Securities Underlying Unexercised Options: Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$) <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Rights that Have Not Vested (#)	Unearned Shares, Units or Other Rights that Have Not Vested (\$) <sup>(1)</sup>
James B. McCurry								
Peter Limeri	9,375 <sup>(2)</sup>	40,625 <sup>(2)</sup> 12,222 <sup>(3)</sup>	2.80 9.51	11/11/2012 09/16/2015	16,222 <sup>(4)</sup>	66,185	18,333 <sup>(4)</sup>	74,799
Bradley T. Roos	2,000 2,500 1,500	13,159 <sup>(3)</sup>	184.69 41.60 49.50 9.51	03/01/2010 02/25/2009 03/05/2010 09/16/2015	16,784 <sup>(5)</sup>	68,479	19,739 <sup>(5)</sup>	80,535
Larry Robinson	1,125 600 750 750	17,081 <sup>(3)</sup>	221.67 257.50 41.60 49.50 9.51	01/20/2009 01/05/2010 02/25/2009 03/05/2010 09/16/2015	19,138 <sup>(6)</sup>	78,083	25,622 <sup>(6)</sup>	104,538

N. Lee White

<sup>(1)</sup> Based on \$4.08 per share; the closing market price of the Company's

common stock on  
December 31,  
2008.

- (2) Mr. Limeri's options were granted in two tranches, the first of which, pertaining to 12,500 shares vests over four years. The second tranche is subject to specific performance criteria and will become exercisable in three tiers of 12,500 shares each, as follows: Tier 1 will become exercisable at any time after July 29, 2006, if the closing market price per share of the Company's common stock is \$45.00 or higher for 45 consecutive trading days after July 29, 2006. Tier 2 will become exercisable at any time after July 29, 2007, if the closing market price per share of the Company's common stock is \$65.00 or higher for 45 consecutive trading days after July 29, 2007. Tier 3 will become exercisable at any time after July 29, 2008, if the closing market price per share of the Company's



common stock is  
\$80.00 or higher  
for 45 consecutive  
trading days after  
July 29, 2008.  
These options were  
granted as an  
inducement outside  
of an equity  
incentive plan.

- (3) These options will vest in three equal installments on each of September 17, 2009, 2010 and 2011. Unvested options will terminate in the event the officer ceases to be employed by the Company. The options will become 100% vested upon a change of control.
- (4) Grant of restricted stock, of which 16,222 shares will vest in three equal installments on each of September 17, 2009, 2010 and 2011. Vesting of the remaining 18,333 shares is subject to the Company's meeting a cumulative Adjusted EBITDA target for the three-year period ending December 31, 2011. Unvested shares of restricted stock with

performance-based vesting will be forfeited in the event the officer ceases to be employed by the Company. In accordance with the terms of the officers respective employment agreements, however, unvested shares of restricted stock with service-based vesting will automatically vest in the event an officer s employment is terminated without cause, the officer terminates employment for good reason, or the Company chooses to not extend the term of an officer s employment agreement. All shares of restricted stock will become 100% vested upon a change of control.

- (5) Grant of restricted stock, of which 16,784 shares will vest in three equal installments on each of September 17, 2009, 2010 and 2011. Vesting of the remaining 19,739 shares is subject the Company s meeting a cumulative Adjusted EBITDA

target for the  
three-year period  
ending  
December 31,  
2011. Unvested  
shares of restricted  
stock with  
performance-based  
vesting

**Table of Contents**

will be forfeited in the event the officer ceases to be employed by the Company. In accordance with the terms of the officers respective employment agreements, however, unvested shares of restricted stock with service-based vesting will automatically vest in the event an officer s employment is terminated without cause, the officer terminates employment for good reason, or the Company chooses to not extend the term of an officer s employment agreement. All shares of restricted stock will become 100% vested upon a change of control.

