

Hudson Global, Inc.  
Form DEF 14A  
May 06, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

R

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Hudson Global, Inc.

(Name of Registrant as Specified In Its Charter)

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

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**HUDSON GLOBAL, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held June 15, 2015**

**To the Stockholders of Hudson Global, Inc.:**

We are providing notice that the annual meeting of stockholders of Hudson Global, Inc. will be held on Monday, June 15, 2015, at 8:00 A.M., local time, at the offices of Convene, 101 Park Avenue, Ground Floor, New York, New York 10178, for the following purposes:

1. To elect two directors to hold office until the 2017 annual meeting of stockholders and until their successors are duly elected and qualified, subject to our stockholders' approval of Proposal 4, an amendment to our Amended and Restated Certificate of Incorporation to accelerate the declassification of our Board of Directors;
2. To approve, by advisory vote, the compensation of our named executive officers as disclosed in the accompanying proxy statement;
3. To ratify the appointment of KPMG LLP as independent registered public accounting firm to audit Hudson Global, Inc.'s financial statements for the fiscal year ending December 31, 2015;
4. To adopt and approve an amendment to our Amended and Restated Certificate of Incorporation to accelerate the declassification of our Board of Directors and provide for the annual election of directors;
5. To adopt and approve an amendment to our Amended and Restated Certificate of Incorporation to eliminate all stockholder supermajority voting requirements;
6. To adopt and approve an amendment to our Amended and Restated Certificate of Incorporation to allow holders of at least 30% of our outstanding capital stock to request a special meeting of stockholders;

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7. To adopt and approve an amendment to our Amended and Restated Certificate of Incorporation to permit stockholder action by written consent;
8. To adopt and approve an amendment to our Amended and Restated Certificate of Incorporation designed to protect the tax benefits of our net operating losses; and
9. To approve an amendment and restatement of the Hudson Global, Inc. Rights Agreement designed to protect the tax benefits of our net operating losses.

We also will consider and act upon such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only stockholders of record at the close of business on April 21, 2015 will be entitled to vote at the annual meeting and any adjournment or postponement of the meeting.

**Your vote is important no matter how large or small your holdings may be. To assure your representation at the annual meeting, please vote your shares over the Internet or via the toll-free telephone number, as instructed in the Notice of Internet Availability of Proxy Materials. You also may request a printed proxy card to submit your vote by mail. You will not receive a printed copy of the proxy materials unless you request them, as instructed in the Notice of Internet Availability of Proxy Materials.**

**For directions to the annual meeting, please write Latham Williams, Corporate Secretary, Hudson Global, Inc., 1325 Avenue of the Americas, 12<sup>th</sup> Floor, New York, New York 10019 or call (212) 351-7300.**

By Order of the Board of Directors  
HUDSON GLOBAL, INC.

Latham Williams  
*Corporate Secretary*

New York, New York

May 6, 2015

**PROXY STATEMENT**

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**HUDSON GLOBAL, INC.**

**1325 Avenue of the Americas, 12<sup>th</sup> Floor**

**New York, New York 10019**

**PROXY STATEMENT**

**For**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held June 15, 2015**

**ANNUAL MEETING INFORMATION**

Our Board of Directors is soliciting proxies for use at our annual meeting of stockholders, which will be held on Monday, June 15, 2015, at 8:00 A.M., local time, at the offices of Convene, 101 Park Avenue, Ground Floor, New York, New York 10178, and all adjournments or postponements of the meeting, for the purposes set forth in the attached Notice of Annual Meeting of Stockholders.

**On or before May 6, 2015, we mailed to you and our other stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access this proxy statement and our annual report on the Internet and to vote your shares over the Internet or by telephone. You will not receive a printed copy of the proxy materials unless you request them. If you would like to receive a printed copy of our proxy materials, including a printed proxy card on which you may submit your vote by mail, then you should follow the instructions for obtaining a printed copy of our proxy materials contained in the Notice of Internet Availability of Proxy Materials.**

Submitting your proxy over the Internet, by telephone or by executing and returning a printed proxy card will not affect your right to attend the annual meeting and to vote in person. However, your presence at the annual meeting will not in itself revoke your submitted proxy. You may revoke your proxy at any time before it is exercised only by notifying us in writing or in open meeting.

