Hill International, Inc.
Form PRE 14A
April 24, 2012
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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

HILL INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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Hill International, Inc.

303 Lippincott Centre

Marlton, New Jersey 08053

May 4, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Hill International, Inc. (the Company) which will be held at the principal executive offices of the Company, 303 Lippincott Centre, Marlton, New Jersey 08053, on Monday, June 11, 2012 at 1:00 p.m. Eastern Time.

Details of the business to be conducted at the annual meeting are given in the attached Notice of 2012 Annual Meeting of Stockholders and Proxy Statement.

Whether or not you plan to attend the annual meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to submit your proxy by completing, signing, dating and returning the enclosed proxy card in the enclosed envelope. If you decide to attend the annual meeting, you will be able to vote in person, even if you have previously submitted your proxy.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of the Company. I look forward to greeting as many of our fellow stockholders attending the annual meeting as possible.

Sincerely,

Irvin E. Richter

Chairman and Chief Executive Officer

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Hill International, Inc.

303 Lippincott Centre

Marlton, New Jersey 08053

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 11, 2012

To our Stockholders:

Hill International, Inc. (the Company) will hold its 2012 Annual Meeting of Stockholders at 303 Lippincott Centre, Marlton, NJ 08053 on Monday, June 11, 2012, at 1:00 p.m. Eastern Time, to address matters that may properly come before the meeting. We are holding the annual meeting for the following purposes:

1. to elect two members of the Board of Directors;

2. to approve an amendment to the Hill International, Inc. amended and restated certificate of incorporation to increase the number of authorized shares of Common Stock;

3. to approve an increase in the number of shares issuable under the 2006 Employee Stock Option Plan; and

4. to transact other business that may properly come before the meeting and any adjournment or postponement of the meeting.

The Board of Directors has fixed the close of business on April 16, 2012 as the record date for the annual meeting. Only holders of record of common stock of the Company at the close of business on April 16, 2012 are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

It is important that your shares be represented and voted at the meeting. If you are a stockholder of record and do not plan to attend the meeting, please mark, sign, date and promptly mail your proxy card in the enclosed postage-paid envelope. You may revoke your proxy at any time before its exercise at the meeting. If you do not hold your shares of record and you do not plan to attend the meeting, please follow the instructions provided by your broker, bank or other nominee to ensure that your shares are voted.

By order of the Board of Directors,

William H. Dengler, Jr.

Secretary

Marlton, New Jersey

May 4, 2012

Important Notice Regarding the Availability of Proxy Materials for Our

Annual Meeting of Stockholders to Be Held on June 11, 2012

The accompanying proxy statement and our 2011 annual report to stockholders are available at

www.hillintl.com, in the Investor Relations section.

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PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by Hill International, Inc. (Hill or the Company) on behalf of the Board of Directors for the 2012 Annual Meeting of Stockholders, to be held on Monday, June 11, 2012, and at any meeting following adjournment or postponement of the annual meeting. We are first mailing this proxy statement and proxy card (including voting instructions) on or about May 7, 2012, to persons who were stockholders at the close of business on April 16, 2012, the record date for the meeting.

The 2012 Annual Meeting of Stockholders is scheduled to begin at 1:00 p.m. Eastern Time on June 11, 2012 at the Company s headquarters at 303 Lippincott Centre, Marlton, New Jersey 08053. Stockholders will be admitted beginning at 12:00 p.m. Eastern Time.

VOTING

Who Can Vote?

You are entitled to vote at the annual meeting all shares of the Company s common stock that you held as of the close of business on the record date. Each share of common stock is entitled to one vote with respect to each matter properly brought before the meeting.

On April 16, 2012, there were 38,572,993 shares of common stock outstanding.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the meeting.

Who Is the Record Holder?

You may own common stock either (1) directly in your name, in which case you are the record holder of such shares, or (2) indirectly through a broker, bank or other nominee, in which case such nominee is the record holder.

If your shares are registered directly in your name, we are sending these proxy materials directly to you. If the record holder of your shares is a nominee, you will receive proxy materials from such record holder.

How Do I Vote?

If you are the record holder:

- By Mail. If you choose to vote by mail, mark your proxy, date and sign it, and return it in the postage-paid envelope provided. Your vote by mail must be received by the close of business on June 8, 2012.

- By Attending the Annual Meeting. If you attend the annual meeting, you can vote your shares in person.

If your stock is held by brokers, banks or other financial institutions:

- By Mail. Stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction cards provided by their brokers, banks or other nominees and mailing them in the accompanying pre-addressed envelopes by the time specified in the voting instruction cards.

- By Attending the Annual Meeting. Since a beneficial owner is not the stockholder of record, you may not vote your shares in person at the annual meeting unless you obtain a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares at the

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meeting. Your broker, bank or other nominee can provide you information on how to obtain a legal proxy. Your broker, bank or other nominee has enclosed or provided voting instructions for you to use in directing the broker, bank or other nominee how to vote your shares.

The New York Stock Exchange (NYSE) does not consider the election of directors (Item 1), the proposal to approve an amendment to the Hill International, Inc. amended and restated certificate of incorporation to increase the number of authorized shares of Common Stock from 75,000,000 to 100,000,000 (Item 2) and the proposal to increase from 6,000,000 to 8,000,000 the number of shares available for issuance under the 2006 Employee Stock Option Plan (Item 3) to be routine. Therefore, for your vote to be counted, you now need to communicate your voting decisions to your broker, bank or other financial institution before the date of the annual meeting.

The method by which you vote will in no way limit your right to vote at the annual meeting if you later decide to attend in person.

If your stock is held in the Hill International, Inc. 401(k) Retirement Savings Plan:

If you are or were an employee of the Company and hold shares in the 401(k) Plan, the proxy that you submit will provide your voting instructions to the Plan Trustee. However, you cannot vote your savings plan shares in person at the annual meeting. If you do not submit a proxy, the Plan Trustee will vote your savings plan shares in the same proportion as the shares for which the Trustee receives voting instructions from other participants in the Plan.

How Many Votes Are Required?

A quorum is required to transact business at the annual meeting. We will have a quorum and be able to conduct the business of the annual meeting if the holders of a majority of the shares entitled to vote are present at the meeting, either in person or by proxy.

If a quorum is present, a plurality of votes cast is required to elect Directors. Thus, a Director may be elected even if the Director receives less than a majority of the shares represented at the meeting. Proxies cannot be voted for a greater number of nominees than are named in this Proxy Statement.

