

Hill International, Inc.
Form 10-K/A
April 29, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 1

o ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2015

Commission file number 001-33961

HILL INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
State or other jurisdiction of
incorporation or organization

20-0953973
(I.R.S. Employer
Identification No.)

One Commerce Square
2005 Market Street, 17th Floor
Philadelphia, PA
(Address of principal executive offices)

19103
(Zip Code)

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Registrant's telephone number, including area code: **(215) 309-7700**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.0001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Exchange Act: **None**

Indicate by a check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by a check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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The aggregate market value of shares of common stock held by non-affiliates on June 30, 2015 was approximately \$203,536,000. As of March 9, 2016, there were 51,701,442 shares of the Registrant's Common Stock outstanding.

Documents Incorporated by Reference

None.

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HILL INTERNATIONAL, INC. AND SUBSIDIARIES

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EXPLANATORY NOTE

Hill International, Inc. (the Company) is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as originally filed with the Securities and Exchange Commission (SEC) on March 29, 2016 (the Original Form 10-K), to add information required in Part III of its Annual Report on Form 10-K because a definitive proxy statement containing such information will not be filed within 120 days after the end of the fiscal year covered by the Form 10-K. The reference on the cover of the Original Form 10-K to the incorporation by reference to portions of its definitive proxy statement into Part III of the Original Form 10-K is hereby deleted. In addition, Item 15(b) of Part IV is being amended solely to add as exhibits 31.3 and 31.4 new certifications in accordance with Rule 13a-14(a) promulgated by the SEC under the Securities Exchange Act of 1934.

Except as described above, no other changes have been made to the Original Form 10-K. This Amendment No. 1 continues to speak as of the date of the Original Form 10-K and the Company has not updated the disclosure herein to reflect any events that occurred at a later date other than as expressly stated herein. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Form 10-K and with the Company's filings made with the SEC subsequent to the filing of the Original Form 10-K.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance.

The information under the heading "Executive Officers" in Part I, Item 1 of the Original Form 10-K is incorporated by reference into this Item 10.

DIRECTORS

Our Directors are as follows:

IRVIN E. RICHTER has been Chairman of our Board of Directors since 1985 and he has been a member of our Board of Directors since he founded the company in 1976. He previously served as our Chief Executive Officer from 1976 to 2014. Mr. Richter is a Fellow of the Construction Management Association of America (CMAA) and a member of the World Presidents' Organization. He is the author of several books including *Handbook of Construction Law & Claims* and *International Construction Claims: Avoiding and Resolving Disputes*. He has served on a number of Boards of Directors, including Rutgers University, Temple University Hospital and the CMAA. 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: 71. Other Public Company Board Service: None.

DAVID L. RICHTER has been our President and Chief Executive Officer since December 2014 and he has been a member of our Board of Directors since 1998. Prior to his current position, he was our President and Chief Operating Officer from March 2004 to December 2014. Before that, Mr. Richter was President of our Project Management Group from 2001 to 2004, Senior Vice President and General Counsel from 1999 to 2001 and Vice President and General Counsel from 1995 to 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 Fellow of both the Construction Management Association of America (CMAA) and the Chartered Institute of Building. He is a member of the World Presidents' Organization, the Construction Industry Round Table and the American Society of Civil Engineers. He is a member of the Board of Directors of the Greater Philadelphia Chamber of Commerce and the Board of Trustees of Princeton Day School. He is a former member of the Board of Directors of the CMAA and the Board of Trustees of the Southern New Jersey Development Council. Mr. Richter earned his B.S. in management, his B.S.E. in civil engineering and his J.D. from the University of Pennsylvania and his M.Sc. in major program management from the University of Oxford. Mr. Richter is a son of Irvin E. Richter. Mr. Richter has more than two decades of executive leadership with

the Company and has developed great expertise in the construction management industry. Age: 49. Other Public Company Board Service: None.

