

HUDSON HIGHLAND GROUP INC  
Form DEF 14A  
April 03, 2006  
Table of Contents

**SCHEDULE 14A INFORMATION**

**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

**Hudson Highland Group, 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):

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

## Edgar Filing: HUDSON HIGHLAND GROUP INC - Form DEF 14A

- (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:
- (5) Total fee paid: N/A

.. 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.:
- (3) Filing Party:
- (4) Date Filed:

**Table of Contents**

**HUDSON HIGHLAND GROUP, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 5, 2006**

TO THE STOCKHOLDERS OF HUDSON HIGHLAND GROUP, INC.:

**NOTICE IS HEREBY GIVEN** that the annual meeting of stockholders of Hudson Highland Group, Inc. will be held on Friday, May 5, 2006, at 8:00 A.M., local time, at the Hudson Highland Group, Inc. Corporate Headquarters, 622 Third Avenue, between 40<sup>th</sup> and 41<sup>st</sup> Street, 38th Floor, New York, New York 10017, for the following purposes:

1. To elect two directors to hold office until the 2009 annual meeting of stockholders and until their successors are duly elected and qualified.
2. To ratify the appointment of BDO Seidman, LLP as independent registered public accounting firm to audit Hudson Highland Group, Inc.'s financial statements for the fiscal year ending December 31, 2006.
3. To consider and act upon such other business as may properly come before the meeting or any adjournment or postponement thereof. The close of business on March 15, 2006 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof.

A proxy for the meeting and a proxy statement are enclosed herewith.

By Order of the Board of Directors  
HUDSON HIGHLAND GROUP, INC.

Latham Williams  
*Corporate Secretary*

New York, New York

April 3, 2006

**YOUR VOTE IS IMPORTANT NO MATTER HOW LARGE OR SMALL YOUR HOLDINGS MAY BE. TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE DATE THE ENCLOSED PROXY, WHICH IS SOLICITED BY THE BOARD OF DIRECTORS, SIGN EXACTLY AS YOUR NAME APPEARS THEREON AND RETURN IMMEDIATELY.**

**Table of Contents**

**TABLE OF CONTENTS**

**PROXY STATEMENT**

	<b>Page</b>
<u>PROXY STATEMENT INFORMATION ON ANNUAL MEETING</u>	1
<u>PRINCIPAL STOCKHOLDERS</u>	2
<u>ELECTION OF DIRECTORS</u>	3
<u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	5
<u>EXECUTIVE COMPENSATION</u>	8
<u>PERFORMANCE INFORMATION</u>	12
<u>REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION</u>	13
<u>REPORT OF THE AUDIT COMMITTEE</u>	15
<u>RATIFICATION OF THE APPOINTMENT OF BDO SEIDMAN, LLP AS INDEPENDENT REGISTERED PUBLIC</u>	
<u>ACCOUNTING FIRM</u>	16
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	17
<u>MISCELLANEOUS</u>	18

**Table of Contents**

**HUDSON HIGHLAND GROUP, INC.**

**622 Third Avenue, 38<sup>th</sup> Floor**

**New York, New York 10017**

**PROXY STATEMENT**

**For**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 5, 2006**

This proxy statement is being furnished to stockholders by the Board of Directors (the **Board**) of Hudson Highland Group, Inc. (the **Company**) beginning on or about April 3, 2006, in connection with a solicitation of proxies by the Board for use at the annual meeting of stockholders to be held on Friday, May 5, 2006, at 8:00 A.M., local time, at the Hudson Highland Group, Inc. Corporate Headquarters, 622 Third Avenue, between 40<sup>th</sup> and 41<sup>st</sup> Street, 38<sup>th</sup> Floor, New York, New York 10017, and all adjournments or postponements thereof (the **Annual Meeting**) for the purposes set forth in the attached Notice of Annual Meeting of Stockholders.

Execution of a proxy given in response to this solicitation will not affect a stockholder's right to attend the Annual Meeting and to vote in person. Presence at the Annual Meeting of a stockholder who has signed a proxy does not in itself revoke a proxy. Any stockholder giving a proxy may revoke it at any time before it is exercised by giving notice thereof to the Company in writing or in open meeting.