All other matters to come before the annual meeting require the approval of a majority of the shares of common stock present, in person or by proxy, at the annual meeting and entitled to vote.

How Are Votes Counted?

All shares that have been properly voted, and not revoked, will be voted at the annual meeting in accordance with the instructions given. If you sign and return your proxy card, but do not specify how you wish your shares to be voted, your shares represented by that proxy will be voted as recommended by the Board of Directors.

Proxies marked as abstaining, and any proxies returned by brokers as non-votes on behalf of shares held in street name because beneficial owners discretion has been withheld as to one or more matters to be acted upon at the annual meeting, will be treated as present for purposes of determining whether a quorum is present at the annual meeting. However, any shares not voted as a result of a marked abstention or a broker non-vote will not be counted as votes for or against a particular matter.

How Can I Revoke My Proxy or Change My Vote?

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy or by voting in person at the meeting. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee following the instruction it has provided, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

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Who Will Pay the Expenses of Proxy Distribution?

The Company will pay the expenses of the preparation of the proxy materials and the solicitation of proxies. Proxies may be solicited on behalf of the Company by Directors, officers or employees of the Company, who will receive no additional compensation for soliciting, in person or by telephone, e-mail or facsimile or other electronic means. In accordance with the regulations of the Securities and Exchange Commission (SEC) and the NYSE, we will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of the Company s stock.

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ITEM 1 ELECTION OF DIRECTORS

The Board of Directors (the Board) is divided into three classes. One class is elected each year for a term of three years.

Two Directors will be elected at this annual meeting to serve for a three-year term expiring at our annual meeting in 2015. Upon the recommendation of the Governance and Nominating Committee, the Board has renominated Camille S. Andrews and Brian W. Clymer to serve for terms expiring in 2015. You can find information about Ms. Andrews and Mr. Clymer below.

The persons named in the proxy card will vote such proxy for the election of Ms. Andrews and Mr. Clymer unless you indicate that your vote should be withheld. If elected, both Ms. Andrews and Mr. Clymer will continue in office until his or her successor has been duly elected and qualified, or until the earliest of his or her death, resignation, retirement or removal. Both Ms. Andrews and Mr. Clymer have indicated to the Company that they will serve if elected. We do not anticipate that Ms. Andrews and Mr. Clymer will be unable to stand for election, but, if that happens, your proxy will be voted in favor of another person nominated by the Board upon the recommendation of the Governance and Nominating Committee.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE ELECTION OF MS. ANDREWS AND MR. CLYMER AS DIRECTORS.

Nominees for Director Term Expiring in 2015

CAMILLE S. ANDREWS has been a Director since June 2009. Since 1998, Ms. Andrews has been an Associate Dean, and since 1996 she has been a member of the faculty, of Rutgers University School of Law at Camden. Since 2007, Ms. Andrews has also served as a Managing Director of and Counsel to Context Capital Partners, a private equity firm. Between 1986 and 1996, Ms. Andrews was a Partner with the law firm of Dilworth Paxson LLP, and between 2006 and 2008, she was Of Counsel to that firm. Ms. Andrews earned a B.A. *magna cum laude* in rhetoric and communication from the University of Pittsburgh and a J.D. *with honors* from Rutgers University School of Law at Camden. She is a member of several charitable boards, including the Walnut Street Theatre, ACYO Foundation and New Jersey Child Cares. Ms. Andrews is admitted to practice law in New Jersey and Pennsylvania. Ms. Andrews offers a wealth of legal expertise in commercial matters and her service on the boards of other organizations provides cross-board experience. Age: 52. Other Public Company Board Service: None.

BRIAN W. CLYMER has been a Director since June 2006. Mr. Clymer is Senior Vice President of External Affairs for Prudential Financial, Inc. where he has worked since July 1997. Prior to Prudential, he served as New Jersey State Treasurer under Governor Christine Todd Whitman from 1994 to 1997. Prior to that, Mr. Clymer was President and Chief Executive Officer of Railway System Design, Inc. and Vice President of its parent company, Gannett Fleming, Inc., an engineering design firm, from 1993 to 1994. From 1989 to 1993, he served under President George H.W. Bush as Administrator of the U.S. Department of Transportation s Federal Transit Administration. Mr. Clymer has served on numerous Boards of Directors, including the New Jersey Sports and Exposition Authority, the New Jersey Casino Reinvestment Development Authority, the New Jersey Performing Arts Center, the Southeastern Pennsylvania Transportation Authority, the American Public Transit Association, Security First Bank, and Motor Coach Industries International, Inc., then a New York Stock Exchange-listed designer and manufacturer of buses and coaches. He currently serves on the Board of Directors of the New Jersey Alliance for Action, the Prudential Financial, Inc. Political Action Committee and the Independent College Fund of New Jersey. Mr. Clymer earned his B.S. in business and economics from Lehigh University. He is a Certified Public Accountant in the Commonwealth of Pennsylvania. Mr. Clymer has spent almost 20 years in the field of public accounting and brings extensive experience as an executive and board member of various publicly and non-publicly held entities and offers deep knowledge of financial, economic and accounting matters. Age: 65. Other Public Company Board Service: Longport, Inc. (2001 to 2010).

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Continuing Directors Term Expiring in 2014

DAVID L. RICHTER has been President and Chief Operating Officer since March 2004, and he has been a member of our Board of Directors since February 1998. Prior to his current position, he was President of our Project Management Group from April 2001 to February 2004. Before that, Mr. Richter was Senior Vice President, General Counsel and Secretary from August 1999 to March 2001 and Vice President, General Counsel and Secretary from April 1995 to August 1999. Prior to joining us, he was an attorney with the New York City law firm of Weil, Gotshal & Manges LLP from 1992 to 1995. Mr. Richter is a member of the Young Presidents Organization, the Construction Industry Round Table, the Board of Trustees of the Southern New Jersey Development Council and is a former member of the Board of Directors of the Construction Management Association of America (CMAA). He earned a B.S. in management, a B.S.E. in civil engineering and a J.D. from the University of Pennsylvania. Mr. Richter is a son of Irvin E. Richter. Mr. Richter has years of executive leadership with the Company and has developed great expertise in the construction management industry. Age: 45. Other Public Company Board Service: None.