If you submit your proxy over the Internet or by telephone, or you request a printed proxy card and properly execute and return the proxy card by mail, then the persons named as proxies will vote the shares represented by your proxy

according to your instructions. If you request a printed proxy card and properly execute and return the proxy card by mail, but do not mark voting instructions on the proxy card, then the persons named as proxies will vote (i) FOR the two nominees for election as directors referred to in this proxy statement, (ii) FOR the approval of the compensation of our named executive officers as disclosed in this proxy statement, (iii) FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015, (iv) FOR the adoption and approval of an amendment to our Amended and Restated Certificate of Incorporation to accelerate the declassification of our Board of Directors and provide for the annual election of directors, (v) FOR the adoption and approval of an amendment to our Amended and Restated Certificate of Incorporation to eliminate all stockholder supermajority voting requirements, (vi) FOR the adoption and approval of an amendment to our Amended and Restated Certificate of Incorporation to allow holders of at least 30% of our outstanding capital stock to request a special meeting of stockholders, (vii) FOR the adoption and approval of an amendment to our Amended and Restated Certificate of Incorporation to permit stockholder action by written consent, (viii) FOR the adoption and approval of an amendment to our Amended and Restated Certificate of Incorporation designed to protect the tax benefits of our net operating losses and (ix) FOR the adoption and approval of an amendment and restatement of the Hudson Global, Inc. Rights Agreement designed to protect the tax benefits of our net operating losses. Our 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 form of proxy will vote the shares represented by each proxy in accordance with their judgment on such other business or matters.

Only holders of record of our common stock at the close of business on April 21, 2015 are entitled to vote at the annual meeting. On April 21, 2015, there were 34,064,052 shares of common stock outstanding and entitled to vote. Each share is entitled to one vote.

**If you would like to attend the annual meeting, you must demonstrate that you were a stockholder on April 21, 2015 and you must bring photo identification with you to the annual meeting. If your shares are held through a broker, bank or nominee, you must bring to the annual meeting a copy of your brokerage account statement, which you can obtain from your broker, bank or nominee that holds your shares. If your shares are registered directly in your name with our transfer agent, Computershare, Inc., you need only bring photo identification with you to the annual meeting.**

**PRINCIPAL STOCKHOLDERS**

## Management and Directors

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 21, 2015 by: (i) each director and nominee for director; (ii) each of the executive officers 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 by such holder. None of the holders listed below have pledged any of their shares as security.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Common Stock Beneficially Owned	
Alan L. Bazaar (1)	0	*	
Richard K. Coleman, Jr. (2)	30,733	*	
Jeffrey E. Eberwein (2)(3)	2,277,469	6.7	%
John J. Haley (2)	156,519	*	
Manuel Marquez (4)	497,204	1.5	%
David G. Offensend (2)	238,327	*	
Richard J. Stolz (2)(4)	150,815	*	
Stephen A. Nolan (5)	181,328	*	
Arthur Curcuru (5)	6,527	*	
Neil J. Funk (4)	52,208	*	
Latham Williams (6)	52,403	*	
All directors, nominees and executive officers as a group (11 persons) (1)(2)(3)(4)(5)(6)	3,643,534	10.7	%

\*

Denotes less than 1%.

(1) On April 16, 2015, our Board of Directors nominated Alan L. Bazaar as a director nominee for election to our Board of Directors at the 2015 annual meeting of stockholders.

(2) Includes the following share units under our Director Deferred Share Plan, which are payable only in shares of common stock upon a director ceasing service as a Board member: Richard K. Coleman, Jr., 27,733; Jeffrey E. Eberwein, 27,469; John J. Haley, 81,519 shares; David G. Offensend, 81,696 shares; Richard J. Stolz, 75,815

shares; and all directors, nominees and executive officers as a group, 294,232 shares.

