EMCOR GROUP INC
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April 28, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934

Filed by the Registrant S
Filed by a Party other than the Registrant £

Check the appropriate box:

£ Preliminary Proxy Statement
S Definitive Proxy Statement
£ Definitive Additional Materials
£ Soliciting Material Pursuant to § 240.14a-12

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EMCOR 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):

S No fee required.

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(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

EMCOR GROUP, INC.
301 Merritt Seven
Norwalk, Connecticut 06851

NOTICE OF ANNUAL MEETING

To the Stockholders of EMCOR Group, Inc.

The Annual Meeting of Stockholders of EMCOR Group, Inc. will be held in the Ballroom, Regency Hotel, 540 Park Avenue, New York, New York, on Tuesday, June 16, 2009 at 10:00 A.M. (local time) for the following purposes:

1. To elect nine directors to serve until the next annual meeting and until their successors are duly elected and qualified.

2. To ratify the appointment of Ernst & Young LLP as independent auditors for 2009.

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on April 20, 2009 as the record date for determination of Stockholders entitled to receive notice of, and to vote at, our Annual Meeting and any adjournment thereof.

Your attention is respectfully directed to the accompanying Proxy Statement. Whether or not you expect to attend the meeting in person, please complete and return the enclosed proxy in the envelope provided, which requires no postage if mailed in the United States.

By Order of the Board of Directors
Sheldon I. Cammaker
Corporate Secretary

Norwalk, Connecticut
April 28, 2009

EMCOR GROUP, INC.

PROXY STATEMENT

2009 Annual Meeting of Stockholders to be Held June 16, 2009

The enclosed proxy is solicited by the Board of Directors of EMCOR Group, Inc., a Delaware corporation, which we refer to as we , us , the Company or EMCOR , for use at our Annual Meeting of Stockholders, which we refer to as th Annual Meeting , to be held at 10:00 A.M. (local time) on Tuesday, June 16, 2009 in the Ballroom, Regency Hotel, 540 Park Avenue, New York, New York and at any adjournment or postponement of such meeting. The enclosed proxy may be revoked at any time before it is exercised by delivering a written notice to our Corporate Secretary stating that the proxy is revoked, by duly executing a proxy bearing a later date and presenting it to our Corporate Secretary, or by attending our Annual Meeting and voting in person. Unless otherwise specified, the proxies from holders of our Common Stock, par value $.01 per share, which we refer to as Common Stock , will be voted in favor of each proposal set forth in the Notice of Annual Meeting.

As of April 20, 2009, we had outstanding 65,814,070 shares of Common Stock. Only Stockholders of record of Common Stock at the close of business on April 20, 2009, which we refer to as the Record Date , are entitled to notice of, and to vote at, the Annual Meeting. Each share of our Common Stock entitles the holder to one vote at our Annual Meeting. The mailing address of our principal executive offices is 301 Merritt Seven, Norwalk, Connecticut 06851, and the approximate date on which this Proxy Statement and the accompanying proxy are being first sent or given to Stockholders is April 28, 2009.

Our Common Stock was our only voting security outstanding and entitled to vote on the Record Date. The holders of record of a majority of our outstanding shares of Common Stock entitled to vote will constitute a quorum for the transaction of business at our Annual Meeting. Assuming the presence of a quorum at our Annual Meeting, the affirmative vote of the holders of a plurality of the votes cast by the holders of shares of Common Stock present in person or represented by proxy and entitled to vote at our Annual Meeting is necessary for the election of our directors. The affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at our Annual Meeting is required for ratification of the appointment of independent auditors to audit our accounts and the accounts of our subsidiaries. With respect to an abstention from voting on any matter and broker non-votes, the shares will be considered present and entitled to vote at our Annual Meeting for purposes of determining a quorum. Abstentions will have the effect of a vote against each proposal brought before the meeting, but will not have an effect on the election of directors. A broker non-vote occurs if a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular proposal. Accordingly, broker non-votes will be disregarded and will have no effect on the outcome of the vote on that proposal.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 16, 2009

This Proxy Statement and the EMCOR 2008 Annual Report are available for downloading, viewing and printing at www.emcorgroup.com/proxyannual report

CORPORATE GOVERNANCE

We have a long history of good corporate governance practices that has greatly aided our long-term success. Our Board of Directors, which we sometimes refer to as our Board , and our management have recognized for many years the need for sound corporate governance practices in fulfilling their respective duties and responsibilities to our Stockholders. Our Board and management have taken numerous steps to enhance our policies and procedures to comply with corporate governance listing standards of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission.