A proxy, in the enclosed form, which is properly executed, duly returned to the Company and not revoked, will be voted in accordance with the instructions contained therein. The shares represented by executed, but unmarked, proxies will be voted FOR the two nominees for election as directors referred to in this proxy statement and FOR the ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006. The Company's management knows of no matters other than those set forth in the Notice of Annual Meeting of Stockholders to be brought before the Annual Meeting. However, if any other business or matters properly shall come before the Annual Meeting, then the persons named as proxies in the enclosed form of proxy will vote the shares represented by each such proxy in accordance with their judgment on such matters.

Only holders of record of the Company's common stock (the **Common Stock**) at the close of business on March 15, 2006 are entitled to vote at the Annual Meeting. On that date, the Company had outstanding and entitled to vote 24,412,378 shares of Common Stock, each of which is entitled to one vote per share.

**Table of Contents****PRINCIPAL STOCKHOLDERS****Management and Directors**

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of March 15, 2006 by: (i) each director and nominee; (ii) each of the executive officers and a former executive officer named in the Summary Compensation Table set forth below; and (iii) all of the directors, nominees and executive officers (including the executive officers named in the Summary Compensation Table) as a group. Each of the holders listed below has sole voting and investment power over the shares beneficially owned.

<b>Name of Beneficial Owner</b>	<b>Shares of Common Stock Beneficially Owned(1)</b>	<b>Percent of Common Stock Beneficially Owned</b>
Jon F. Chait	367,555	1.5%
Robert B. Dubner	0	*
John J. Haley	50,000	*
Jennifer Laing	40,000	*
Nicholas G. Moore(2)	51,720	*
David G. Offensend	76,902	*
René Schuster	63,000	*
Mary Jane Raymond	40,000	*
Margaretta R. Noonan	59,131	*
Latham Williams	15,289	*
Richard A. Harris	36,143	*
Donald E. Bielinski	19,674	*
Richard W. Pehlke(3)	133,587	*
All directors, nominees and executive officers as a group excluding Mr. Pehlke (15 persons)	862,354	3.5%

\* Denotes less than 1%.

- (1) Includes the following shares subject to stock options which are exercisable within 60 days of March 15, 2006: Jon F. Chait, 163,000 shares; Robert B. Dubner, 0 shares; John J. Haley, 50,000 shares; Jennifer Laing, 30,000 shares; Nicholas G. Moore, 50,000 shares; David G. Offensend, 50,000 shares; René Schuster, 50,000 shares; Mary Jane Raymond, 0 shares; Margaretta R. Noonan, 42,000 shares; Latham Williams, 9,500 shares; Richard A. Harris, 21,500 shares; Donald E. Bielinski, 9,000 shares; Richard W. Pehlke, 120,000 shares; and all directors, nominees and executive officers as a group excluding Mr. Pehlke, 496,000 shares.
- (2) Mr. Moore will be resigning as a director effective as of the Annual Meeting.
- (3) Mr. Pehlke resigned as Chief Financial Officer effective December 1, 2005 and as Executive Vice President and a director effective December 31, 2005.

**Table of Contents****Other Beneficial Owners**

The following table sets forth certain information regarding beneficial ownership by other persons known to the Company to own more than 5% of the outstanding Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)					Percent of Class
	Voting Power		Investment Power		Aggregate	
	Sole	Shared	Sole	Shared		
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	2,439,000	0	2,439,000	0	2,439,000	10.1%
Perry Corp. 767 Fifth Ave. New York, NY 10153	2,255,876	0	2,255,876	0	2,255,876	9.3%
Artisan Partners Limited Partnership 875 East Wisconsin Ave. Suite 800 Milwaukee, WI 53202	0	1,419,500	0	1,419,500	1,419,500	5.9%
JPMorgan Chase & Co. 270 Park Ave. New York, NY 10017	1,178,454	24	1,329,390	24	1,329,458	5.4%

(1) These amounts represent the number of shares beneficially owned, as disclosed in reports regarding beneficial ownership filed with the Securities and Exchange Commission under Section 13(g) of the Securities Exchange Act of 1934.

**ELECTION OF DIRECTORS**

The Company's Certificate of Incorporation and By-Laws provide that the Company's directors are divided into three classes, with staggered terms of three years each. At the Annual Meeting, the stockholders will elect two directors to hold office until the 2009 annual meeting of stockholders and until their successors are duly elected and qualified. Unless stockholders otherwise specify, the shares represented by the proxies received will be voted in favor of the election as directors of the persons named as nominees herein. The Board has no reason to believe that the listed nominees will be unable or unwilling to serve as directors if elected. However, in the event that any nominee should be unable to serve or will not serve, the shares represented by proxies received will be voted for another nominee selected by the Board. Each director will be elected by a plurality of the votes cast at the Annual Meeting (assuming a quorum is present). Consequently, any shares not voted at the Annual Meeting, whether due to abstentions, broker non-votes or otherwise, will have no impact on the election of the directors.