- (6) Grant of restricted stock, of which 19,138 shares will vest in three equal installments on each of September 17, 2009, 2010 and 2011. Vesting of the remaining 25,622 shares is subject the Company s meeting a cumulative Adjusted EBITDA

target for the three-year period ending December 31, 2011. Unvested shares of restricted stock with performance-based vesting will be forfeited in the event the officer ceases to be employed by the Company. In accordance with the terms of the officers' respective employment agreements, however, unvested shares of restricted stock with service-based vesting will automatically vest in the event an officer's employment is terminated without cause, the officer terminates employment for good reason, or the Company chooses to not extend the term of an officer's employment agreement. All shares of restricted stock will become 100% vested upon a change of control.

**STOCK VESTED  
FOR FISCAL YEAR 2008**

<b>Name</b>	<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Vesting (#)<sup>(1)</sup></b>	<b>Value Realized on Vesting (\$)<sup>(2)</sup></b>

James B. McCurry	79,698	325,168
Peter Limeri	19,925	81,294
Bradley T. Roos	17,444	71,171
Larry Robinson	14,944	60,971
Lee White	24,906	101,616

- (1) Except for Mr. Roos, reported amount represents the portion of Performance Units granted pursuant to the Company's 2006 Management Incentive Plan that vested during 2008. Mr. Roos amount represents both Performance Units and 2,500 shares of restricted stock which cliff vested on March 4, 2008.
- (2) Based on \$4.08 per share; the closing market price of the Company's common stock on December 31, 2008. The actual amounts to be realized by the named executive officers upon settlement of the vested Performance Units are dependent upon the fair value of the common

stock at the  
future  
settlement dates.

**CERTAIN TRANSACTIONS**

We may enter into business transactions in the ordinary course of business with our directors and officers, including members of their families or corporations, partnerships or other organizations in which these directors and officers have a controlling interest. If transactions between the Company and any of our directors or officers occur, the transaction:

will be on substantially the same terms, including as those prevailing at the time for comparable transactions with unrelated parties;

will be on terms no less favorable than could be obtained from an unrelated third party; and

will be approved by a majority of the directors who do not have an interest in the transaction.

**Table of Contents**

As required by Nasdaq Listing Standards Rule 4350(h) and the Company's Audit Committee Charter, all related party transactions are reviewed and approved by the Audit Committee. For purposes of this review and approval, the term "related party transaction" is generally defined as any transaction (or series of related transactions) in which the Company is a participant and the amount involved exceeds \$120,000, and in which any director, director nominee, or executive officer of the Company, any holder of more than 5% of the outstanding voting securities of the Company, or any immediate family member of the foregoing persons will have a direct or indirect interest.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Messrs. Cole, Dills and Mazzilli currently comprise the Compensation Committee. None of the members of the Compensation Committee had any "interlocks" within the meaning of Item 407(e)(4) of the SEC Regulation S-K during fiscal 2008.



**Table of Contents****OWNERSHIP OF DIRECTORS, PRINCIPAL SHAREHOLDERS  
AND CERTAIN EXECUTIVE OFFICERS**

The following tables set forth certain information regarding the beneficial ownership of the Company's common stock as of April 15, 2009, by (i) each person (or group of affiliated persons) known by the Company to be the beneficial owner of more than 5 percent of the outstanding common stock of the Company; (ii) each director and director nominee of the Company; (iii) the current Named Executive Officers; and (iv) all of the Company's executive officers and directors as a group. Except as otherwise indicated in the footnotes to this table, the Company believes that the persons named in this table have sole investment and voting power with respect to all the shares of common stock indicated.

<b>Beneficial Owner</b>	<b>Total Beneficial Ownership</b>	<b>Percent of Shares Beneficially Owned<sup>(1)</sup></b>
Blum Capital Partners, L.P. <sup>(2)</sup> 909 Montgomery St., Ste. 400 San Francisco, CA 94133	3,781,462	17.13%
JANA Partners LLC <sup>(3)</sup> 767 Fifth Avenue, 8 <sup>th</sup> Floor New York, NY 10153	2,297,932	10.41%
Renaissance Technologies LLC <sup>(4)</sup> 800 Third Avenue New York, NY 10022	1,300,701	5.89%
Weintraub Capital Management, L.P. <sup>(5)</sup> 44 Montgomery St., Ste. 4100 San Francisco, CA 94104	1,521,200	6.85%
Barclays Global Investors, NA <sup>(6)</sup> 400 Howard Street San Francisco, CA 95105	1,412,128	6.39%