ALAN S. FELLHEIMER has been a Director since June 2006. He has been Chairman of the Philadelphia law firm of Fellheimer & Eichen LLP since January 1998. He was Chairman of the Board of the Pennsylvania Business Bank, a state-chartered bank, from 1998, when he founded the bank, until 2008 when the bank was sold. He also served as the bank s President and Chief Executive Officer from 1998 until 2006. From 1991 to 1998, Mr. Fellheimer was a Partner in the Philadelphia law firm of Fellheimer Eichen Braverman & Kaskey. During 1990, he was a Partner with the Philadelphia law firm of Spector Gadon & Rosen, P.C. From 1985 to 1990, Mr. Fellheimer was Chairman and Chief Executive Officer of Equimark Corp., then a New York Stock Exchange-listed bank holding company. He currently serves as a member of the Board of Trustees of Gratz College, a member of the Board of Trustees of the Pennsylvania Ballet, a member of the President s Advisory Board of Temple University and a member of the Dean s Advisory Board of the School of Social Policy & Practice of the University of Pennsylvania. Mr. Fellheimer is a Trustee of the Law Foundation of Temple University and a Trustee of the Grand Lodge of Pennsylvania, AYF&AM. Mr. Fellheimer earned his A.B. in liberal arts and his J.D. *summa cum laude* from Temple University. He is a member of the New Jersey, New York and Pennsylvania bars. Mr. Fellheimer has significant banking expertise and brings to the Company experience in leadership positions with public and non-public entities. Age: 69. Other Public Company Board Service: None.

Continuing Directors Term Expiring in 2013

IRVIN E. RICHTER has been Chairman of our Board of Directors since 1985 and he has been Chief Executive Officer and a member of our Board of Directors since he founded the company in 1976. In 2002, Mr. Richter was selected as a Fellow by the CMAA for his contributions to the construction management industry. He is a member of the World Presidents Organization. He is the author or co-author of several books including *Handbook of Construction Law & Claims* and *International Construction Claims: Avoiding and Resolving Disputes*. He has served or does serve on a number of Boards of Directors, including Rutgers University, Temple University Hospital, CMAA, incNETWORKS, Inc., Energy Storage & Power and Proton Therapy, Inc. Mr. Richter holds a B.A. in government from Wesleyan University and a J.D. from Rutgers University School of Law at Camden, and he has been named a Distinguished Alumnus at both schools. Mr. Richter s substantial expertise in the areas of project management and construction claims has made him highly regarded in our industry. His strategic vision, leadership and construction industry knowledge have helped to guide the Company on its path of growth and success. Age: 67. Other Public Company Board Service: None.

WILLIAM J. DOYLE has been a Director since June 2006. Mr. Doyle has been retired from full-time employment since June 1999. From 1993 to 1999, he was Chairman and Chief Executive Officer of Paolin & Sweeney, Inc., an advertising and public relations firm. Before that, he was Vice Chairman of Hill from 1985 to 1992. Mr. Doyle has served as Chairman of the Delaware River Port Authority, as Chairman of the Philadelphia Area Transportation Corp., as Chairman of the Executive Committee of the Tri-State Regional Port Development

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Corp., and as President of the Philadelphia Chapter of the Young Presidents Organization. He served on the Board of Directors of STV Group, Inc., then a Nasdaq-listed engineering, architecture and construction management firm, from 1993 to 2001. He has also served on the Board of Directors of the American Cinematheque, the Philadelphia College of Performing Arts, the American Public Transportation Association, and the CMAA. Mr. Doyle s experience as a director of the Company, his experience as a chief executive officer of other companies and his service as director of a then-public engineering and construction management company are strong assets to the Board. Age: 81. Other Public Company Board Service: None.

STEVEN M. KRAMER has been a Director since June 2010. He is President of Synchema, LLC which he founded in 2009. Synchema is a consulting company which assists companies in various aspects of strategic planning. Prior to Synchema, Mr. Kramer was President and Chief Operating Officer of Kelstar International, which he co-founded, from 1987 until it was sold to Altana, a publicly-owned German specialty chemical and pharmaceutical company, in October 2005. Kelstar is a manufacturer of aqueous coatings, ultraviolet-curable coatings and specialty chemicals for the international printing industry. He resigned from Kelstar in 2006. From the time of his resignation from Kelstar in 2006 until his founding of Synchema in 2009, Mr. Kramer pursued a variety of business interests independently. Mr. Kramer earned his B.S. in Graphic Communications from the Rochester Institute of Technology. Mr. Kramer is a member of the Board of Directors of Dragonfly Forest, Inc., a non-profit organization dedicated to providing overnight camp experiences to seriously ill children. He is also a member of the Young Presidents Organization. Mr. Kramer s experience as founder and executive of his own companies and his experience with respect to strategic planning provides valuable insight regarding the Company s growth and direction. Age: 50. Other Public Company Board Service: None.

CORPORATE GOVERNANCE

Pursuant to the Delaware General Corporation Law and the Company s By-laws, the Company s business, property and affairs are managed by or under the direction of the Board of Directors. Members of the Board are kept informed of the Company s business through discussions with the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. We currently have seven members on our Board.

During 2011, the Board held six meetings and the committees held a total of nine meetings. Each incumbent Director attended more than 75% of the total number of meetings of the Board of Directors and the Board committees of which he or she was a member during the period he or she served as a Director in 2011. Although, we do not have a policy requiring all Directors to attend annual meetings of stockholders, we expect all Directors to attend, absent extenuating circumstances. All of our Directors attended the 2011 Annual Meeting.

Director Independence

The standards applied by the Board in affirmatively determining whether a director is independent, in compliance with the rules of the NYSE, generally provide that a director is not independent if:

(1) the director is, or has been within the last three years, our employee, or an immediate family member (defined as including a person s spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone, other than domestic employees, who shares such person s home), is, or has been within the last three years, one of our executive officers;

(2) the director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 per year in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

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(3) (a) the director is a current partner or employee of a firm that is our internal or external auditor; (b) the director has an immediate family member who is a current partner of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and who works on our audit; or (d) the director or an immediate family member was, within the last three years, a partner or employee of such a firm and personally worked on our audit within that time;

(4) the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company s compensation committee; or

(5) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to or received payments from us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1,000,000 or two percent of such other company s consolidated gross revenues.