Listed below are the nominees of the Board of Directors for election at the Annual Meeting and each director of the Company whose term will continue after the Annual Meeting. The following sets forth certain information about each nominee and continuing director as of March 15, 2006. Nicholas G. Moore, currently a director of the Company, will be resigning as a director effective as of the Annual Meeting.

**Table of Contents**

**Nominees for Election at the Annual Meeting**

*Terms expiring at the 2009 Annual Meeting*

**John J. Haley**, 56, has served as a director since April 2003. Mr. Haley is the President and Chief Executive Officer of Watson Wyatt & Company, an international human resources benefits consulting firm headquartered in Washington, DC. Mr. Haley joined Watson Wyatt Worldwide in 1977. Mr. Haley was elected a director of the firm in 1992. Mr. Haley is Chairman of the Board and Chairman of the Management Committee, and formerly managed Watson Wyatt's largest consulting office in Washington, DC. Mr. Haley is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and a member of the American Academy of Actuaries. Mr. Haley is a member of the board of directors for Maximus, Inc. and the U.S.-China Business Council.

**David G. Offensend**, 52, has served as director since April 2003. Mr. Offensend is the Senior Vice President, Chief Financial and Administrative Officer of the New York Public Library. Prior to joining the Library in August 2004, Mr. Offensend was senior advisor of Evercore Partners, Inc., which he co-founded in 1995. Evercore operates in the private equity business and provides merger and acquisition and restructuring advice to companies. Prior to founding Evercore, Mr. Offensend spent five years in the investment organization of Robert M. Bass, the Texas investor. Prior to joining the Bass organization in 1990, Mr. Offensend spent 13 years at Lehman Brothers.

**THE BOARD RECOMMENDS THE FOREGOING NOMINEES FOR ELECTION AS DIRECTORS AND URGES EACH STOCKHOLDER TO VOTE FOR SUCH NOMINEES. SHARES OF COMMON STOCK REPRESENTED BY EXECUTED, BUT UNMARKED, PROXIES WILL BE VOTED FOR SUCH NOMINEES.**

**Directors Continuing in Office**

*Terms expiring at the 2007 Annual Meeting*

**Jon F. Chait**, 55, has served as Chief Executive Officer and Chairman of the Board since the Company was spun off from Monster Worldwide, Inc. ( Monster ) in March 2003. He joined Monster in October 2002 expressly in contemplation of the spin-off. Prior to joining the Company, Mr. Chait was the Chairman of Spring Group, PLC, a provider of workforce management solutions, from May 2000 through June 2002 and Chief Executive Officer from May 2000 to March 2002. From 1998 through 2000, Mr. Chait founded and acted as Chairman and Chief Executive Officer of Magenta Limited, a developer of web-enabled human resource solutions, which was subsequently sold to Spring Group, PLC. Mr. Chait served as the Managing Director International Operations of Manpower Inc. from 1995 to July 1998, Chief Financial Officer from August 1993 to 1998 and Executive Vice President, Secretary and Director from 1991 to 1998, and Executive Vice President from September 1989 to July 1998 of Manpower International Inc., a provider of temporary employment services. Mr. Chait is also a director of the Marshall and Ilsley Corporation, a bank holding company, and Krueger International Inc., a manufacturer of office furniture.

**Jennifer Laing**, 59, has served as a director since October 2003. Ms. Laing has served as the Associate Dean of External Relations at the London Business School since 2002. Ms. Laing started her career in brand building and communications in 1969 with Garland-Compton until she joined Saatchi and Saatchi in 1975. In 1979, she joined Leo Burnett in London. In 1981, she re-joined Saatchi and Saatchi London as Deputy Chairman rising to Joint Chairman. From 1988 to 1991, she was Chairman and Chief Executive Officer of Aspect Hill Holiday and from 1991 to 1995, she led her own firm, Laing Henry, that was eventually purchased by Saatchi and Saatchi. Ms. Laing became Chairman of Saatchi and Saatchi London in 1995 and Chairman and Chief Executive Officer of Saatchi and Saatchi North America from 1997 to 2001. Ms. Laing is also a director of InterContinental Hotels Group PLC.