(1) Applicable percentage ownership at April 15, 2009 is based upon 22,068,725 shares of common stock outstanding, adjusted in the case of certain options and other conversion rights. Shares of common stock

subject to options and rights that are currently exercisable or convertible, or will become exercisable or convertible within 60 days of April 15, 2009 are deemed outstanding for computing the percentage ownership of the person holding such options or rights, but are not deemed outstanding for computing the percentage ownership of any other persons. Beneficial ownership is determined in accordance with the rules of the SEC under which shares are beneficially owned by the person or entity that holds investment and/or voting power.

- (2) Blum Capital Partners, L.P., a California limited partnership ( Blum L.P. ); Richard C. Blum &

Associates, Inc.,  
a California  
corporation  
( RCBA Inc. );  
Blum Strategic  
GP, L.L.C., a  
Delaware  
limited liability  
company ( Blum  
GP ); Blum  
Strategic GP II,  
L.L.C., a  
Delaware  
limited liability  
company ( Blum  
GP II ); and  
Blum Strategic  
Partners II, L.P.  
( Blum Strategic  
II ), a Delaware  
limited  
partnership, are  
referred to  
herein as the  
Blum Reporting  
Persons. Blum  
L.P. s principal  
business is  
acting as a  
general partner  
for investment  
partnerships and  
providing  
investment  
advisory  
services. Blum  
L.P. is an  
investment  
advisor  
registered with  
the Securities  
and Exchange  
Commission.  
Voting and  
investment  
power  
concerning the  
above shares are  
held solely by  
Blum LP, Blum  
GP and Blum

GP II. The Reporting Persons may be deemed to have beneficial ownership of an aggregate of 3,781,462 shares of Common Stock. As the sole general partner of Blum LP, RCBA Inc. may be deemed to be the beneficial owner of the securities of which Blum LP has voting and investment power. Information is based on publicly reported holdings as of the date of the most recently filed amendment to Schedule 13D, as filed on January 5, 2009.

**Table of Contents**

RBCA Inc.,  
Blum LP, Blum  
GP and GP II  
disclaim  
beneficial  
ownership over  
the shares  
except to the  
extent of their  
pecuniary  
interest therein.

(3) Information is  
based on  
publicly  
reported  
holdings as of  
the date of the  
most recently  
filed  
amendment to  
Schedule 13G,  
as filed on  
February 17,  
2009.

(4) Information is  
based on  
publicly  
reported  
holdings as of  
the date of the  
most recently  
filed  
Schedule 13G,  
as filed on  
February 13,  
2009.  
Renaissance  
Technologies  
LLC ( RTC ) and  
James H. Simon  
( Simon ) are  
referred to as  
the Reporting  
Persons. The  
reporting  
persons may be  
deemed to

beneficially own  
1,300,701  
shares. Simon is  
deemed to  
beneficially own  
the shares  
owned by RTC  
because of  
Simon's position  
as a control  
person of RTC.

- (5) Information is  
based on  
publicly  
reported  
holdings as of  
the date of the  
most recently  
filed  
amendment to  
Schedule 13G,  
as filed on  
February 17,  
2009.  
Weintraub  
Capital  
Management,  
L.P. ( Capital ) is  
a registered  
investment  
adviser.  
Weintraub  
Capital  
Management  
GP, LLC ( GP )  
is the general  
partner of  
Weintraub  
Capital  
Management,  
L.P. and Jerald  
M. Weintraub  
( Weintraub ) is  
the manager of  
Weintraub  
Capital  
Management  
GP, LLC. Each  
of Capital, GP,  
and Weintraub

report that they may be deemed to beneficially own 1,521,200 shares. Prism Partners IV Leveraged Offshore Fund ( Prism ) reports that it may be deemed to beneficially own 1,139,172 shares. The address of Prism is c/o Citi Hedge Fund Services, Ltd., Hemisphere House, 9 Church Street, Hamilton, HM11, Bermuda. The filers filed the Schedule 13G jointly, but not as members of a group and each of them expressly disclaims membership in a group. Each filer disclaimed beneficial ownership of the Stock except to the extent of that filer s pecuniary interest therein. In addition, the filing of the Schedule 13G on behalf of Prism should not be construed as an admission that it is, and it disclaims that it

is, the beneficial owner, as defined in rule 13d-3 under the Act, of any of the securities covered by this Schedule 13G.