In addition to these objective standards, the Board of Directors has adopted a general standard, also in compliance with the NYSE rules, to the effect that no director qualifies as independent unless the Board of Directors affirmatively determines that the director has no material relationship with us. In making this determination, the Board considers all relevant facts and circumstances regarding any transactions, relationships and arrangements between Hill and the Director, and also between Hill and any company or organization with which the Director is affiliated. The Board of Directors has determined that our current independent directors are Camille S. Andrews, Brian W. Clymer, William J. Doyle, Alan S. Fellheimer and Steven M. Kramer.

Board Leadership Structure

The Company has not separated the roles of Chairman of the Board and Chief Executive Officer. While the Board has not appointed a lead independent director, Mr. Fellheimer, Chair of the Compensation Committee, has presided over executive session meetings of independent directors. The Board has reviewed its leadership structure and concluded that its current structure is the appropriate one for the Company at this time. Specifically, our Board believes that Irvin E. Richter is best situated to serve as its chairman because he is very familiar with the Company s business and the industries it serves and is most capable of effectively identifying the opportunities, risks and challenges the Company faces. Because of his long service to the Company, as both Chief Executive Officer and Chairman, our Board believes that Mr. Richter is in the best position to lead discussions on and execute our operating strategy and develop agendas to ensure our Board is focusing on the issues that are most important to the Company s long-term growth. Furthermore, the Board believes that its current structure encourages the free and open dialogue of competing views and provides for strong oversight of management. Therefore, we believe that Mr. Richter leading both the Company and the Board is appropriate and in our best interests.

Role of the Board in Risk Oversight

The Board as a whole has responsibility for risk oversight, with reviews of certain areas conducted by relevant Board committees that report on their findings to the Board. The oversight responsibility of the Board and the Board committees is facilitated by management reporting processes designed to provide information to the Board concerning the identification, assessment and management of critical risks and management s risk mitigation strategies and practices. These areas of focus include operational, economic, competitive, financial (including accounting, reporting, credit, liquidity and tax), legal, regulatory, compliance, environmental, political and strategic risks. The full Board (or the appropriate Board committee), in concert with the appropriate management within the Company, reviews management reports to formulate risk identification, risk management and risk mitigation strategies. When a Board committee initially reviews management reports, the Chairman of the relevant Board committee briefs the full Board on the specifics of the matter at the next Board meeting. This process enables the Board to coordinate the risk oversight role, particularly with respect to risks spanning more than one operational area. The Compensation Committee reviews compensation policies to ensure that they do not, among other things, encourage unnecessary or excessive risk-taking.

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Corporate Governance Guidelines

The Corporate Governance Guidelines adopted by the Board, which include guidelines for determining director independence, are published on the Company s website at *www.hillintl.com*, in the Investor Relations section, and are available in print to any stockholder upon request. That section of the website makes available the Company s corporate governance materials, including Board committee charters. Those materials are also available in print to any stockholder upon request.

Code of Ethics

All directors, officers and employees of the Company are expected to act ethically at all times and in accordance with the policies comprising Hill s Code of Ethics which is available on our website at *www.hillintl.com*, in the Investor Relations section, and is available in print to any stockholder upon request. Any waiver or any implicit waiver from a provision of the Code of Ethics by Hill s chief executive officer, chief financial officer, chief accounting officer or controller, or any amendment to the Code of Ethics must be approved by the Board and must be disclosed in the Company s Annual Report on Form 10-K or in a Current Report on Form 8-K filed with the SEC. Hill s Audit Committee is responsible for applying the Code of Ethics to specific situations in which questions are presented to it and has the authority to interpret the Code of Ethics in any particular situation. If, after investigating any potential breach of the Code of Ethics reported to it, the Audit Committee determines (by majority decision) that a breach has occurred, it will inform the Board of Directors. Upon being notified that a breach has occurred, the Board (by majority decision) will take or authorize such disciplinary or preventive action as it deems appropriate, after consultation with the Audit Committee and/or the Company s General Counsel, up to and including dismissal or, in the event of criminal or other serious violations of law, notification of the SEC or other appropriate law enforcement authorities.

Communicating Concerns to Directors

The Company encourages all interested persons to communicate any concern that an officer, employee, director or representative of Hill has engaged in illegal, dishonest or fraudulent activity, or has violated Hill s Code of Ethics. Such persons may report their concerns or other communications including suggestions or comments to the Board in one of the following ways: by mail sent to William H. Dengler, Jr., Corporate Secretary, at the Company s principal executive office: 303 Lippincott Centre, Marlton, NJ 08053; by telephone at (866) 352-2792; or by email addressed to hil@openboard.info. All such communications will be referred to Mr. Dengler who will circulate them to the members of the Board, or in the case of potential violations of the Code of Ethics, to the Chairman of the Audit Committee. If the communication is directed to a particular Director, Mr. Dengler will forward the communication to that Director. The Board does not screen stockholder communications.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

William J. Doyle, who is a member of our Compensation Committee, was an officer of Hill from 1979 until 1992.

COMMITTEES OF THE BOARD OF DIRECTORS

During 2011, the Board had standing Audit, Compensation and Governance and Nominating Committees. All members of each committee have been determined by the Board of Directors to be independent under applicable NYSE rules. In addition, the Board has determined that each member of the Audit Committee meets SEC independence requirements which require that members of the Audit Committee may not accept directly or indirectly any consulting, advisory or other compensatory fee from Hill or any of its subsidiaries other than their directors compensation. The charter of each committee is available on our website at *www.hillintl.com*, in the Investor Relations section.

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Audit Committee. During 2011, the Audit Committee consisted of Brian W. Clymer (Chair), Alan S. Fellheimer and Steven M. Kramer. The Board has determined that each member of the Audit Committee is financially literate. The Board has also determined that Brian W. Clymer possesses accounting or related financial management expertise within the meaning of the NYSE listing standards and qualifies as an audit committee financial expert, as defined by the rules of the SEC. For additional information regarding Mr. Clymer s experience and background, see Item 1 Election of Directors above.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by (a) reviewing the financial reports and other financial information provided by Hill to its stockholders, the SEC and others, (b) monitoring the Company s financial reporting processes and internal control systems, (c) retaining Hill s independent auditors, (d) overseeing the Company s independent auditor and internal auditors and (e) monitoring the Company s compliance with its ethics policies and with applicable legal and regulatory requirements. The Audit Committee also reviews and approves any transactions between Hill and any related parties. During 2011, the Audit Committee met five times. The report of the Audit Committee is included in this proxy statement.