CAMILLE S. ANDREWS has been a director since June 2009. Since 1998, Ms. Andrews has been an Associate Dean, and since 1996 a member of the faculty, of Rutgers University School of Law at Camden. From 2007 to 2015, Ms. Andrews served as 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, with expertise in antitrust, securities, class actions, derivative and shareholder suits, and other complex litigation matters. 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, where she served on the Law Review. She was a member of the Board of Trustees for the Leap Academy Charter School in Camden, NJ from 2000 – 2007 and has served on a number of charitable boards, including the Walnut Street Theater, ACYO Charitable Foundation (a subsidiary of The Goldman Sachs Group, Inc.), New Jersey Child Cares, and the Philadelphia Zoo Chairman's Council. She has also served on the New Jersey Supreme Court Committee on Judicial Education. Ms. Andrews is admitted to practice law in New Jersey, Pennsylvania and before the U.S. Supreme Court. 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: 56. Other Public Company Board Service: None.

BRIAN W. CLYMER has been a director since June 2006. Mr. Clymer retired from Prudential Financial, Inc. where he was Senior Vice President of External Affairs from July 1997 to January 2013. Prior to Prudential, he served as New

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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. 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 also served on the Board of Directors of the New Jersey Alliance for Action from 1997 to 2014 and currently serves on the Board of the Independent College Fund of New Jersey as past Chairman. Mr. Clymer earned his B.S. in business and economics from Lehigh University and holds an honorary doctorate from Drexel 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: 69. Other Public Company Board Service: None.

STEVEN R. CURTS has been a director since October 2015. Since May 2014, he has been the Chief Strategy Officer for American Express Global Business Travel. Prior to that, he was a Vice President with Dell, Inc. from November 2009 to December 2013. Before that, he worked for 20 years with Perot Systems Corp. in numerous roles, including President of its Commercial Solutions Group, Vice President of Corporate Planning and Financial Operations, and Vice President of Finance. Mr. Curts received his B.B.A in accounting from Southern Methodist University. Among other things, Mr. Curts brings experience as a senior finance leader with executive roles encompassing financial operations, business development, treasury and corporate planning. Age: 55. 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 2006. 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 and Executive Committee of Gratz College, an emeritus 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 Past Master; Past High Priest and Trustee of the Grand Lodge of Pennsylvania, AF&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: 72. Other Public Company Board Service: None.

STEVEN M. KRAMER has been a director since June 2010. He is currently the Chief Executive Officer of Toms River Volkswagen which he acquired in February 2015. He also is the President of Synchema, a consulting company to the graphic arts industry 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, in 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. A year after the acquisition and transition 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 was a member of the Board of Directors of Dragonfly Forest, Inc., a non-profit organization from 2010 until 2015 that was dedicated to providing overnight camp experiences to seriously ill children. He was a member of the Young Presidents Organization from 2003 to 2012 and he has been a member of the World Presidents Organization since 2012. 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: 54. Other Public Company Board Service: None.

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CRAIG L. MARTIN has been a director since February 2016. In December 2014, Mr. Jacobs retired as the President and Chief Executive Officer of Jacobs Engineering Group, Inc. He became President in July 2002 and Chief Executive in April 2006. He also served as a member of Jacobs' Board of Directors from 2002 until his retirement. Prior to July 2002, he served in several positions, most recently as Executive Vice President of Global Sales and Marketing. Before joining Jacobs in 1994, he worked in various roles at CRSS International Inc. and Martin K. Eby Construction Co. He received his B.S. in Civil Engineering from the University of Kansas and his M.B.A. from the University of Denver. Mr. Martin has nearly 45 years of experience in the international engineering and construction industry. Age: 69. Other Public Company Board Service: None.

GARY F. MAZZUCCO has been a director since June 2013. Mr. Mazzucco founded Mazzucco & Company, CPAs in February 1977 and has served as its Managing Partner ever since. He has been providing accounting, tax and consulting services for over forty years. Prior to founding Mazzucco & Company, he was an accountant with Lybrand, Ross Brothers and Montgomery (a predecessor company of PricewaterhouseCoopers LLP) for two years and worked in private accounting for five years. Mr. Mazzucco earned his B.S. in accounting from Mount Saint Mary's University and has also served as a college professor, coach, mentor, board member, officer and trusted advisor to many individuals and organizations throughout his career. He is a certified public accountant in New Jersey. He is a member of the American Institute of Certified Public Accountants and a Fellow of the New Jersey Society of Certified Public Accountants. Age: 67. Other Public Company Board Service: None.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and changes in ownership with the SEC. To the Company's knowledge based on a review of copies of such reports furnished to Hill and on written representations made by such persons, all of the Company's directors, executive officers and beneficial owners of more than 10% of our common stock have complied with all Section 16(a) filing requirements with respect to 2015 except that, due to administrative oversights, required Form 4 reports were not filed on a timely basis on behalf of the following persons: Irvin E. Richter (2 transactions), David L. Richter (1 transaction), Brian W. Clymer (1 transaction), Steven L. Curts (1 transaction), Alan Fellheimer (2 transactions), Steven M. Kramer (2 transactions), Catherine H. Emma (1 transaction), Ronald F. Emma (1 transaction) and Frederic Z. Samelian (1 transaction).