(3) Includes 2,250,000 shares owned directly by Lone Star Value Investors, LP ("Lone Star Value Investors"). Jeffrey E. Eberwein, solely by virtue of his position as the manager of Lone Star Value Investors GP, LLC, the general partner of Lone Star Value Investors, and as the sole member of Lone Star Value Management, LLC, the investment manager of Lone Star Value Investors, may be deemed to beneficially own the shares owned directly by Lone Star Value Investors for purposes of Section 16. Mr. Eberwein expressly disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(4) Includes the following shares of common stock subject to stock options, which are exercisable within 60 days of April 21, 2015: Manuel Marquez, 400,000 shares; Richard J. Stolz, 50,000 shares; Neil J. Funk, 5,000 shares; and all directors, nominees and executive officers as a group, 467,500 shares.

Includes the following shares of restricted common stock, which are subject to forfeiture until they vest: Stephen (5) A. Nolan, 142,800 shares; Arthur Curcuru, 5,000; and all directors, nominees and executive officers as a group, 147,800 shares.

On November 28, 2014, we entered into a separation and consulting agreement with Latham Williams pursuant to (6) which his employment with our company ended December 31, 2014. The shares of our common stock beneficially owned by Mr. Williams listed in the table are as of December 31, 2014, after giving effect to the acceleration of vesting of 3,060 shares of restricted common stock pursuant to his separation agreement.

#### Other Beneficial Owners

The following table sets forth certain information regarding beneficial ownership by other persons known to us to own more than 5% of our outstanding common stock as of April 21, 2015.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)		Investment Power		Aggregate	Percent of Class
	Voting Power		Sole	Shared		
	Sole	Shared				
Hotchkis and Wiley Capital Management, LLC 725 South Figueroa St., 39th Floor Los Angeles, CA 90017	3,617,100	0	4,847,855	0	4,847,855	14.64 %
Sagard Capital Partners, L.P. 325 Greenwich Avenue Greenwich, CT 06830	0	4,650,189	0	4,650,189	4,650,189	14.10 %
Heartland Advisors, Inc. 789 North Water St. Milwaukee, WI 53202	0	4,347,638	0	4,556,844	4,556,844	13.80 %
Lone Star Value Management, LLC 53 Forest Avenue, 1st Floor Old Greenwich, CT 06870	2,229,008	0	2,229,008	0	2,229,008	6.70 %

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

## PROPOSAL 1: ELECTION OF DIRECTORS

Our Certificate of Incorporation and By-Laws currently provide that our directors are divided into three classes, with staggered terms of three years each until the date of our third annual meeting of stockholders following our 2014 annual meeting of stockholders, at which time all directors will stand for election on an annual basis. At the 2015 annual meeting, our stockholders will elect two directors to hold office until the 2017 annual meeting of stockholders and until their successors are duly elected and qualified. However, if our stockholders adopt and approve Proposal 4 at the annual meeting, then these directors will in effect be elected to terms expiring at the 2016 annual meeting of stockholders.

Listed below are the nominees of our Board of Directors for election at the annual meeting and each director whose term will continue after the annual meeting with specific information about each nominee and continuing director as of April 21, 2015. John J. Haley and David G. Offensend have each been a director since 2003 and their terms as directors will expire at the 2015 annual meeting. On April 10, 2015, our Board of Directors provided notice to Manuel Marquez, our Chairman and Chief Executive Officer, that his employment agreement with our company would not be renewed. Upon the expiration of his employment agreement on May 12, 2015, Mr. Marquez will cease to be Chairman and Chief Executive Officer and, pursuant to our company's Amended and Restated By-Laws, a director of our company.