Compensation Committee. During 2011, the Compensation Committee consisted of Alan S. Fellheimer (Chair), Camille S. Andrews and William J. Doyle. Each member of the Compensation Committee is a non-employee director as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act) and an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

The Compensation Committee oversees Hill s executive compensation programs. The Compensation Committee reviews and recommends to the Board for approval the compensation arrangements for all of the Company s executive officers. During 2011, the Compensation Committee met three times. The processes of the Compensation Committee are described below in the Compensation Discussion and Analysis section of this proxy statement, under the subsection Role of the Compensation Committee and Management.

Governance and Nominating Committee. During 2011, the Governance and Nominating Committee consisted of Camille S. Andrews (Chair), Brian W. Clymer, William J. Doyle and Steven M. Kramer. The Governance and Nominating Committee oversees matters relating to the evaluation and recommendation to the Board of the persons to be nominated for election as directors at any meeting of stockholders, and the persons to be appointed by the Board to fill any vacancy on the Board.

The Governance and Nominating Committee is responsible for reviewing and assessing with the Board the appropriate skills, experience, and background sought of Board members in the context of our business and the then-current membership on the Board. This assessment includes a consideration of independence, diversity, age, skills, experience and industry backgrounds in the context of the needs of the Board and the Company, as well as the ability of current and prospective directors to devote sufficient time to performing their duties in an effective manner. Although the Company does not have a formal policy with respect to diversity standards, as a matter of practice, the Governance and Nominating Committee considers matters commonly viewed as matters of diversity in the context of the Board as a whole and, in its effort to select a Board that it believes will best serve the interests of the Company and its stockholders, takes into account the personal characteristics and experience of current and prospective directors to facilitate Board deliberations that reflect a broad range of perspectives.

The Governance and Nominating Committee carefully considers all director candidates recommended by our stockholders, and the Governance and Nominating Committee does not and will not evaluate such candidate recommendations any differently from the way it evaluates other candidates. In its evaluation of each proposed candidate, the Governance and Nominating Committee considers many factors including, without limitation, the individual s experience, character, integrity, demonstrations of judgment and ability, and financial and other special expertise. Any stockholder who wishes to recommend an individual as a nominee for election to the Board should submit such recommendation in writing by mail to Hill International, Inc., 303 Lippincott Centre, Marlton, NJ 08053, Attn: Chair of Governance and Nominating Committee, together with information regarding

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the experience, education and general background of the individual and a statement as to why the stockholder believes such individual to be an appropriate candidate for the Board of Directors of Hill. Such recommendation should be provided to Hill no later than 80 days prior to the anniversary of the date of the notice accompanying these proxy materials. During 2011, the Governance and Nominating Committee held one meeting.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) describes our named executive officer compensation program in 2011. Specifically, the CD&A explains how the Compensation Committee and Board of Directors made their compensation decisions for each element of compensation that we pay or award to, or that is earned by, our named executive officers and our policies and decisions with regard to their compensation. For 2011, Hill s named executive officers were: Irvin E. Richter, Chairman and Chief Executive Officer, John Fanelli III, Senior Vice President and Chief Financial Officer, David L. Richter, President and Chief Operating Officer, Raouf S. Ghali, President, Project Management Group (International), and Frederic Z. Samelian, President, Construction Claims Group. Only independent directors participate in decisions with respect to the compensation of our Chairman and Chief Executive Officer and our President and Chief Operating Officer.

Overview

Historically, Hill s compensation philosophy has been that we should provide a compensation program for our executive officers that is competitive with the companies we consider our peers for executive employment and compensation purposes and that fosters executive retention in a manner that furthers Hill s mission of maximizing long-term stockholder value, client relationships, excellent financial performance, quality of service and employee satisfaction. That philosophy has been implemented by placing substantial reliance on the payment of executive salaries at the higher end of the range of compensation received by executives with comparable job responsibilities at our peer companies, as well as through the use of year-end bonuses as appropriate to reward superior performance and long-term incentive compensation elements to incentivize performance designed to lead Hill to success over a longer term.

As we entered 2011, the Compensation Committee took note of continued difficult economic conditions, which began in 2008 and continued to adversely affect the construction industry throughout 2009 and 2010, and the impact of these conditions on our project management and construction claims consulting businesses. As a result, the Compensation Committee sought to compensate our named executive officers in a manner that would enable us to retain them as Hill s senior management team through the economic downturn, to appropriately recognize their unique experience and skill sets as well as their efforts on behalf of Hill during 2011 consistent with our overall business objectives and to create appropriate incentives for the performance of our businesses in 2012 and beyond. The Compensation Committee paid particular attention to our overall business and financial achievements in 2011 in light of the current global economic downturn particularly affecting the industry sectors we serve as well as political and other factors impacting our businesses. Equally important, the Compensation Committee recognized that Hill s business and financial achievements have not always been reflected over the near term in the trading prices of our stock. As a result, the Compensation Committee paid particular attention to our executives performance in addressing the specific business, economic and political conditions affecting our Company and the markets we serve.

For 2011, the Compensation Committee used various short and long-term performance-based compensation components within the mix of elements comprising the overall compensation packages paid to Hill s executive officers. The discussion that follows explains the manner in which the Compensation Committee applied these elements to develop the compensation policies and arrangements for our named executive officers.

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Compensation Philosophy and Objectives

Performance. The Company s policy is that the Compensation Committee and the Board consider an executive officer s performance in determining his or her compensation. In addition, the Compensation Committee and the Board, in their discretion, may reward performance considered by the Compensation Committee to be superior, and may provide short-term incentives to executive officers to reward superior performance in cases where such performance would not otherwise be rewarded by other elements of Hill s compensation program.