---

**Table of Contents**

*Term expiring at the 2008 Annual Meeting*

**Robert B. Dubner**, 63, was appointed a director on April 3, 2006. Mr. Dubner has been a Senior Advisor to Apollo Management LP, a private equity fund, and Drawbridge Special Opportunities Fund, LLC, an investment firm, since September 2005. Prior to that, Mr. Dubner was a management consulting partner and a member of International Business Machines Corporation's Business Consulting Services Global Middle Market leadership team from 2002 to 2004. Mr. Dubner joined Coopers & Lybrand International in 1989 and was a partner from 1991 to 1998, and then was a partner with PricewaterhouseCoopers LLP from 1998 to 2002, serving as the U.S. and global leader of its middle market consulting practice. He served as an elected member of Coopers & Lybrand's Board of Partners from 1995 to 1998, PricewaterhouseCoopers U.S. Board of Partners from 1998 to 2001, and PricewaterhouseCoopers' Global Oversight Board from 1998 to 2001. He was the co-founder, in 1972, of Information Automation, Inc., a production management and monitoring systems implementation company, and served as its President from 1982 to 1989. Mr. Dubner was recommended to the Company's Nominating and Governance Committee by a non-employee director of the Company.

**René Schuster**, 44, has served as a director since April 2003. Mr. Schuster has been the Global Marketing Director for Vodafone Group, PLC since February 2004. Prior to that, Mr. Schuster served since 2002 as Senior Vice President and General Manager of Worldwide Consulting and Integration for Hewlett Packard, a provider of products, technologies, solutions and services to consumers and businesses. In May 2002, Hewlett Packard merged with Compaq Computer Corporation. Prior to the merger, Mr. Schuster served as Chief Executive Officer, UK and Ireland for Compaq. From 1996 to 2000, Mr. Schuster worked for KPMG Management Consulting as Managing Partner and subsequently Chief Operating Officer and Senior Partner for Europe, Middle East and Africa. Mr. Schuster is a member of the board of directors of SurfControl plc and Vodafone Group, PLC.

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

**Independent Directors**

Of the seven directors currently serving on the Board of Directors, the Board has determined that Ms. Laing and Messrs. Dubner, Haley, Offensend, Moore and Schuster are independent directors as defined under Nasdaq National Market listing standards.

**Board Committees**

The Board has standing Audit, Compensation, Nominating and Governance, and Executive Committees. The Board of Directors has adopted, and may amend from time to time, a written charter for each of the Audit Committee, Compensation Committee and Nominating and Governance Committee. The Company maintains a Web site at [www.hhgroup.com](http://www.hhgroup.com). The Company makes available on its Web site, free of charge, copies of each of the charters for the Audit, Compensation and Nominating and Governance Committees. The Company is not including the information contained on or available through its Web site as a part of, or incorporating such information by reference into, this Proxy Statement.

The Audit Committee's primary duties and responsibilities are to assist the Board in monitoring: (1) the integrity of the financial statements of the Company; (2) the independent registered public accounting firm's qualifications and independence; (3) the performance of the Company's internal audit function and independent registered public accounting firm; and (4) the Company's compliance with legal and regulatory requirements. The purpose of the Audit Committee is to oversee the accounting and financial reporting process of the Company and the audits of the financial statements of the Company. The Audit Committee presently consists of John J. Haley (Chairperson), Robert B. Dubner and David G. Offensend, each of whom is an independent director under Nasdaq National Market listing standards and Securities and Exchange Commission rules. The Board has determined that Mr. Dubner, Mr. Offensend and Mr. Haley each qualify as an audit committee financial expert, as defined by the Securities and Exchange Commission. The Audit Committee held seven meetings in 2005.

---

**Table of Contents**

The Compensation Committee's basic responsibility is to assure that the non-employee members of the Board, the Chief Executive Officer, other executive officers and key management of the Company are compensated effectively in a manner consistent with the stated compensation strategy of the Company, internal equity considerations, competitive practices, and the requirements of the appropriate regulatory bodies. The Compensation Committee has overall responsibility for approving and evaluating the compensation of executive officers (including the Chief Executive Officer), key management and outside directors and administration of the Company's long-term incentive programs, including the Company's stock option plan. The Compensation Committee presently consists of David G. Offensend (Chairperson), John J. Haley and Jennifer Laing, each of whom is an independent director under Nasdaq National Market listing standards. The Compensation Committee held six meetings in 2005.