### Nominees for Election at the Annual Meeting

**Alan L. Bazaar**, 45, is the Chief Executive Officer of Hollow Brook Wealth Management LLC, a position he has held since December 2013, where he is responsible for firm-wide operations, investment research and portfolio management, and previously served in this position as Co-Executive Officer since January 2013. Prior to that, Mr. Bazaar served at Hollow Brook as Managing Director from 2010 through 2012. Mr. Bazaar also is Chairman of the Board of Directors of Wireless Telecom Group, Inc., which designs and manufactures radio frequency and microwave-based products for wireless and advanced communications industries, and has served as a director of that company since June 2013. Since March 2015, Mr. Bazaar also has served as a director of LoJack Corporation, a provider of tracking and recovery systems as well as equipment and fleet telematics. Mr. Bazaar served as a director of NTS, Inc., a broadband services and telecommunications company, from 2012 until the completion of its sale in 2014. From 2004 until 2008, Mr. Bazaar served as a director of Media Sciences International, Inc., which manufactured and distributed business color printer supplies and industrial ink applications in the United States. From 1999 until 2009, Mr. Bazaar was a Managing Director and Portfolio Manager at Richard L. Scott Investments, LLC where he co-managed the public equity portfolio and was responsible for all elements of due diligence. Previously, Mr. Bazaar served as a director of Airco Industries, Inc., a privately held manufacturer of aerospace products, and was employed by Arthur Andersen LLP in the Assurance and Financial Buyer's Practices group and in the Business Fraud and Investigation Services Unit. Mr. Bazaar is a certified public accountant, and received a Bachelor of Arts degree from Bucknell University and a Master of Science and Master of Business Administration from the Stern School of Business at New York University. The particular experience, qualifications, attributes or skills that led our Board of Directors to conclude that Mr. Bazaar should serve as a director of our company include his public market, financial

and accounting expertise. Mr. Eberwein, as Chairman of the Nominating and Governance Committee, recommended Mr. Bazaar to the Nominating and Governance Committee as a nominee.

**Stephen A. Nolan**, 54, has served as Executive Vice President and Chief Financial Officer since joining the Company in May 2013. Mr. Nolan also served as the Company's Controller from March 2014 to March 2015. On April 16, 2015, our Board of Directors appointed Mr. Nolan Chief Executive Officer of our company effective May 13, 2015. Mr. Nolan also will continue to serve as Chief Financial Officer until a successor is appointed. From 2004 until 2012, Mr. Nolan served as Chief Financial Officer of Adecco Group North America, a staffing and human capital division of Adecco SA, one of the world's leading human resources service providers. Prior to that, Mr. Nolan served as Chief Financial Officer, North America, of DHL Global Forwarding, a division of Deutsche Post AG, one of the world's leading mail and logistics service providers, from 2001 until 2004, as Vice President and Corporate Controller of NewPower Holdings, Inc. from 2000 until 2001, and as Corporate Controller of Reckitt Benckiser North America from 1988 until 2000. Mr. Nolan is a Chartered Accountant and a former Assistant Regional Accountant, U.K. and Europe, at Reckitt & Colman plc and Audit Senior at PricewaterhouseCoopers. The particular experience, qualifications, attributes or skills that led our Board of Directors to conclude that Mr. Nolan should serve as a director of our company include his financial and accounting expertise and his experience in the staffing industry.

#### Change in Control

We have entered into agreements that will require us to provide compensation or other benefits to our named executive officers and certain other employees in the event of a change in control of our company or a termination of the officer or employee following a change in control of our company. These agreements provide that a change in control of our company will occur if, among other things, individuals who were directors as of the date of the agreement and any new director whose appointment or election was approved or recommended by a vote of at least two-thirds of the directors then in office who were either directors on the date of the agreement or whose appointment or election was previously so approved or recommended (each, a "continuing director") cease to constitute a majority of our directors. A change in control of our company will occur as of the 2015 annual meeting under these agreements because continuing directors will cease to constitute a majority of our directors. See "Potential Payments Upon Termination or Change in Control" for more information on compensation or other benefits to be provided to certain of our named executive officers as a result of such change in control of our company.