In considering the appropriate manner in which to reward the performance of our named executive officers, our Compensation Committee and Board have established compensation policies implemented through the creation of specific rewards and designed for particular named executive officers. In this regard, in view of the relatively large equity interest in our Company owned by our Chairman and Chief Executive Officer, our Compensation Committee determined to reward performance in a particular year by maintaining the base salary at the higher end of the range for compensation received by executives with comparable job responsibilities at our peer companies in addition to bonus and long-term incentive compensation. For our President and Chief Operating Officer, our Compensation Committee and Board relied to a lesser extent on year-over-year increases in base salary and emphasized bonus and long-term incentive compensation as a percentage of total annual compensation. In addition, the Compensation Committee recognized the intense competition for talented senior executives in the sectors in which we operate and, in rewarding performance, focused closely on the need to retain the services of our other named executive officers who do not own significant equity interests in our Company. With respect to compensation decisions made in 2011, the Compensation Committee recognized that the continuation of the economic downturn placed additional pressure on the Company s competitors to attract talented personnel, which heightened the need for the Company to set compensation in a manner designed to enable the Company to retain its most able executives even to the extent their ability to achieve superior performance for the Company might be hampered by economic conditions and other factors affecting the industries we serve. As a result, our Compensation Committee established compensation policies that reward performance of these executives primarily by offering year-over-year base salary increases and by using bonus and long-term incentive awards primarily to reward extraordinary performance designed to reflect the overall growth and profitability of the Company as well as in the groups they manage. Measurements of growth and profitability for these purposes were made subjectively by the Compensation Committee with reference to budgets developed by management and approved by the Board of Directors, and without reference to any particular formula used to translate increases in perceived growth or profitability to specific compensation decisions.

For 2011, the Compensation Committee continued to rely to an extent on the use of mathematical formulas in considering whether an individual executive s performance merited recognition through an award of periodic bonuses. Consistent with the policy established by the Compensation Committee in 2009, the Compensation Committee set formula-based targets for annual bonuses under the Hill International, Inc. 2010 Senior Executive Bonus Plan (the Bonus Plan) as components of the total compensation packages received by our Chairman and Chief Executive Officer and our President and Chief Operating Officer for 2011. The Bonus Plan permits the Compensation Committee or the Board to award performance-based bonuses to our senior officers based on the achievement of performance goals established by the Compensation Committee or the Board in a manner designed to enable us to deduct for federal income tax purposes this bonus compensation consistent with Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

The Compensation Committee believes it is of paramount importance to provide appropriate levels of compensation to our senior executives. Accordingly, the Compensation Committee may determine that the amount of a performance-based bonus award under the Bonus Plan is not sufficient to appropriately compensate or incentivize one or more senior executives for their performance with respect to the applicable performance period. In such event, the Compensation Committee may determine to award discretionary bonuses to senior executives, even if we are unable to deduct for federal income tax purposes the amount of the discretionary bonus. For 2011, no bonuses were awarded to our Chairman and Chief Executive Officer or our President and Chief Operating Officer because our Company s reported diluted earnings per share did not exceed the threshold, established by the Compensation Committee in the first quarter of 2011, for bonus compensation under the Bonus Plan, and the Compensation Committee determined not to award any discretionary bonus compensation for these officers. In connection with their compensation-related recommendations, our Chairman and Chief Executive Officer and our President and Chief Operating Officer did not recommend a bonus for our other named executive officers for 2011, and, consistent with their recommendation, the Compensation Committee determined not to award any bonuses to our other named executive officers for 2011.

Alignment. The Compensation Committee believes that alignment of the compensation of our executive officers with the interests of our stockholders through use of stock-based incentive compensation is one of the core principles of our Company s compensation philosophy. As a goal, the Compensation Committee seeks to align the compensation of our executive officers with the interests of our stockholders through the use, among other compensation elements, of stock-based incentive compensation. The Compensation Committee expects to continue using stock option and other equity-based compensation elements to establish long-term incentive compensation for our named executive officers in connection with the determination of their total annual compensation in the future.

The Compensation Committee and the Board believe it is important to award a significant portion of the total annual compensation for our Chairman and Chief Executive Officer and our President and Chief Operating Officer in the form of long-term incentive compensation in order to establish a reward for our most senior officers relating to the creation of value for our stockholders over the longer term. Accordingly, for 2011, the Compensation Committee, with input from the Compensation Committee s compensation consultant, recommended long-term incentive awards with aggregate grant date fair value of $1,175,000, or 97.9% of his base salary, to our Chairman and Chief Executive Officer and $1,175,000, or 146.9% of his base salary, to our President and Chief Operating Officer. In addition, the Compensation Committee recommended long-term incentive awards for our other named executive officers which are shown in detail in the table under Grants of Plan Based Awards on page 25.

Retention. As discussed above, we recognize the intense competition for talented senior executives in the sectors in which we operate. Accordingly, retention of our executive officers is one of the core objectives of our compensation philosophy. Historically, the Compensation Committee has sought to attain that objective primarily through the payment of base salaries at the higher end of the range of compensation that may be paid to executives at other companies within our industry. During 2011, the Compensation Committee continued its consideration of how to redesign the named executive officers total compensation so that each compensation element may be used to enable our Company to retain the services of our executive officers, consistent with our overall business strategy. As a result of this consideration, for 2011, the Compensation Committee decided to rely increasingly on equity-based long-term incentive awards as well as bonus compensation in a manner designed to enhance the utility of these components as tools to retain our most talented senior executives.

Risk Management Incentive. The Compensation Committee believes that the compensation policies and practices it establishes should be designed with a view to incentivizing executives to achieve short-term and long-term performance goals and objectives established by the Board while managing risks appropriately. The Compensation Committee attempts to provide both short-term and long-term compensation for current performance, as well as to provide incentives to achieve short-term and long-term goals. In designing these elements of compensation, the Compensation Committee seeks to incentivize appropriate levels of risk taking and to deter subjecting the Company to excessive risk.

Based on its understanding, as members of the Company s Board of Directors, of the elements of risk associated with the Company s business and the operations of each of its business units, the Compensation Committee does not believe that the Company s compensation policies and practices subject the Company to undue risk. The Company s compensation policies and practices, and the elements of its compensation, are relatively consistent across the Company s business units. In the Compensation Committee s view, the risk profile for each of the Company s business units is relatively proportionate to its contribution to the Company s overall operating results. Other than the Company s Chairman and Chief Executive Officer and its President and Chief Operating

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Officer, no executive officer of the Company has an employment agreement with the Company. Accordingly, the Company s long-term payment obligation under employment agreements has been limited. In addition, as discussed below under Elements of Compensation Base Salary, while the employment agreements for the Company s Chairman and Chief Executive Officer and its President and Chief Operating Officer target benchmarks for total compensation at the 75th percentile of the selected peer group identified by the Compensation Committee, neither employment agreement provides for any particular level of bonus compensation. Rather, under the terms of these employment agreements, the Compensation Committee has full authority to establish the target levels for annual incentive awards as well as long-term equity-based incentive awards, consistent with the aforementioned benchmark, and to establish the criteria upon the achievement of which the awards may be earned. Accordingly, in the Compensation Committee s view, the methods used by the Company to compensate and incentivize its employees do not create risks that are reasonably likely to have a material adverse effect on the Company. In addition, while the Board has not adopted a specific policy with regard to the clawback of compensation awarded on the basis of improper conduct, the Compensation Committee recognizes that laws applicable to the Company generally require the clawback of compensation under circumstances relating to improper or illegal behavior. Accordingly, the Company believes that these laws support the Board s efforts to manage risk associated with compensation. The Board recognizes that the SEC plans to propose rules relating to compensation clawback policies and plans to enact policies to address the final rules that are adopted.