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 and Business Conduct (the "Code") 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 applicable to Hill's chief executive officer, chief financial officer, chief accounting officer or controller, or any amendment to the Code must be approved by the Board. We will disclose on our website amendments to, and, if any are granted, any such waiver of, the Code. Hill's Audit Committee is responsible for applying the Code to specific situations in which questions are presented to it and has the authority to interpret the Code in any particular situation. If, after investigating any potential breach of the Code 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

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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.

CORPORATE GOVERNANCE

Pursuant to the Delaware General Corporation Law and the Company's Amended and Restated 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 nine members on our Board.

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During 2015, the Board held nine meetings and the committees held a total of fifteen meetings. Each 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 2015. 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 2015 Annual Meeting of Stockholders.

As a result of our discussions with stockholders, the Company has taken several actions since our 2015 annual meeting to enhance the Company's corporate governance including the following: (i) appointed two new independent directors to the Board, each of whom was also appointed to the Compensation Committee; (ii) appointed one of the new independent directors as Chairman of the Board's Compensation Committee; (iii) initiated a comprehensive strategic review of our executive compensation programs, policies and practices; (iv) appointed a lead independent director; (v) revised our Bylaws to modernize and clarify certain provisions; (vi) engaged an independent executive compensation consultant, Pay Governance LLC, to support the Compensation Committee's strategic review and provide pay governance and executive compensation program design recommendations; and (vii) revised our Insider Trading Policy to prohibit future speculative transactions, hedging transactions and, without prior Board approval, pledging or trading on margin of the Company Stock. Further information on the actions we have taken in response or discussions with stockholders is included below and in Compensation Discussion and Analysis in Item 11 of this Annual Report on Form 10-K/A.

Board Leadership Structure

Our Amended and Restated By-laws provide that we will have a Chairman who will chair board meetings and perform such other duties as set forth in our Amended and Restated By-laws or as otherwise assigned to him by our Board. The Chairman and Chief Executive Officer may be the same person; however, our Board may separate these two positions if it deems it to be in the best interests of our Company and our stockholders to do so. Presently, the Chairman and Chief Executive Officer positions are held by two different individuals.

Prior to January 21, 2016, the Board had not appointed a lead independent director; however, Mr. Fellheimer, Chair of the Compensation Committee, presided over executive session meetings of independent directors. At its January 21, 2016 meeting, the Board appointed Brian W. Clymer as its lead independent director.

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.

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 Investors' 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.

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COMMITTEES OF THE BOARD OF DIRECTORS

During 2015, 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 Investors section.

Audit Committee

Prior to November 10, 2015, the Audit Committee consisted of Brian W. Clymer (Chair), Alan S. Fellheimer, Steven M. Kramer and Gary F. Mazzucco. On November 10, 2015, Steven R. Curts joined the Audit Committee and Steven M. Kramer was removed and, on February 1, 2016, Craig L. Martin joined the Audit Committee. 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.

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 registered public accounting firm, (d) overseeing the Company's independent registered public accounting firm 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 2015, the Audit Committee met nine times.

Compensation Committee

Prior to November 10, 2015, the Compensation Committee consisted of Alan S. Fellheimer (Chair), Camille S. Andrews and Steven M. Kramer. On November 10, 2015, Steven R. Curts joined the Compensation Committee and was appointed chair. On February 1, 2016, Craig L. Martin joined the Compensation Committee. 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 2015, the Compensation Committee met four times. The processes of the Compensation Committee are described below in Item 11 of this Annual Report on Form 10-K.