- (6) Information is based on publicly reported holdings as of the date of the most recently filed Schedule 13G, as filed on February 5, 2009. The Reporting Persons and their applicable beneficial ownership are as follows:
- Barclays Global Investors, NA 1,052,162 shares;
  - Barclays Global Fund Advisors 359,966 shares;
  - Barclays Global Investors, LTD 0 shares;
  - Barclays Global Investors Japan Limited 0 shares;
  - Barclays Global Investors Canada Limited 0 shares;
  - Barclays Global Investors Australia Limited 0 shares;
  - Barclays Global Investors (Deutschland)



AG 0 shares.

**Table of Contents****Directors, Named Executive Officers and Directors and Officers as a Group:**

<b>Beneficial Owner</b>	<b>Beneficial Holdings (Excluding Options)</b>	<b>Certain Shares Subject to Options and Other Stock Awards<sup>(1)</sup></b>	<b>Total Beneficial Ownership</b>	<b>Percent of Shares Beneficially Owned<sup>(2)</sup></b>
Romil Bahl	344,445	0	344,445	1.56%
David A. Cole	5,565	104,418	109,983	*
Patrick G. Dills	34,465	49,418	83,883	*
Peter Limeri	34,555	118,603	153,158	*
N. Colin Lind <sup>(3)</sup>	3,786,527	58,418	3,844,945	17.38%
Philip J. Mazzilli, Jr.	15,065	58,418	73,483	*
Larry Robinson	89,634	28,248	117,882	*
Bradley T. Roos	65,921	30,398	96,319	*
Steven P. Rosenberg	5,065	58,418	63,483	*
All current directors and executive officers as a group (13 persons)	4,526,716	575,649	5,102,365	22.53%

\* Represents holdings of less than one percent.

(1) Represents shares that may be acquired currently or within 60 days after April 15, 2008 through the exercise of stock options and those that will be received upon the settlement of additional Performance Units under the 2006 Management Incentive Plan which is expected to occur on April 30, 2009.

- (2) Applicable percentage ownership at April 15, 2009 is based upon 22,068,725 shares of common stock outstanding, adjusted in the case of certain options and other conversion rights. Shares of common stock subject to options and rights that are currently exercisable or convertible, or will become exercisable or convertible within 60 days of April 15, 2009 are deemed outstanding for computing the percentage ownership of the person holding such options or rights, but are not deemed outstanding for computing the percentage ownership of any other persons. Beneficial ownership is determined in accordance with the rules of the SEC under which shares are beneficially

owned by the person or entity that holds investment and/or voting power.

- (3) Mr. Lind is a Managing Partner of Blum L.P. Mr. Lind has informed the Company that he disclaims beneficial ownership of the shares beneficially owned by Blum L.P., except to the extent of any pecuniary interest therein.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's executive officers and directors and persons who beneficially own more than 10% of the Company's stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. Executive officers, directors and greater than 10% beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of copies of forms received by it pursuant to Section 16(a) of the Exchange Act, and written representations from certain reporting persons, the Company believes that with respect to 2008, all Section 16(a) filing requirements applicable to its executive officers, directors and greater than 10 percent beneficial owners were timely satisfied.

**Table of Contents****EXECUTIVE OFFICERS**

Each of the executive officers of the Company was appointed by the Board of Directors to serve at the pleasure of the Board of Directors or until their successors are elected or until their earlier resignation, removal or death. The following table lists the current executive officers of the Company and their ages and offices with the Company.

Name	Age	Period Employed in Current Position
Romil Bahl, President and Chief Executive Officer	40	Since January 2009
Peter Limeri, Chief Financial Officer and Treasurer	43	Since February 2006
Victor A. Allums, Senior Vice President, General Counsel and Secretary	50	Since May 2006
Jennifer Moore, Senior Vice President Human Resources	38	Since September 2005
Larry M. Robinson, Senior Vice President and President Americas	53	Since October 2005
Bradley T. Roos, Senior Vice President and President- Europe and Asia Pacific*	46	Since June 2005
P. David Schroeder, Senior Vice President and Chief Information Officer	54	Since January 2007
James R. Shand, Chief Innovation and Strategy Officer	43	Since March 2009

\* The Company has reported that Mr. Roos will be leaving the Company effective May 8, 2009.