Corporate Governance Guidelines. Our Corporate Governance Guidelines provide the framework for our governance. The Nominating and Corporate Governance Committee of our Board, which we refer to as the Corporate Governance Committee , regularly reviews corporate governance developments and makes recommendations to our Board with respect to suggested modifications to our Corporate Governance Guidelines.

Independence of Directors. To assist our Board in determining the independence of each director, our Board has adopted categorical Standards for Determining Director Independence, a copy of which is attached to this Proxy Statement as Exhibit A and available at our website at www.emcorgroup.com. To be considered independent our Board must affirmatively determine that the director has no material relationship with us. Our Board has determined that eight of our nine directors, including all members of the Audit Committee of our Board, which we refer to as the Audit Committee , the Compensation and Personnel Committee of our Board, which we refer to as the Compensation Committee , and the Corporate Governance Committee of our Board are independent , as defined by the listing standards of the New York Stock Exchange and all applicable rules and regulations of the Securities and Exchange Commission and for purposes of Rule 162(m) of the Internal Revenue Code of 1986, as amended. These eight directors are: Stephen W. Bershad, David A. B. Brown, Larry J. Bump, Albert Fried, Jr., Richard F. Hamm, Jr., David H. Laidley, Jerry E. Ryan and Michael T. Yonker. The ninth director, Frank T. MacInnis, is Chairman of our Board and our Chief Executive Officer, and, accordingly, is not considered independent.

Executive Sessions of the Board. At each regularly scheduled meeting of the Board, non-management directors meet without any Company representatives present. The chairpersons of the Audit Committee, Compensation Committee, and Corporate Governance Committee rotate presiding over those executive sessions.

Board Committee Charters. Our Board has adopted written charters for its Audit Committee, Compensation Committee, and Corporate Governance Committee. At least annually, each committee reviews its charter and recommends any proposed changes to the Board for approval. A copy of the charter of each committee is available on our Company s website at www.emcorgroup.com and may also be obtained by writing to us at 301 Merritt Seven, Norwalk, Connecticut 06851, Attention: Corporate Secretary.

Standards of Conduct. Our Code of Business Conduct and Ethics applies to all of our directors, officers and employees and those of our subsidiaries. In addition, our Board has adopted a separate Code of Ethics for our Chief Executive Officer and senior financial officers which imposes additional ethical obligations upon them.

Stockholder Communications. Stockholders and other interested persons may communicate with members of our Board as a group, or with one or more members of our Board (including non-management directors as a group), by writing to them c/o EMCOR Group, Inc., 301 Merritt Seven, Norwalk, Connecticut 06851, Attention: Corporate Secretary. Such communications will be forwarded to the individuals addressed. In addition, communications may be sent to our non-management directors as a group by e-mail to nonmanagementdirectors@emcorgroup.com or to the entire Board by e-mail to alldirectors@emcorgroup.com.

Policies and Procedures for Related Party Transactions. Under our written policy regarding transactions with related parties, which policy is contained in our Corporate Governance Guidelines, we generally require that any transaction involving $60,000 or more be approved in advance by our Board

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or a committee of our Board if we are, or one of our subsidiaries is, a participant in the transaction and if any of the following persons has a direct or indirect material interest in the transaction:

- an executive officer;
- a director;
- a beneficial holder of 5% or more of our Common Stock, which we refer to as a Significant Holder ;
- an immediate family member of an executive officer, director or Significant Holder; or
- an entity which is owned or controlled by one of the above persons or in which one of the above persons has a substantial ownership interest.

We refer to each of the foregoing as a Related Party .

The member of the Board who or whose immediate family member has an interest in the transaction may not participate in the Board approval process. The Related Party must disclose any such proposed transaction, and all material facts relating to the transaction, to the Chairman of our Audit Committee and our General Counsel who is to communicate such information to our Board for its consideration. No such transaction is to be approved unless it is determined that the transaction is in, or is not inconsistent with, our best interests and the best interests of our Stockholders.