The Nominating and Governance Committee provides assistance to the Board in fulfilling its responsibilities by: (1) identifying individuals qualified to become directors and recommending to the Board candidates for all directorships to be filled by the Board or by the stockholders of the Company; (2) identifying directors qualified to serve on the committees established by the Board and recommending to the Board members for each committee to be filled by the Board; (3) developing and recommending to the Board a set of corporate governance principles applicable to the Company, including matters of (i) Board organization, membership and function, (ii) committee structure and membership and (iii) succession planning for the Chief Executive Officer of the Company; and (4) taking a leadership role in shaping the corporate governance of the Company. The Nominating and Governance Committee presently consists of John J. Haley (Chairperson), David G. Offensend and René Schuster, each of whom is an independent director under Nasdaq National Market listing standards. The Nominating and Governance Committee held four meetings in 2005.

In identifying and evaluating nominees for director, the Nominating and Governance Committee seeks to ensure that the Board of Directors possesses, in the aggregate, the strategic, managerial and financial skills and experience necessary to fulfill its duties and to achieve its objectives. The Nominating and Governance Committee also seeks to ensure that the Board of Directors is comprised of directors who have broad and diverse backgrounds, possessing knowledge in areas that are of importance to the Company. In addition, the Nominating and Governance Committee believes it is important that at least one director has the requisite experience and expertise to be designated as an audit committee financial expert. The Nominating and Governance Committee looks at each nominee on a case-by-case basis regardless of who recommended the nominee. In looking at the qualifications of each candidate to determine if their election would further the goals described above, the Nominating and Governance Committee takes into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills or financial acumen, diversity of viewpoint and industry knowledge. At a minimum, each director nominee must have displayed the highest personal and professional ethics, integrity and values, and sound business judgment. In addition, the Nominating and Governance Committee believes that the following minimum qualifications are necessary for a director to possess to be recommended by the Committee to the Board:

A director must be highly accomplished in his or her respective field, with superior credentials and recognition and broad experience at the administrative and/or policy-making level in business, government, education, technology or public interest.

A director must have expertise and experience relevant to the Company's business, and be able to offer advice and guidance to the Chief Executive Officer based on that expertise and experience.

A director must be independent of any particular constituency, be able to represent all stockholders of the Company and be committed to enhancing long-term stockholder value.

A director must have sufficient time available to devote to activities of the Board of Directors and to enhance his or her knowledge of the Company's business.

The Nominating and Governance Committee will consider persons recommended by stockholders to become nominees for election as directors in accordance with the foregoing and other criteria set forth in the

## **Table of Contents**

Company's Nominating and Governance Committee Charter. Recommendations for consideration by the Nominating and Governance Committee should be sent to the Corporate Secretary of the Company in writing together with appropriate biographical information concerning each proposed nominee. The Company's By-Laws also set forth certain requirements for stockholders wishing to nominate director candidates directly for consideration by the stockholders. With respect to an election of directors to be held at an annual meeting, a stockholder must, among other things, give notice of an intent to make such a nomination to the Corporate Secretary of the Company in advance of the meeting in compliance with the terms and within the time period specified in the By-Laws. Pursuant to the By-Laws, a stockholder must give a written notice of intent to the Corporate Secretary of the Company not less than 45 days or more than 75 days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year's annual meeting of stockholders.

The Executive Committee assists the Board in discharging its responsibilities and may exercise all of the authority of the Board in the management of the Company's business affairs, except for changes in the Company's By-Laws, matters specifically designated to other committees and certain other significant corporate matters. The Executive Committee presently consists of Jon F. Chait (Chairperson), Robert B. Dubner and David G. Offensend. The Executive Committee held no meetings in 2005.

### **Communications with Board of Directors**

Stockholders may communicate with the Board of Directors by writing to the Corporate Secretary of the Company at Hudson Highland Group, Inc., c/o the Board of Directors (or, at the stockholder's option, c/o a specific director), 622 Third Avenue, 38th Floor, New York, New York 10017. The Corporate Secretary will ensure that this communication (assuming it is properly marked c/o the Board of Directors or c/o a specific director) is delivered to the Board of Directors or the specified director, as the case may be.