Determining Compensation

General. In setting each element of compensation, the Compensation Committee has historically made qualitative assessments of the contributions made by each named executive officer toward our Company s achievement of its overall business and financial performance. These assessments have been employed by the Compensation Committee in determining which of the various compensation elements available to it should be included in each named executive officer s total compensation package, as well as the dollar amount thereof.

Base salaries for our named executive officers are established by the Compensation Committee on an annual basis. When establishing base salaries for named executive officers who do not have employment agreements, the Compensation Committee takes into account the performance of each named executive officer, his role and responsibilities within our Company and the compensation of comparable executives at other publicly traded companies in our peer group. Under the terms of their respective employment agreements described below in Employment Agreements, each of our Chairman and Chief Executive Officer and our President and Chief Operating Officer is entitled to receive base salary and an annual long-term equity-based incentive award, which when aggregated with his target bonus, which he will have the opportunity to earn based on the achievement of performance targets established annually by the Compensation Committee, is not less than the 75th percentile of the total base salary, bonus and long-term incentive award earned by executives with comparable positions in our selected peer group companies. Our Compensation Committee believes that using the 75th percentile for comparative purposes reflects the high level of competency of our Company s senior executive officers.

In establishing the base salaries to which our Chairman and Chief Executive Officer and our President and Chief Operating Officer are entitled under their respective employment agreements, the Compensation Committee considered the total annual compensation of executives at similar levels in the companies included in the selected peer group listed below in Selected Peer Group. The allocation between targeted annual incentive awards and long-term equity-based incentive compensation in order to achieve targeted total compensation at the benchmark level of the 75th percentile of the selected peer group companies was determined through multiple sessions of direct negotiations between the Compensation Committee and each of our Chairman and Chief Executive Officer and our President and Chief Operating Officer. These negotiations focused on the need to reach agreement on the appropriate level of targeted annual incentive award for each executive, with reference to the prior year s bonus target for the executive and the Company s internal budget, approved by the Board of Directors, for 2011, without the use of any formula, weighting or reference to specific factors. The Compensation Committee s focus on determining the appropriate level of targeted annual incentive award relates primarily to the contingent nature

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of the incentive in that it is earned only to the extent that the Company achieves established performance levels. The long-term equity-based incentive compensation was determined to essentially equal the difference between the sum of executive s base salary and targeted annual incentive award, on the one hand, and the benchmarked 75th percentile of the selected peer group with respect to the executive, on the other hand.

For our other named executive officers, as in prior years, for 2011, the Compensation Committee relied to a great extent on the assessments of their performance by our Chairman and Chief Executive Officer and our President and Chief Operating Officer, to whom each of these other named executive officers reports. The Compensation Committee believes that this methodology allows us to account for all of the facts and circumstances of the particular executive officer s performance and enable us to most effectively reward, motivate, challenge and retain these named executive officers.

In the first quarter of 2011, the Compensation Committee established targeted levels of bonus eligibility under the Bonus Plan for our Chairman and Chief Executive Officer and our President and Chief Operating Officer based on actual earnings per diluted common share reported by our Company for 2011. The Compensation Committee selected this performance criterion for bonus eligibility under the Bonus Plan based on presentations by management to the Board concerning expectations for 2011 operating performance and related discourse among the Board and management during the first quarter of 2011. The Compensation Committee determined that these individuals would be eligible to earn 100% of their respective bonus compensation targets if our Company reported diluted earnings per common share of $0.49 for 2011 which was equal to that achieved in 2010. In addition, the Compensation Committee established levels for diluted earnings per common share, ranging from a base equal to the actual 2010 diluted earnings per common share, below which these individuals would not be eligible for any bonus, to approximately 20% greater than the 2010 diluted earnings per common share, at which these individuals would be entitled to earn 200% of their respective bonus targets. Between the earnings goals and each of these levels, bonus eligibility would have been adjusted on an evenly graduated, sliding-scale. For 2011, our Company reported a loss of $0.16 per common share. Accordingly, these executives were not entitled to any bonus based on the targets set by the Compensation Committee for 2011.

In view of the Company s performance in 2011, our Chairman and Chief Executive Officer and our President and Chief Operating Officer informed the Compensation Committee that they did not expect any increase in their respective base salaries in 2012 and did not recommend an increase in base salaries for the other named executive officers in 2012. Relying generally on these comments from our Chairman and Chief Executive Office and our President and Chief Operating Officer, the Compensation Committee determined that the base salaries of our named executive officers for 2012 should remain the same as in 2011.

Role of the Compensation Committee and Management. The Compensation Committee reviews all of our Company s compensation and benefit programs. As part of its review of these programs, the Compensation Committee evaluates the competitiveness of compensation and benefits packages offered to our named executive officers and other executive officers. In addition, the Compensation Committee reviews and approves our corporate incentives, goals and performance objectives as well as the incentives, goals and performance objectives we establish for individuals under our Company s compensation and benefit programs. The Compensation Committee evaluates the level of achievement of the corporate incentives, goals and performance objectives set for individuals and, based on the level of achievement, approves any awards dependent on these criteria under our Company s compensation and benefit programs.

Consistent with prior years, as part of the executive compensation decisions made in 2011, our Chairman and Chief Executive Officer and our President and Chief Operating Officer made recommendations to the Compensation Committee regarding the levels and elements of compensation for the named executive officers, other than themselves, as well as for other executive officers of Hill. The Compensation Committee also received a compensation analysis regarding Hill s senior executive officers, including our named executive officers, from its compensation consultant, Pay Governance LLC, an executive compensation advisory firm. After considering the analysis prepared by Pay Governance LLC and the recommendations of our Chairman and Chief Executive

Officer and our President and Chief Operating Officer, the Compensation Committee determined its recommendations to the Board for the Board s approval of the compensation elements and levels for the Chairman and Chief Executive Officer and the President and Chief Operating Officer, as well as for the other named executive officers. In determining its recommendations to the Board, the Compensation Committee relied considerably on assessments by our Chairman and Chief Executive Officer and our President and Chief Operating Officer of the performance and contribution of the other named executive officers and utilized the advice of Pay Governance LLC primarily as an effective market check designed to assure that compensation for the other named executive officers would be appropriate in view of other compensation packages that may be offered by the Company s peers and other prospective employers of these executives.