#### Vote Required

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. Shares of common stock represented by executed, but unmarked, proxies will be voted in favor of the election as directors of the persons named as nominees; provided that, if you hold your shares of our common stock through a broker-dealer, bank nominee, custodian or other securities intermediary, the intermediary will not vote those shares for the election of any nominee for director unless you give the intermediary specific voting instructions on a timely basis directing the intermediary to vote for such nominee. Our Board of Directors has no reason to believe that the listed nominees will be unable or unwilling to serve as directors if elected. However, if any nominee should be unable to serve or will not serve, then the shares represented by proxies received will be voted for another nominee selected by our Board of Directors.

**Our Board of Directors recommends that the nominees identified above be elected as directors and urges you to vote “FOR” their election.**

6

Directors Continuing in Office

*Term Expiring at the 2016 Annual Meeting*

**Richard J. Stolz**, 69, has served as a director since 2006 and served as Chairman of the Board from February 2011 until May 2011. Prior to becoming a director, Mr. Stolz was a Partner with PricewaterhouseCoopers LLP until 2004. He served as the New York Region Leader for the Consumer and Industrial Products Industry Group of PricewaterhouseCoopers from 1997 to 2001. From 1988 to 1992, Mr. Stolz worked in Tokyo, Japan, leading the International Division of the PricewaterhouseCoopers affiliate. Mr. Stolz joined PricewaterhouseCoopers in 1967 and became a Partner in accounting and auditing in 1981. The particular experience, qualifications, attributes or skills that led our Board of Directors to conclude that Mr. Stolz should serve as a director of our company include his accounting and auditing background and his international business experience. Mr. Stolz also is a certified public accountant.

*Terms Expiring at the 2017 Annual Meeting*

**Richard K. Coleman, Jr.**, 58, has served as a director since May 2014. Mr. Coleman is President and Chief Executive Officer of Crossroads Systems, Inc., a global provider of data archive solutions, where he also serves as a director. Mr. Coleman has deep experience serving in senior executive positions and on various public company boards, and has gained extensive expertise in business development and operations. In addition to his position with Crossroads Systems, which he joined in 2013, he founded in 1998 and serves as the President of Rocky Mountain Venture Services, a firm that helps companies plan and launch new business ventures and restructuring initiatives. Mr. Coleman also has served in a variety of senior operational roles, including CEO of Vroom Technologies Inc., Chief Operating Officer of MetroNet Communications, and President of US West Long Distance. He also has held significant officer-level positions with Frontier Communications, Centex Telemanagement and Sprint Communications. In addition to serving as a director of Hudson Global Inc., Mr. Coleman is a director of Ciber, Inc., a leading global information technology company. He formerly served as a director of NTS, Inc., a broadband services and telecommunications company, and of On Track Innovations Ltd., one of the pioneers of cashless payment technology, from 2012 to 2014, and Aetrium Incorporated, a recognized world leader in the global semiconductor industry from 2013 to 2014. The particular experience, qualifications, attributes or skills that led our Board of Directors to conclude that Mr. Coleman should continue to serve as a director of our company include his extensive operating expertise and his broad leadership experience.

**Jeffrey E. Eberwein**, 44, has served as a director since May 2014. Mr. Eberwein is the founder and CEO of Lone Star Value Management, an investment firm. He has more than 20 years of Wall Street experience, and has valuable public company and financial expertise gained through his employment history and directorships. Prior to founding Lone Star in 2013, Mr. Eberwein was a private investor and served as a portfolio manager at Soros Fund Management from 2009 to 2011 and Viking Global Investors from 2005 to 2008. In addition to serving as a director of Hudson Global, Inc., Mr. Eberwein currently is chairman of the board at three publicly traded companies: ATRM Holdings, Inc., a

modular building company; Digirad Corporation, a medical imaging company; and Crossroads Systems, Inc., a global provider of data archive solutions. Mr. Eberwein previously served as a director of NTS, Inc. and On Track Innovations Ltd. from 2012 to 2014 and Goldfield Corporation from 2012 to 2013. The particular experience, qualifications, attributes or skills that led our Board of Directors to conclude that Mr. Eberwein should continue to serve as a director of our company include his expertise in finance and experience in the investment community. Mr. Eberwein earned an MBA from The Wharton School, University of Pennsylvania and a BBA with High Honors from The University of Texas at Austin.

## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### Independent Directors

Of the six directors currently serving on our Board of Directors, the Board has determined that Messrs. Coleman, Eberwein, Haley, Offensend and Stolz are independent directors under the independence standards of the Nasdaq Global Select Market. Mr. Marquez is not considered an independent director under the independence standards of the Nasdaq Global Select Market because he is our current Chief Executive Officer. The Board has determined that Mr. Bazaar will be an independent director under the independence standards of the Nasdaq Global Select Market. Mr. Nolan will not be considered an independent director under the independence standards of the Nasdaq Global Select Market because he has served as our Chief Financial Officer and will also be our Chief Executive Officer.

### Board Committees

Our Board of Directors has standing Audit, Compensation, and Nominating and Governance Committees. Under the listing standards of the Nasdaq Global Select Market, the members of the Audit, Compensation and Nominating, and Governance Committees must be comprised solely of independent directors. Accordingly, Mr. Marquez is not eligible to serve on such committees. All directors receive materials for all Board committee meetings even if they do not serve, or are not eligible to serve, on the committee. Until July 2014, the Board of Directors also had an Executive Committee and a Human Resources Committee. In July 2014, the Board of Directors disbanded the Executive Committee and the Human Resources Committee after determining such committees were no longer necessary.

The Board 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. We maintain a Web site at [www.hudson.com](http://www.hudson.com) and make available on that Web site, free of charge, copies of each of the charters for the Audit, Compensation, and Nominating and Governance Committees. We are not including the information contained on or available through this Web site as a part of, or incorporating such information by reference into, this proxy statement.

### *Audit Committee*

The Audit Committee presently consists of Richard J. Stolz (Chairman), Jeffrey E. Eberwein and David G. Offensend, each of whom is an independent director under the independence standards of the Nasdaq Global Select Market and Securities and Exchange Commission rules. Our Board of Directors has determined that each of Messrs. Eberwein, Offensend and Stolz qualify as an “audit committee financial expert,” as defined by the Securities and Exchange

Commission. The Audit Committee held six meetings in 2014.

The Audit Committee's primary duties and responsibilities are to assist our Board of Directors in monitoring:

- the integrity of our financial statements;
- the independent registered public accounting firm's qualifications and independence;
- the performance of our internal audit function and of the independent registered public accounting firm; and
- our compliance with legal and regulatory requirements.

*Compensation Committee*

The Compensation Committee presently consists of John J. Haley (Chairman), Richard K. Coleman, Jr. and Richard J. Stolz, each of whom is an independent director under the independence standards of the Nasdaq Global Select Market and Securities and Exchange Commission rules and qualify as “outside directors” under Section 162(m) of the Internal Revenue Code. The Compensation Committee held eight meetings in 2014.

The Compensation Committee’s primary responsibility is to assure that the non-employee members of our Board of Directors, the Chief Executive Officer, other executive officers and key management are compensated effectively and in a manner consistent with our stated compensation strategy, 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 administers our long-term incentive programs, including our equity compensation plan.

The Compensation Committee has retained the services of an independent, external compensation consultant, Pay Governance LLC. Pay Governance LLC has served as the independent compensation consultant to the Compensation Committee since 2010. The mandate of the consultant is to work for the Compensation Committee in its review of executive and director compensation practices, including the competitiveness of pay levels, executive compensation design issues, market trends and technical considerations. The consultant does not determine or recommend amounts or forms of compensation. The historical and ongoing nature and scope of services rendered by the independent compensation consultant on the Compensation Committee’s behalf is described below:

- competitive market pay analyses, Board of Director pay studies, dilution analyses, and market trends;
- ongoing support with regard to the latest relevant regulatory, technical, and/or accounting considerations affecting executive compensation and benefit programs;
- guidance on overall compensation program structure and executive employment agreement terms; and
- preparation for and attendance at selected management, Board committee, or Board of Director meetings.

The Compensation Committee has the final authority to hire and terminate Pay Governance LLC or any other compensation adviser. The Compensation Committee also