However, if the transaction principally involves the provision of products and services by one of our subsidiaries in the ordinary course of its business to a Significant Holder, an immediate family member of a Significant Holder, or an entity owned or controlled by a Significant Holder or in which a Significant Holder or an immediate family member of a Significant Holder has a substantial ownership interest, the transaction does not need to be approved by the Board or a Board committee.

In order to ensure that material relationships and Related Party transactions have been identified, reviewed and disclosed in accordance with applicable policies and procedures, each director and executive officer also completes a questionnaire at the end of each fiscal year that requests confirmation that there are no material relationships or Related Party transactions between such individual and the Company other than those previously disclosed to the Company.

During the period from January 1, 2008 and ending April 20, 2009, there were no transactions, and there are no currently proposed transactions, in which the Company, or any of our subsidiaries, was or is to be a participant and in which any Related Party had or will have a direct or indirect material interest required to be approved by the Board or a Board committee.

Availability of Corporate Governance Materials. Our categorical Standards for Determining Director Independence, Corporate Governance Guidelines, including policies and procedures for Related Party Transactions, Code of Business Conduct and Ethics, Code of Ethics for our Chief Executive Officer and senior financial officers, and other corporate governance materials may be obtained at our website at www.emcorgroup.com or by writing to us at 301 Merritt Seven, Norwalk, Connecticut 06851, Attention: Corporate Secretary.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

During 2008, our Board met six times, and committees of our Board held an aggregate of 12 meetings. Each director, during the period he served as a director, attended all of the meetings of our Board and committees on which he served during 2008. As provided in our Corporate Governance Guidelines, each director is expected to attend all annual meetings of stockholders, and all directors then serving as directors attended the 2008 annual meeting of stockholders.

Our Board has standing Audit, Compensation, and Corporate Governance Committees comprised solely of independent directors as defined in the listing standards of the New York Stock Exchange. The members and the principal responsibilities of these committees are as follows:

The Audit Committee, established in accordance with the rules of the Securities Exchange Act of 1934, is comprised of Messrs. Bershad, Brown, Hamm and Ryan. Among other things, it is responsible for:

- engaging (subject to ratification by Stockholders), overseeing, and discharging, our independent auditors;
- setting our independent auditors fees;
- reviewing the scope and audit procedures of our independent auditors;
- approving audit and permitted non-audit services;
- reviewing with management and our independent auditors our annual and quarter-annual financial statements;
- receiving periodic reports from our independent auditors and management regarding the auditors independence;
- meeting with our management and independent auditors on matters relating to, among other things, major issues regarding accounting principles and practices and financial statement presentation, our risk assessment and risk management policies and major risk exposures, and the adequacy of our internal audit controls; and
- reviewing our internal auditing and accounting personnel.

The Audit Committee met five times during 2008. Our Board has determined that each of the members of the Audit Committee, Messrs. Bershad, Brown, Hamm and Ryan, are audit committee financial experts , within the meaning of the rules of the Securities and Exchange Commission.

The Compensation Committee is comprised of Messrs. Bershad, Bump, Ryan and Yonker. It is responsible for:

- overseeing the evaluation of our management and reviewing and advising our Board regarding the qualifications of individuals identified as candidates for positions as our chief executive officer, chief operating officer, chief financial officer, and general counsel and for the position of chief executive officer of each subsidiary whose proposed annual base salary is $400,000 or more;
- reviewing and approving corporate goals and objectives relevant to compensation for our Chief Executive officer, evaluating our Chief Executive Officer s performance in light of those goals and objectives and, together with the other independent directors, determining our Chief Executive Officer s compensation level based on this evaluation;
- reviewing and approving, based on proposals made by our Chief Executive Officer, compensation for our Chief Executive Officer and our other executive officers as well as the compensation for each of our and our subsidiaries other officers and employees whose proposed annual base salary is $400,000 or more and for approving, together with the other independent directors, any employment, severance or similar contracts for any of our executive officers and for any of our subsidiaries other officers and employees whose proposed annual base salary is $400,000 or more; and
- making recommendations to our Board with respect to incentive compensation plans for our officers and other employees, and administering those plans and reviewing executive development plans.

During 2008, the Compensation Committee held three meetings.