Governance and Nominating Committee

During 2015, the Governance and Nominating Committee consisted of Camille S. Andrews (Chair), Brian W. Clymer, Steven M. Kramer and Gary F. Mazzucco. 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

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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. On January 21, 2016, the Board amended its Bylaws which, among other things, set forth minimum qualifications for an individual to serve as a director on the Company. These minimum qualifications provide that no person shall qualify for service or serve as a director of the Company: (a) unless such person is in compliance with all applicable laws and regulatory requirements to which the Company's directors may be subject in connection with such person's service as a director, (b) if such person has been convicted in, or entered a plea of nolo contendere with respect to, a criminal proceeding involving fraud, misappropriation or other similar charge during the ten years preceding the date of election, or if such person has been found responsible for or admitted responsibility for fraud, misappropriation or other similar charge in any governmental investigation or proceeding or other civil judicial proceeding during the ten years preceding the date of election, or if such person has been found responsible for or admitted responsibility for any material violation of any foreign, federal or state securities law or federal commodities law during the ten years preceding the date of election, (c) if such person has been convicted of, or entered a plea of nolo contendere with respect to, any felony, (d) if such person serves on the board of directors of more than three other public companies, (e) if such person is a director, officer or holder of more than a five percent (5%) equity interest, directly or indirectly, in a business that competes, directly or indirectly, with the Company, (f) if such person has made or makes any contribution or expenditure in connection with the election of any candidate for political office, including any contribution to any committee supporting such a candidate or to a political party, in any jurisdiction which results in the Company becoming ineligible to conduct its business or any portion thereof, or (g) if such person has ever been the subject of a filing of personal bankruptcy in any jurisdiction, either voluntarily or involuntarily (and in the case of an involuntary filing, if such filing was not dismissed within 60 days) during the ten years preceding the applicable date of election.

Any stockholder who wishes to recommend an individual as a potential nominee for election to the Board should submit such recommendation in writing by mail to Hill International, Inc., One Commerce Square, 2005 Market Street, 17th Floor, Philadelphia, Pennsylvania 19103, Attn: Chair of Governance and Nominating Committee, together with information regarding 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 the close of business on the 120th day prior to the one-year anniversary of the date the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting. During 2015, the Governance and Nominating Committee held two meetings.

Communicating Concerns to Directors

The Company encourages all interested persons to communicate any concern that an officer, employee, director or representative of Hill may have engaged in illegal, dishonest or fraudulent activity, or may have violated Hill's Code of Ethics and Business Conduct. 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: One Commerce Square, 2005 Market Street, 17th Floor, Philadelphia, Pennsylvania 19103; 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 and Business Conduct, 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.

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Item 11. Executive Compensation.

Executive Summary

Our Compensation Philosophy and Guiding Principles

In support of our business and our long-term success, the Company's compensation program is designed to attract, motivate, reward and retain high-quality executives necessary to continually improve financial performance, achieve profitable growth and enhance stockholder value.

To that end, our Compensation Committee (the Committee) has developed a compensation philosophy designed to reflect the following principles:

- There should be a strong link between pay and performance
- The interests of executives should be aligned with the interests of our stockholders
- Compensation programs should reinforce our business strategy, focus the executive team on priorities and ultimately drive growth in stockholder value.

Investor Outreach and Response

- At our 2014 annual meeting of stockholders, 54.2% of stockholders supported our Named Executive Officers (NEO) compensation program. This result, however, fell short of our expectations.
- To better understand any potential concerns of stockholders, members of management met with many of our stockholders during 2015 and discussed the compensation paid to our executive officers, including our NEOs, and explained the rationale behind the Committee's approaches, which included:

Investor Questions

Why don't we use Total Stockholder Return (TSR) or other relative performance metrics in our executive compensation program?

Our Responses

While the Committee considers our overall performance relative to external markets when making compensation decisions, the Board believes it is more effective to focus our executives on achieving improvements in our own results rather than to pay them primarily based on how other companies perform.

Further, administration of a relative performance plan requires that we identify a peer group of sufficient size and of appropriately comparable companies. For a number of reasons, including our size, our significant international operations and our portfolio of focused services, there are too few companies to construct what we believe to be a viable performance peer group.