For biographical information regarding Mr. Bahl, please see Information About The Class I Directors Whose Terms Will Expire At The 2009 Annual Meeting Of Shareholders above.

*Peter Limeri*, Chief Financial Officer and Treasurer, served as Chief Restructuring Officer from November 2005 to February 2006. Prior to joining the Company, Mr. Limeri served as Chief Financial Officer and Chief Operating Officer of Nationwide Furniture Inc., a portfolio company of Sun Capital Partners, a private equity firm, from May 2004 to November 2005. Prior to that he served as the Chief Financial Officer at Anderson Press, Inc., a publishing and consumer packaged goods company, from December 1999 to April 2004. Before joining Anderson Press, Inc., he served as Vice President-Finance of Cluett American, where he was part of the team that led that company's financial restructuring and business turnaround.

*Victor A. Allums*, Senior Vice President, General Counsel and Secretary, joined the Company in February 2006 and was Senior Vice President and Assistant Secretary prior to his appointment to his current position in May 2006. For nine years prior to joining the Company, Mr. Allums was Senior Vice President and General Counsel of GE Business Productivity Solutions, a subsidiary of General Electric Capital Corporation. Prior to his tenure with GE, he served as Assistant General Counsel of ALLTEL Information Services Healthcare Division. Mr. Allums began his career with the Atlanta law firm of Troutman Sanders.

*Jennifer Moore*, Senior Vice President Human Resources, is responsible for the Company's domestic and international human resource activities. Before joining the Company, Ms. Moore was Vice President of Human Resources with Howard Schultz & Associates from May 1999 until the Company's acquisition of it in 2002.  
Ms. Moore

**Table of Contents**

joined the Company as Vice President of Human Resources in January 2002. In April 2004, she became Senior Vice President Human Resources, US Operations. Prior to that, she worked in human resources management in the telecommunications, semi-conductor and mortgage industries.

*Larry M. Robinson*, Senior Vice President and President-Americas, is responsible for operations and sales in the U.S., Canada, and Latin America. Prior to joining the Company, Mr. Robinson held various senior accounting and audit assignments for Sears Canada Inc., one of Canada's largest retailers. He joined the company in 1992 as General Manager of the Canadian division, and later assumed additional responsibility for the Asia Pacific and Latin America regions.

*P. David Schroeder*, Senior Vice President and Chief Information Officer, is responsible for the Company's information technology worldwide. Prior to joining the Company in January 2007, Mr. Schroeder served as an independent CIO-level consultant advising companies on acquisitions and technology strategy from April 2005 to December 2006. From November 2002 to March 2005, Mr. Schroeder served as Chief Technology Officer for the Hobart West Group, the parent company of Esquire Deposition Services, one of the largest court reporting firms in the U.S. From April 2000 to July 2002, he served as Chief Technology Officer for Law.com, a major website targeting lawyers and legal professionals. Prior to his position at Law.com, Mr. Schroeder held senior technology management roles at innovative consulting organizations such as iXL, Inc. and IBM's Interactive Media division.

*James R. Shand*, Chief Innovation and Strategy Officer, joined the Company in March 2009. Prior to joining the Company, Mr. Shand led the Global Information Technology Strategy Practice at Infosys Consulting, Inc., the business consulting subsidiary of Infosys Technologies Limited, since August 2004. Prior to Infosys, Mr. Shand was a Principal Consultant at A.T. Kearney, a global management consulting company. Before A.T. Kearney, Mr. Shand was a founder and Managing Director of Churchill Software Ltd in London, UK, which provided IT services to the UK Government.

**Table of Contents****PRINCIPAL ACCOUNTANTS FEES AND SERVICES**

The Company incurred the following fees for services performed by its independent registered public accounting firm for 2008 and 2007. All of the services described below were approved by the Audit Committee.