Each year the Compensation Committee reviews the annual salaries of, and considers annual incentive awards for, our Chief Executive Officer, Frank T. MacInnis, and our other senior executive officers, each of whom is referred to in the

Summary Compensation Table for Fiscal Years 2008, 2007 and 2006 below, which we refer to as the Summary Compensation Table . It also reviews the annual salary of each of our and our subsidiaries other officers and employees whose proposed annual base salary is $400,000 or more. Mr. MacInnis participates in portions of the Compensation Committee s meetings to make recommendations to the Compensation Committee for salary adjustments for those individuals and for the payment of annual incentive awards to Mr. MacInnis and our other senior executive officers, who we refer to collectively as the named executive officers . Annual incentive awards for our named executive officers are based upon our performance in meeting pre-established financial objectives during our most recently completed year and an evaluation of the individual executive s performance in meeting his pre-established personal goals and objectives for the most recently completed year. The Compensation Committee considers Mr. MacInnis recommendations regarding salary adjustments and payment of annual incentive awards, arrives at its own recommendations, and then with the participation of the other independent directors, makes its determination regarding salary adjustments and payment of annual incentive awards. Mr. MacInnis also participates in a portion of the meetings of our Compensation Committee and our entire Board during which various compensation issues are discussed. The final determination regarding salary adjustments and payment of annual incentive awards are made at meetings without any members of management present.

Annually, during the first quarter of each year, the Compensation Committee establishes that year s objectives for our financial performance and the personal goals and objectives for each of the named executive officers, upon which the payment of that year s annual incentive award for the executive may be based, and the targeted annual incentive award for each such executive. Those criteria and targeted annual incentive awards are recommended by our Chief Executive Officer, and are reviewed by and ultimately established by the Compensation Committee, together with the participation of the other independent directors. When incentive compensation plans for our named executive officers and other senior executives have been established, those plans have been proposed by management, reviewed by the Compensation Committee, and, at times, reviewed by Mercer, which we refer to as Mercer . Mercer is a compensation consultant that the Compensation Committee has engaged, from time to time, and annually commencing in 2006, to advise the Compensation Committee with regard to compensation for our named executive officers and to review compensation plans. Mercer reviews the salaries and other compensation we pay to our named executive officers so that it may advise the Compensation Committee whether compensation paid to those executives is competitive with those paid to executives holding comparable positions at Mercer-selected companies, which are large public construction and facilities management companies and with which we may compete for management talent. Mercer also reports upon its assessment of the appropriateness and fairness of our compensation plans when compared to compensation plans for comparable executives at those comparable companies. To the extent such plans may involve the issuance of equity to executives, all such plans are subject to the approval of our Stockholders.

Our Long Term Incentive Plan, which we refer to as the LTIP , provides for the methodology for computing the number of shares issuable to executives participating in the LTIP. Grants of LTIP cash awards are, as set forth in the LTIP, based upon us achieving an earnings per share objective for a measurement period of three years. The earnings per share objectives for measurement periods are, in accordance with the LTIP, set by the Compensation Committee after receiving recommendations of our Chief Executive Officer. The LTIP was proposed by management, reviewed by Mercer and, after review and modification by the Compensation Committee, approved by it and the other independent directors. The LTIP is further discussed commencing on page 11 in the Section entitled Compensation Discussion and Analysis and in the Section entitled Long Term Incentive Plan commencing on page 22 which follows the Table entitled Grants of Plan-Based Awards in Fiscal Year 2008.

The Corporate Governance Committee, comprised of Messrs. Brown, Bump, Fried, Hamm, and Yonker, is charged with:

- leading the search for individuals qualified to become members of our Board, consistent with criteria approved by the Board and set forth in our Corporate Governance Guidelines;
- recommending to the Board nominees for election to the Board;
- developing and overseeing an annual self-evaluation process for the Board and its committees; and
- making recommendations with respect to:
  - corporate governance guidelines;

compensation and benefits for non-employee directors; and matters relating to Board members retirement and removal, the number, function and membership of Board committees, director and officer liability insurance, and indemnity agreements between us and our officers and directors.

During 2008, the Corporate Governance Committee held four meetings.