For these reasons, and as explained more fully below, the Committee believes that the best approach for the Company is to tie our executive compensation to performance metrics that are aligned with our strategy that can be directly impacted by our executives, and promotes growth

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	in stockholder value over the long term.
Why do we target executive compensation at the 75th percentile of peer companies?	In January 2016, the Committee revised our compensation philosophy to target total executive officer compensation at the market median. We believe that the new market median philosophy is aligned with compensation governance best practices and still provides us with sufficient flexibility to reward our leaders. Due to terms of his 2014 employment agreement, the new philosophy does not currently apply to our CEO.
Why do we provide a compensation opportunity to our CEO that generally is more heavily weighted on salary than incentives?	Historically, due in large part to the substantial equity ownership held by our company founder and previous CEO and his family, including our current CEO, the Board determined that there was sufficient direct economic alignment with external stockholder interests and chose to deliver CEO compensation with a heavier emphasis on salary. As with all other aspects of our executive compensation program, appropriate pay mix and delivery is being considered as part of the executive compensation strategic review going forward.
Why don't we provide details regarding annual bonus goals and award determination?	We have expanded our disclosure regarding annual bonus performance targets and award determination for 2015 performance on pages 18 and 19.

Further, as a result of our discussions with investors, the Company has taken the following actions since August 2015:

1. Appointed two new independent directors to the Board, each of whom was also appointed to the Compensation Committee;
2. Appointed one of the new independent directors as Chairman of the Compensation Committee;
3. Initiated a comprehensive strategic review of our executive compensation programs, policies and practices;
4. Engaged an independent executive compensation consultant, Pay Governance LLC, to support the Compensation Committee's strategic review and provide pay governance and executive compensation design recommendations;
5. Revised our Insider Trading Policy to prohibit future speculative transactions, hedging transactions and, without prior Board approval, pledging or trading on margin of Company Stock; and
6. Committed to expanding our executive compensation-related stockholder outreach efforts during 2016 as part of the strategic review.

We value the feedback provided by our stockholders and look forward to continuing this dialogue.

2015 Financial Highlights

Overall, 2015 was a turnaround year in terms of profitability despite some significant events and items negatively impacting our performance.

- Our Project Management and Construction Claims segments had strong years with consulting fee revenue increasing 9.1% and 10.0%, respectively, and operating profit increasing 5.2% and 6.8%, respectively.
- We initiated and completed a review of our global overhead cost structure; these efforts have successfully reduced our overhead costs by approximately \$21 million annually.
- 2015 interest expense was lower by over \$15.8 million compared to the prior year as a result of our successful 2014 equity raise and debt refinancing.

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- Despite these successes, we experienced significant expenses associated with bad debt expense related to certain accounts receivable primarily in the Middle East, severance costs associated with our cost optimization plan, legal and professional fees related to a stockholder proxy contest and legal fees and settlement costs in connection with a labor dispute with a former executive. As a result, we fell short of our internal operating profit and earnings per share (EPS) goals.

2015 Performance-Based Bonuses (Cash)

2015 Annual Incentive Plan (AIP) payouts for our CEO and COO were based on our performance against two weighted financial metrics: 60% based on EPS and 40% based on earnings before interest expense, income taxes, depreciation and amortization (EBITDA). If actual performance on either measure was below 50% of target, no bonus was paid.

The target bonus opportunity for the CEO and COO was set as a fixed dollar amount (\$1,000,000 and \$200,000 respectively).

The 2015 AIP threshold and target performance goals were set by the Board upon the Committee's recommendation that the Board-approved budget-based targets were appropriate.

During 2015, we achieved 56.7% of established EPS target performance and 85.1% of established EBITDA target performance. These levels of performance were above our required thresholds but below our targets and resulted in AIP payouts of \$680,583 for our CEO and \$136,117 for our COO. These bonus determinations are detailed on page 19.

Though below our expectations, the 2015 AIP payouts were more favorable compared to 2014 due principally to the stronger financial performance in 2015 and demonstrate our pay-for-performance philosophy.

AIP payouts for our other executive officers, including the other NEOs, are awarded by the Board upon the Committee's recommendation after considering the input of our CEO. In preparing recommended award levels, the CEO and Committee considered Company performance as well as individual performance against personal and operating/functional unit goals. AIP payouts for the other NEO's ranged from \$50,000 to \$140,000.

Our Chairman, Irvin Richter, did not receive any bonus payment in 2015.