### **Meetings and Attendance**

The Board held six meetings in 2005. Each director attended at least 75% of the meetings of the Board held in 2005 and meetings held by all committees of the Board on which such director served during the period that the director so served in 2005, except for René Schuster.

Directors are expected to attend the Company's annual meeting of stockholders each year. At the 2005 annual meeting of stockholders, all of the directors were in attendance in person.

### **Director Compensation**

*Retainer and Fees.* Each non-employee director is entitled to receive an annual retainer of \$25,000, a fee of \$2,500 for each Board and Board committee meeting attended in person and a fee of \$1,000 for each telephonic Board meeting. The Chairpersons of the Audit Committee and Compensation Committee receive an additional annual retainer of \$10,000 and the Chairperson of the Nominating and Governance Committee receives an additional annual retainer of \$5,000. Additionally, directors are reimbursed for out-of-pocket expenses associated with attending meetings of the Board and committees thereof.

*Equity Compensation.* Upon first being elected or appointed as a director of the Company, each non-employee director of the Company is granted an option to purchase 50,000 shares of Common Stock under the terms of the Hudson Highland Group Long Term Incentive Plan. The exercise price for options is the fair market value of a share of Common Stock on the date of grant. Options have a term of ten years and become exercisable as follows: 40% immediately on the date of grant, 60% after the first anniversary of the date of grant, 80% after the second anniversary, and 100% after the third anniversary.

**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Information**

The following table sets forth certain information concerning the compensation earned in each of the last three fiscal years by (i) the Company's Chief Executive Officer and each of the Company's four other most highly compensated executive officers whose total cash compensation exceeded \$100,000 in the year ended December 31, 2005, (ii) the Company's Chief Financial Officer and (iii) the Company's former Chief Financial Officer. The persons named in the table are sometimes referred to herein as the named executive officers.

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards			All Other Compensation (\$)(9)	Total Compensation
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)(6)	Restricted Stock Awards (\$)(7)	Value of Securities Underlying Stock Options (\$)(8)	Securities Underlying Stock Options (#)		
Jon F. Chait, Chairman and Chief Executive Officer	2005	\$ 500,000	\$ 592,000			\$ 1,989,740	280,000		\$ 3,081,740
	2004	500,000	180,000						680,000
	2003	450,000				1,288,678	326,000		1,738,678
Mary Jane Raymond(1), Executive Vice President and Chief Financial Officer	2005	29,166	150,000		1,037,600	1,870,456	140,000		3,087,222
	2004 2003								
Margaretta R. Noonan(2), Executive Vice President and Chief Administrative Officer	2005	275,000	259,000			568,520	80,000	6,300	1,108,820
	2004	250,000	175,000					6,150	431,150
	2003	250,031	80,000		81,960	166,026	42,000	4,000	582,017
Latham Williams, Vice President, Legal Affairs and Administration, Corporate Secretary	2005	265,000	267,409			80,070	12,000		612,479
	2004	265,000	200,000						465,000
	2003	250,000			40,980	71,154	18,000		362,134
Richard A. Harris(3), Senior Vice President and Chief Information Officer	2005	250,000	201,818			93,415	14,000	6,300	551,533
	2004	250,000	175,000					6,150	431,150
	2003	257,277			81,960	71,154	18,000	4,000	414,391
Donald E. Bielinski(4), Senior Vice President, Chairman Hudson Asia Pacific and Chairman Hudson Talent Management	2005	250,000	223,003					6,300	479,303
	2004	58,272	45,525		168,960	261,068	36,000	1,373	535,198
	2003								
Richard W. Pehlke(5), Former Executive Vice President and Chief Financial Officer	2005	350,000	313,939			994,790	140,000	525,000	2,183,729
	2004	350,000	120,000						470,000
	2003	298,958				632,480	160,000		931,438

(1) Ms. Raymond joined the Company in December 2005.

(2) Amount shown as Ms. Noonan's bonus was paid for 2003 in April 2003 in connection with work performed for both Monster and the Company in connection with the spin-off from Monster.

(3) Mr. Harris joined the Company in January 2003.

(4) Mr. Bielinski joined the Company in July 2004.

(5) Mr. Pehlke joined the Company in February 2003 and resigned as Chief Financial Officer effective December 1, 2005 and as Executive Vice President effective December 31, 2005.