The Corporate Governance Committee annually reviews compensation and other benefits for non-employee members of our Board. When the Corporate Governance Committee determines that a change in director compensation or benefits is appropriate, it submits such recommendation to the Board for its approval. In the past, when it has considered Board compensation and the form of compensation, it has sought the advice of Mercer. No change in compensation or benefits for directors was made in the 2008 calendar year

RECOMMENDATION FOR DIRECTOR CANDIDATES

The Corporate Governance Committee will consider recommendations for candidates for Board membership suggested by Corporate Governance Committee members, other members of our Board, and Stockholders. A Stockholder who wishes the Corporate Governance Committee to consider his/her recommendations for nominees for the position of director should submit his/her recommendations in writing to the Corporate Governance Committee, c/o Corporate Secretary, EMCOR Group, Inc., 301 Merritt Seven, Norwalk, Connecticut 06851, together with whatever supporting material the Stockholder considers appropriate. The material, at a minimum, should include such background and biographical material as will enable the Corporate Governance Committee to make an initial determination as to whether the prospective nominee satisfies the criteria for directors set out in our Corporate Governance Guidelines. The Corporate Governance Guidelines are available at our website at www.emcorgroup.com. A Stockholder may also nominate director candidates by complying with our bylaw provisions discussed on page 42 under Other Matters Stockholder Proposals.

If the Corporate Governance Committee identifies a need to replace a current member of our Board, to fill a vacancy in our Board, or to expand the size of our Board, the process to be followed by the Committee to identify and evaluate candidates includes:

- consideration of those individuals recommended by Stockholders as candidates for Board membership and those individuals recommended in response to requests for recommendations made of Board members and others, including those suggested by any third party executive search firm retained by the Corporate Governance Committee, from time to time;

- meeting, from time to time, to evaluate biographical information and background material relating to candidates; and

- interviews of selected candidates by members of the Corporate Governance Committee.

As provided in our Corporate Governance Guidelines, in its assessment of each potential candidate, the Corporate Governance Committee is to consider the candidate s achievements in his or her personal career, experience, wisdom, integrity, ability to make independent analytical inquiries, and understanding of the business environment. The Corporate Governance Committee will also take into account the willingness of a candidate to devote adequate time to board duties. The Corporate Governance Committee may also consider any other relevant factors that it may, from time to time, deem appropriate, including the current composition of our Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluation of all prospective nominees.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The objectives of our executive compensation program for our named executive officers, referred to in the Summary Compensation Table on page 17, are to attract, retain and motivate key executives with skills necessary to assure our long-term success. Broadly stated, the purposes of the key components of the program insofar as they relate to named executive officers are:

- to reward named executive officers expertise and experience;
- to reward named executive officers performance that drives achievement of our short-term and long-term goals by providing a strong link between pay and performance; and
- to align named executive officers compensation with the interests of our Stockholders.

The executive compensation program uses various compensation rewards that are geared to both our short-term and long-term performance. In designing these rewards we have applied the following principles:

- compensation should reinforce our business strategy and long-term stockholder value creation;
- a significant portion of named executive officer total compensation should be tied to achievement of our financial objectives as well as the achievement of the named executive officer s annual individual goals and objectives. When we exceed our financial objectives for the relevant performance period, we reward our named executive officers with incentive awards greater than their respective targeted incentive awards based on financial performance. When our financial performance does not meet the established financial objectives, our named executive officers receive either no annual incentive award based on this criteria or one less than the targeted award. The Compensation Committee sets the objectives for a particular performance period;
- incentive compensation should reflect both our short-term and long-term financial performance;
- incentives should align the interests of our Stockholders and named executive officers by paying a significant portion of incentive awards in equity; and
- incentive awards should serve as a recruitment and retention device so that named executive officers are motivated to join and stay with us.

The key components of our compensation program are:

- base salary and perquisites; the perquisites, which have been provided for more than 10 years, are principally dues reimbursement for a club where the named executive officer can entertain clients and other business contacts, term life insurance, an auto allowance and associated expenses, and a tax gross up on these perquisites;
- short-term incentives in the form of annual incentive awards; and
- longer-term incentives under our Long Term Incentive Plan, which we refer to sometimes as the LTIP and which is discussed below. These incentives come in the form of:
  - annual awards of stock units representing the right to receive an equal number of shares of our Common Stock which vest generally in three years; and
  - potential cash incentive awards based on our financial performance during multi-year measurement periods.

We generally condition a named executive officer s LTIP incentive award on his remaining employed with us for three years from the date we grant the award.