2015 Long-Term Incentive Awards (Equity)

Long-term incentive compensation opportunities for our executive officers, including the NEOs, are entirely equity-based. In 2015, NEOs received an award of stock options that vests in equal installments over five years and expires in seven years. Stock options have been used to focus our executive officers on actions that will lead to growth in the Company share price and increased value for our stockholders.

In determining the value of each NEO's 2015 long-term grant the Committee considered the performance of each individual as well as the executive's roles and responsibilities, his or her impact on our results, and advancement potential. 2015 stock option awards for our NEOs were as follows:

- CEO: \$1,010,000
- COO: \$414,000
- Other NEOs: ranged from \$51,750 to \$103,500

Our Chairman, Irvin Richter, did not receive any equity award in 2015.

2015 Compensation Governance Practices

We are committed to executive compensation practices that drive performance and that align the interests of our leadership team with the interests of our stockholders. We are considering the appropriateness of these and other policies and practices as part of our comprehensive executive compensation strategic review. Best practices that we have implemented with respect to the compensation of our NEOs include:

1. A significant portion of our executives' target compensation is related to performance based upon and tied to pre-established performance goals and the performance of our share price;

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2. Total direct compensation for our NEOs is targeted at the market median;
3. Engaged an independent outside compensation consultant;
4. Maintain a clawback policy; and
5. Double-trigger severance payments for executive officers requiring both a change of control and termination of employment.

Practices we avoid with respect to the compensation of our NEOs include:

1. No tax gross ups for perquisites or change in control severance benefits provided to our executive officers;
2. No speculative trading of Company stock;
3. No hedging transactions;
4. No repricing of stock options; and
5. No unapproved pledging of Company stock.

Actions Related to 2016 Executive Compensation

In addition to the actions taken in 2015, the Committee has already implemented a number of changes for 2016 executive compensation based on the results of a preliminary market compensation review prepared by Pay Governance, the Company's performance in 2015 and stockholder and proxy voting advisor feedback. These changes are as follows:

1. Revised our compensation philosophy to target the 50th percentile of the market;
 2. Approved modest, average 3 percent, salary increases for our executive officers;
 3. Established a bonus program for the CEO and COO that is tightly tied to achieving superior EPS performance during 2016 (details are provided in Part 3 of the Compensation Discussion and Analysis at page 23).
- 2016 EPS goal has been set at a premium to our Board-approved budget;
 - No award for actual EPS less than 80% of target; and

- A bonus up to 200% of target can be earned for performance up to 140% of the EPS goal.
- 4. 2016 equity awards for the CEO and COO are 100% in the form of premium priced stock options. Premium exercise prices were set by the Board at \$4.00 and \$5.00, representing 22.3% and 52.9% premiums over the closing price of our stock on the date of grant (details are provided in Part 3 of the Compensation Discussion and Analysis on page 24); and
- 5. Lowered the per-director compensation provided to our non-employee directors from approximately \$180,000 per year to \$120,000 per year as we added two new non-employee directors.

We expect to continue meeting with many of our shareholders regarding executive compensation throughout 2016 to gather feedback and discuss possible changes as we work through the strategic review of our compensation programs and prepare for our triennial say-on-pay stockholder vote in 2017.

Compensation Discussion and Analysis

This section discusses our executive compensation programs for 2015, the compensation decisions made under those programs and the factors that were considered by the Committee in making those decisions. It focuses on the compensation for each of our NEOs for 2015:

- David L. Richter, President and Chief Executive Officer;
- John Fanelli III, Senior Vice President and Chief Financial Officer;
- Raouf S. Ghali, Chief Operating Officer;
- Mohammed Al Rais, President (Middle East), Project Management Group; and
- Frederic Z. Samelian, President, Construction Claims Group.

This Compensation Discussion and Analysis is divided into three parts:

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Part 1 discusses our 2015 performance, the Committee's actions in 2015, our compensation practices and the compensation decisions for our NEOs.

Part 2 discusses our compensation framework in more detail, including how we apply our compensation philosophy and determine competitive positioning of our executive compensation and other policies.

Part 3 discusses certain actions taken by the Committee in 2016 regarding compensation decisions for our NEOs.

Part 1 2015 Performance, Compensation Governance Practices and Decisions

2015 Performance Overview