	2008	2007
Audit Fees <sup>(1)</sup>	\$1,047,000	\$1,180,500
Aggregate fees for professional services for the audit of the Company's annual financial statements and reviews of financial statements included in the Company's Forms 10-Q		
Audit-Related Fees <sup>(2)</sup>	\$ 15,000	\$ 12,000
Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above		
Tax Fees		
Aggregate fees billed for professional services for tax compliance, tax consulting and tax planning		
All Other Fees <sup>(3)</sup>	\$ 59,673	\$ 81,763
Aggregate fees billed for products and services provided other than the services reported above		

(1) *Audit Fees* consist of fees for professional services rendered in connection with the audits of (i) annual financial statements of the Company and its subsidiaries, and (ii) the effectiveness of internal control over financial reporting. This category also includes reviews of financial statements included in Form 10-Q filings of the



Company and its subsidiaries and services normally provided in connection with statutory and regulatory filings or engagements

- (2) *Audit-Related Fees* consist of fees for professional services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under *Audit Fees*. For all periods presented, *Audit-Related Fees* relate to an employee benefit plan audit.

- (3) *All Other Fees* consist of fees paid to affiliates of BDO Seidman, LLP for other compliance work in foreign jurisdictions.

**Table of Contents**

**SHAREHOLDER PROPOSALS**

Shareholders who, in accordance with Securities and Exchange Commission Rule 14a-8, wish to present proposals for inclusion in the Company's proxy materials to be distributed in connection with next year's annual meeting of Shareholders must submit their proposals so that they are received at the Company's principal executive offices no later than the close of business on December 24, 2009. As the rules of the SEC make clear, simply submitting a proposal does not guarantee that it will be included.

In accordance with the Company's Bylaws, in order to be properly brought before the 2010 Annual Meeting, a shareholder's notice of the matter the shareholder wishes to present, or the person or persons the shareholder wishes to nominate as a director, must be delivered to the Secretary of the Company at its principal executive offices no less than 90 days, and no more than 120 days before the first anniversary of the date the Company mailed the preceding year's proxy statement. As a result, any notice given by a shareholder pursuant to these provisions of the Company's Bylaws (and not pursuant to the SEC's Rule 14a-8) must be received no earlier than December 24, 2009, and no later than January 23, 2010, unless the Company's annual meeting date in 2010 is more than 30 days before or after May 27, 2010. SEC rules permit management to vote proxies in its discretion with respect to such matters if we advise shareholders how management intends to vote. If the Company's 2010 Annual Meeting date is advanced or delayed by more than 30 days from May 27, 2010, then proposals must be received no later than the close of business on the later of the 90th day before the 2010 Annual Meeting or the 10th day following the date on which the meeting date is first publicly announced.

To be in proper form, a shareholder's notice must include the specified information concerning the proposal or nominee as described in the Company's Bylaws. A shareholder who wishes to submit a proposal or nomination is encouraged to seek independent counsel about the requirements imposed by the Company's Bylaws and SEC regulations. The Company will not consider any proposal or nomination that does not meet the Bylaw requirements and the SEC's requirements for submitting a proposal or nomination.

NOTICES OF INTENTION TO PRESENT PROPOSALS AT THE 2010 ANNUAL MEETING SHOULD BE ADDRESSED TO SECRETARY, PRG-SCHULTZ INTERNATIONAL, INC., 600 GALLERIA PARKWAY, SUITE 100, ATLANTA, GEORGIA 30339. THE COMPANY RESERVES THE RIGHT TO REJECT, RULE OUT OF ORDER, OR TAKE OTHER APPROPRIATE ACTION WITH RESPECT TO ANY PROPOSAL THAT DOES NOT COMPLY WITH THESE AND OTHER APPLICABLE REQUIREMENTS.