Commencing with calendar year 2006, we changed the mix and design of our executive compensation program from one focused on current cash to one with an increased emphasis on performance-based incentive awards, predicated on both annual results and results for multi-year measurement periods.

We also maintain a 401(k) savings plan. The 401(k) plan provides retirement benefits to the named executive officers. For 2008, our annual contribution to the 401(k) plan for each named executive officer was $10,000. In severance agreements with our named executive officers, we provide special compensation to each in the event his employment is terminated (i) by us without cause or (ii) by the named executive officer for good reason. (We have set forth the definition of the terms cause and good reason contained in the severance agreements in the Section entitled Potential Post Employment Payments Severance Agreements commencing on page 26).

The Compensation Committee has principal responsibility for setting the compensation for our named executive officers and other executive officers. To assist the Compensation Committee, early each year it retains Mercer as a compensation consultant to review the compensation payable to our named executive officers. The assignments to Mercer have been made by the Chairman of the Compensation Committee. To assist the Compensation Committee in its pay discussions and decisions, which includes salary levels, targeted annual incentive awards, financial measurements for annual incentive awards and for our LTIP, and LTIP targeted cash incentive awards for multi-year periods, as discussed below, Mercer presents pay information compiled from proxy data and Forms 8-K from companies in a comparator group developed by Mercer with input from management. This information includes annual base salary, annual bonuses, long term incentives, including stock option and restricted stock awards, and targeted long term incentive performance plan awards.

For 2008, Mercer s comparator group of companies included 16 large public construction and facilities management companies which Mercer refers to as our Business Peer Group from which we might hire top talent or which might try to recruit our executives.

ABM Industries Incorporated
AECOM Technology Corporation
C.B. Richard Ellis Group, Inc.
Chicago Bridge & Iron, N.V.
Fluor Corp.
Foster Wheeler Ltd.
Granite Construction Incorporated
Jacobs Engineering Group, Inc.
Jones Lange LaSalle Incorporated
KBR, Inc.
McDermott International, Inc.
Perini Corporation
Quanta Services, Inc.
Republic Services, Inc.
The Shaw Group Inc.
URS Corporation

We refer to these companies as the Comparator Companies .

Each year the Compensation Committee reviews the annual salaries of, and considers annual incentive awards for, our Chairman of the Board and Chief Executive Officer, Mr. Frank T. MacInnis, and our other named executive officers. It also reviews the annual salaries of our and our subsidiaries other officers and employees whose proposed annual base salary is $400,000 or more. Mr. MacInnis participates in portions of the Compensation Committee s meetings to make recommendations to the Compensation Committee for salary adjustments and for the payment of annual incentive awards. Payments of annual incentive awards for 2006, 2007, and 2008 for the named executive officers are set out in the Summary Compensation Table on page 17 and were based upon our performance in meeting pre-established financial objectives for the respective year and an evaluation of the individual named executive officer s performance in meeting his pre-established personal goals and objectives for the respective year. The Compensation Committee considers Mr. MacInnis recommendations regarding salary adjustments and payment of annual incentive awards, arrives at its own recommendations, and then with the participation of the other independent directors, makes its final determination regarding salary adjustments and payment of annual incentive awards at a meeting without any members of management being present.

Mr. MacInnis also meets with the Compensation Committee during the first calendar quarter of each year to discuss for that year targeted annual incentive awards for each named executive officer and objectives for our financial performance for the year and personal goals and objectives of each named executive officer for the year upon which the payment of that year s annual incentive awards may be based. Targeted annual incentive awards for each of our named executive officers, our annual financial goals, and personal goals and objectives for each such executive are recommended by Mr. MacInnis, and are reviewed by and ultimately established by the Compensation Committee, together with the participation of the independent directors, at a meeting without any members of management being present.

Annual Base Salary

Annual base salary serves as a foundation of our compensation program. We determine the other key components of the program with reference to base salary, including annual and long-term incentives and termination payments.

We intend annual base salary and perquisites to reward the expertise and experience and sustained performance of the named executive officers, each of whom (other than Mr. Anthony J. Guzzi, our President and Chief Operating Officer) has been with us for more than ten years. Base salaries are reviewed annually, and we have generally increased named executive officer salaries to reflect increases in the cost of living, to reflect promotions or increased responsibilities, when appropriate, and to remain competitive with those paid by Comparator Companies. However, in 2009 the Compensation Committee concluded, that in light of macro-economic conditions it would not be appropriate to increase the annual base salary for any named executive officer as well as the annual base salary for certain of our subsidiary officers including any officers of our subsidiaries whose annual base salary was $400,000 or greater.