Selected Peer Group. In 2010, **t**he Compensation Committee identified our peer group and our selected peer group companies for compensation bench-marking purposes. The selected peer group includes CRA International, Inc., Diamond Management & Technology Consultants, Inc. (which was acquired by PricewaterhouseCoopers LLP in November 2010), Exponent, Inc., Huron Consulting Group Inc. and Navigant Consulting, Inc.

Noting that the public companies with which we compete for project management business tend to be significantly larger than Hill, the Compensation Committee concluded that those direct competitors would not be an appropriate group to use for purposes of analyzing the compensation paid to our Chairman and Chief Executive Officer and our President and Chief Operating Officer. Accordingly, the companies identified above provide services in consulting or other fields that are similar to the services we provide and were selected by the Compensation Committee on the basis of their size relative to us, and the presence within those companies and us of similar business model, cultural and philosophical elements. In addition, we recognize the companies in this group as those publicly traded companies with whom we compete most aggressively for talented executives. Accordingly, we refer to these companies as our selected peer group companies. In terms of size measured by total annual revenues during the fiscal year ended most recently at or before the end of Hill s 2011 fiscal year, the companies within the selected peer group ranged between $210 million and $707 million.

Equity Grant Practices. The exercise price of each stock option granted to the named executive officers, as well as to our other named executive officers, was not less than the closing price of our common stock on the date of grant. Typically, the Board awards long-term equity-based incentives to our Chairman and Chief Executive Officer and our President and Chief Operating Officer annually and other executive officers, including the other named executive officers, in two-year cycles. In this regard, in February 2011, we awarded stock options to all of our executive officers, including the named executive officers. The Compensation Committee expects to consider expanding the use of stock options and other equity-based awards in the future.

We have not in the past and do not intend in the future to coordinate our grants of stock options with the release of material non-public information. We have not, as of the date of this proxy statement, adopted a policy covering compensatory equity grants. We also do not have a policy on the re-pricing of our stock options, but we have not previously re-priced any of our options. The equity compensation plan we use for awards to our named executive officers and other employees prohibits the repricing of options without stockholder approval.

Elements of Compensation

Base Salary. The Compensation Committee aims to establish the base salary for each named executive officer at a level that is reflective of the level of responsibility assumed by that officer. For our Chairman and Chief Executive Officer and our President and Chief Operating Officer, total annual compensation is targeted at the 75^{th} percentile of executive officers serving in comparable capacities with the companies included in our selected peer group. The Compensation Committee selected the 75^{th} percentile as the benchmark for compensation of our two most senior executive officers as a result of their demonstrated leadership of our Company s efforts to establish and expand relationships key to our revenue growth and profitability, coupled with the Compensation Committee s view that these individuals are among the top executive talent in our industry and should be compensated accordingly. In view of the significant stock ownership in our Company by our Chairman and Chief

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Executive Officer and our President and Chief Operating Officer, the Compensation Committee historically has leaned more heavily on base salary than on equity-based compensation for these individuals. Accordingly, the base salaries of our Chairman and Chief Executive Officer and our President and Chief Operating Officer tend to be higher than those of comparably titled executives at companies in our selected peer group to reflect generally lower reliance by the Company on bonus and equity-based compensation elements. Equally relevant, the Compensation Committee recognizes that during the time it was a privately owned business, our Company typically did not award any bonus compensation or equity-based incentives to these individuals and, instead, concentrated compensation in the form of base salary. Since our Company s business became publicly owned, the Compensation Committee has sought to transition compensation practices to methods more commonly used by publicly traded companies, but has sought doing so without reducing the base salaries of our executive officers, including our Chairman and Chief Executive Officer, our President and Chief Operating Officer and our other named executive officers.

The base salaries for our named executive officers are targeted at the higher end of our selected peer group and are adjusted to recognize varying levels of responsibility, individual performance, business segment performance, and internal Company issues. The Compensation Committee reviews each executive officer s base salary on an annual basis. During 2011, Hill s Chairman and Chief Executive Officer and its President and Chief Operating Officer were paid base salaries of $1,200,000 and $800,000, respectively. Based upon 2010 reported numbers, our compensation consultant projected the base salaries paid to the chief executive officers within the selected peer group of companies in 2011 would range between $500,000 and $850,000 and the base salaries paid to the chief operating officers within the selected peer group of companies would range between $425,000 and $750,000. For the reasons discussed above, the base salary levels for our Chairman and Chief Executive Officer and our President and Chief Operating Officer, relative to comparably titled executives at companies in our selected peer group, reflect our generally greater relative reliance on base salaries and lower relative reliance on bonus and equity-based compensation elements for these executives. As explained above, consistent with prior years, in making executive compensation decisions for 2011, the Compensation Committee utilized recommendations of our Chairman and Chief Executive Officer and our President and Chief Operating Officer regarding the levels and elements of compensation for the named executive officers, other than themselves, as well as for other executive officers of Hill.

In considering the relevance of base salaries paid to chief executive officers and chief operating officers by the selected peer group of companies, the Compensation Committee also noted that factors, such as differing levels of responsibility, individual performance, business segment performance and internal Company issues, supported the need for adjustments of base salary from benchmarks within the selected peer group in determining compensation for our Chairman and Chief Executive Officer and our President and Chief Operating Officer. The Compensation Committee also recognized the adeptness of the Company s senior executives in addressing internal Company issues by executing these adjustments, which were significant to many members of the Company s personnel, in a manner that allowed the Company s employees to maintain a high level of morale. Based on these factors, the Compensation Committee determined that the adjustments relative to the selected peer group benchmarks for base salaries for the Company s Chairman and Chief Executive Officer and its President and Chief Operating Officer were appropriate and warranted.

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The table below sets forth the base salary for each of our named executive officers for 2010 and 2011, together with the percentage change from year-to-year.