## Edgar Filing: HUDSON HIGHLAND GROUP INC - Form DEF 14A

- (6) Certain personal benefits provided by the Company to the named executive officers are not included in the table. The aggregate amount of such personal benefits for each named executive officer in each year reflected in the table did not exceed the lesser of \$50,000 or 10% of the sum of such officer's salary and bonus in each respective year.
- (7) As of December 31, 2005 and based on the closing price of the Company's common stock on December 30, 2005, the only named executive officers of the Company holding unvested restricted stock were Ms. Raymond who held 40,000 shares valued at \$694,400; Ms. Noonan who held 3,000 shares valued at \$52,080; Mr. Williams who held 1,500 shares valued at \$26,040; Mr. Harris who held 3,000 shares valued at \$52,080; and Mr. Bielinski who held 9,000 shares valued at \$156,240. Dividends are paid on shares of unvested

**Table of Contents**

restricted stock. The Company has not declared any dividends since the grants of the restricted stock. Restricted stock granted to Ms. Noonan, Mr. Williams and Mr. Harris vests 50% on the first anniversary of the date of grant and 25% on each of the two succeeding anniversaries of the date of grant, and restricted stock granted to Ms. Raymond and Mr. Bielinski vests 25% on each of the four succeeding anniversaries of the date of grant.

- (8) Present value is determined by using the Black-Scholes option-pricing model. The grant date present value is based on an average five-year option life. Other assumptions used for the Black-Scholes option-pricing model include a risk-free rate of return of 4.0%, a volatility factor of 55.0% and a dividend yield of 0% during the option life. These present values have not been adjusted to reflect a lack of marketability and liquidity.
- (9) Consists of Company matching contributions under the Hudson Highland Group, Inc. 401(k) Savings Plan, except for amounts paid to Mr. Pehlke in 2005, which were paid pursuant to his Executive Agreement. See Agreements with Named Executive Officers .

**Stock Options**

The following table sets forth information regarding individual grants of stock options to the named executive officers during 2005.

**Option Grants in the Last Fiscal Year**

Name	Individual Grants				
	Securities Underlying Options Granted(1)	% Options Granted to Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	Grant Date Present Value(2)
Jon F. Chait	280,000	20.2%	\$ 13.25	01/18/2015	\$ 1,989,740
Mary Jane Raymond	140,000	10.1%	\$ 25.94	12/01/2015	\$ 1,870,456
Margaretta R. Noonan	80,000	5.8%	\$ 13.25	01/18/2015	\$ 568,520
Latham Williams	12,000	0.9%	\$ 13.25	01/18/2015	\$ 80,070
Richard A. Harris	14,000	1.0%	\$ 13.25	01/18/2015	\$ 93,415
Donald E. Bielinski	0				
Richard W. Pehlke	140,000	10.1%	\$ 13.25	01/18/2015	\$ 994,970

- (1) Consists of non-qualified options to purchase Common Stock granted pursuant to the Company's Long Term Incentive Plan. Mr. Chait's, Ms. Noonan's and Mr. Pehlke's options were granted on January 18, 2005 and vest 50% after the third anniversary of the date of grant and 100% after the fourth anniversary of the date of grant. Ms. Raymond's options were granted on December 1, 2005 and vest 50% after the third anniversary of the date of grant and at 100% after the fourth anniversary of the date of grant. Mr. Williams' and Mr. Harris' options were granted on January 18, 2005 and vest 25% after the first anniversary of the date of grant, 50% after the second anniversary, 75% after the third anniversary and 100% after the fourth anniversary of the date of grant.
- (2) Present value is determined by using the Black-Scholes option-pricing model. The grant date present value is based on an average five-year option life. Other assumptions used for the Black-Scholes option-pricing model include a risk-free rate of return of 4.0%, a volatility factor of 55.0% and a dividend yield of 0% during the option life. These present values have not been adjusted to reflect a lack of marketability and liquidity.

**Table of Contents**

The following table sets forth information regarding exercises of stock options by named executive officers during 2005 and the 2005 year-end value of unexercised options held by the named executive officers.

Name	Aggregate Option Exercises in 2005 and 2005 Fiscal Year-End Option Values					
	Number of Securities Underlying Options at Fiscal Year-End (#)			Value of Unexercised In-the-Money Options at Fiscal Year-End(1)		
	Shares Acquired on Exercise	Value Realized	Exercisable Shares	Unexercisable Shares	Exercisable	Unexercisable
Jon F. Chait	0	\$ 0	81,500	443,000	\$ 858,195	\$ 2,867,190
Mary Jane						