**Table of Contents**

**DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS**

Only one copy of this proxy statement and the documents accompanying it is being delivered to multiple beneficial shareholders who share an address, unless the Company or its authorized agents have received contrary instructions from any such shareholder. These documents are available on the Company's web site, [www.prgx.com](http://www.prgx.com). In addition, the Company will deliver promptly, upon written or oral request, a separate copy of this proxy statement and all other enclosed documents to any shareholder to which a single copy was delivered at a shared address. Any instructions to receive a separate copy of such mailings in the future, or request to receive a copy of this proxy statement or enclosed documents, may be made in writing or by telephone to the Company's Secretary, Victor A. Allums, at PRG-Schultz International, Inc., 600 Galleria Parkway, Suite 100, Atlanta, Georgia 30339, (770) 779-3900. If you are a beneficial holder and have previously provided a broker with permission to receive only one copy of these materials at a shared address, you must provide any revocation of such permission to that broker.

**IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING IN PERSON ARE URGED TO SIGN, COMPLETE, DATE AND RETURN THE PROXY CARD IN THE ENCLOSED ENVELOPE, TO WHICH NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES.**

By Order of the Board of  
Directors:

/s/ Patrick G. Dills  
Patrick G. Dills  
Chairman

Dated: April 23, 2009

**Table of Contents**

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**Table of Contents**

PRG-SCHULTZ INTERNATIONAL, INC. COMMON STOCK PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS ON MAY 27, 2009 The undersigned shareholder hereby appoints Romil Bahl, Peter Limeri and Victor A. Allums, or any of them, with full power of substitution, to act as proxy for, and to vote the stock of, the undersigned at the Annual Meeting of Shareholders of PRG-Schultz International, Inc. (the Company ) to be held on May 27, 2009, and any adjournments thereof. The undersigned acknowledges receipt of the Notice of Annual Meeting of Shareholders and the accompanying Proxy Statement, and grants authority to said proxies, or their substitutes, and ratifies and confirms all that said proxies may lawfully do in the undersigned s name, place and stead. The undersigned instructs said proxies to vote as indicated hereon. THE PROXIES SHALL VOTE AS SPECIFIED ON THE REVERSE, OR IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR EACH OF THE LISTED NOMINEES AND FOR PROPOSAL 2 DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT. PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. (Continued and to be signed on the reverse side.)

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**Table of Contents**

ANNUAL MEETING OF SHAREHOLDERS OF PRG-SCHULTZ INTERNATIONAL, INC.  
COMMON STOCK PROXY CARD May 27, 2009 NOTICE OF INTERNET AVAILABILITY OF  
PROXY MATERIAL: The Notice of Meeting and Proxy Statement and 2008 Annual Report on Form  
10-K are available at [www.prgx.com/proxy](http://www.prgx.com/proxy). Please sign, date and mail your proxy card in the envelope  
provided as soon as possible. Please detach along perforated line and mail in the envelope provided.  
20230000000000000000 0 052709 THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE ELECTION OF DIRECTORS AND FOR PROPOSAL 2. PLEASE SIGN, DATE AND RETURN  
PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR  
BLACK INK AS SHOWN HERE x 1. Election of Directors: 2. Ratification of Appointment of BDO  
Seidman, LLP as PRG-Schultz's independent registered public accounting firm for fiscal NOMINEES:  
CLASS I DIRECTORS: year 2009. FOR ALL NOMINEES O Romil Bahl O Steven P. Rosenberg 3. In  
the discretion of the proxies, upon such other matters as may properly come WITHHOLD AUTHORITY  
FOR ALL NOMINEES before the meeting or any adjournment thereof. FOR ALL EXCEPT THE  
PROXIES SHALL VOTE AS SPECIFIED ABOVE OR IF NO DIRECTION IS (See instructions below)  
GIVEN, THIS PROXY WILL BE VOTED FOR EACH OF THE LISTED NOMINEES AND FOR  
PROPOSAL 2. PRG-SCHULTZ INTERNATIONAL, INC. COMMON STOCK PROXY CARD  
INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT  
and fill in the circle next to each nominee you wish to withhold, as shown here: To change the address on  
your account, please check the box at right and indicate your new address in the address space above.  
Please note that changes to the registered name(s) on the account may not be submitted via this method.  
Signature of Shareholder Date: Signature of Shareholder Date: Note: Please sign exactly as your name or  
names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as  
executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a  
corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer  
is a partnership, please sign in partnership name by authorized person.