Annual Incentive Program

An annual incentive award forms a significant element of annual compensation under our compensation program. Since 2004, named executive officer annual incentive awards have moved from discretionary awards to those based primarily on pre-established annual financial results emphasizing pay- for-performance. We expect annual incentive awards to motivate our named executive officers to improve performance on an annual basis. Such performance improvements should lead to enhanced stockholder value.

Annual incentive awards are made under our Key Executive Incentive Bonus Plan. For 2008, each named executive officer had a targeted incentive award based on 2008 financial results and a targeted incentive award based on his meeting certain pre-established personal goals and objectives. The maximum potential annual incentive awards payable for 2008 to Messrs. MacInnis and Guzzi were 250% and 220% of their respective 2008 base salaries and to each other named executive officer were 200% of his respective 2008 base salary. We refer to a named executive s maximum potential annual incentive award sometimes as his Maximum Potential Incentive Award.

For Messrs. MacInnis and Guzzi, their 2008 targeted incentive awards, based upon our meeting certain financial measurements for 2008, were 100% and 88% of their annual base salaries, respectively, and for Messrs. Sheldon I. Cammaker, our Executive Vice President, General Counsel and Secretary, Mark A. Pompa, our Executive Vice President and Chief Financial Officer, and R. Kevin Matz, our Executive Vice President Shared Services, their 2008 targeted incentive awards, based upon our meeting those 2008 financial measurements, were 80% of their respective 2008 annual base salaries. We refer to this targeted incentive award sometimes as the Financial Target Bonus . The exact amount of each Executive s 2008 incentive award that we would pay based on our financial performance ranged from 0% to the maximum percentage of his annual base salary indicated in the immediately preceding paragraph, depending on our 2008 earnings per share and the ratio of our 2008 operating cash flow to our 2008 operating income. (When we refer to earnings per share with respect to our Annual Incentive Program, we mean earnings per share on a fully diluted basis.) Our Chief Executive Officer, together with other named executive officers, developed proposed 2008 financial measurements on which to base Financial Target Bonuses. Our Chief Executive Officer then proposed to the Compensation Committee the financial measurements. Our Compensation Committee considered the recommendations and

established financial measurements for annual incentive awards in February 2008, taking into account the recommendations of management, our 2008 budget, and annual earnings per share guidance for 2008 that we gave to the equity markets. No annual incentive award based on these financial measurements was to be payable unless we achieved earnings per share for 2008 of at least $1.80 and 2008 operating cash flow of at least 40% of 2008 operating income. Consequently, the financial measurements emphasized earnings as well as operating cash flow a measure of quality of earnings and we linked it to guidance we provided to the equity markets.

In order for a named executive officer to be entitled to his 2008 Financial Target Bonus (a) our 2008 earnings per share had to be at least $2.08, the beginning of the range of our initial 2008 earnings per share guidance of $2.08 to $2.28 that was provided to equity markets in February 2008, and (b) the ratio of our 2008 positive operating cash flow to our 2008 operating income had to be at least 70%. If earnings per share were less than $2.08, each named executive officer s actual incentive award that was based on financial measurements would have been less than his Financial Target Bonus in accordance with a matrix adopted by the Compensation Committee, which we refer to as the Matrix . The Matrix also took into account the amount by which the ratio of 2008 positive operating cash flow to 2008 operating income was less than 70%. If 2008 earnings per share were in excess of $2.08, each named executive officer s actual annual incentive award based on financial measurements for 2008 could be greater than or less than his Financial Target Bonus in accordance with the Matrix, depending upon the ratio of cash flow to operating income, but could not exceed his Maximum Potential Incentive Award and as indicated above, if earnings per share were less than $1.80, no annual incentive award for 2008 based on financial measurements would be paid to any named executive officer.

For 2008, our actual earnings per share were $2.71 and the ratio of our 2008 operating cash flow to 2008 operating income was 111%, in both cases exceeding the 2008 financial objectives, and in accordance with the 2008 Matrix permitted payment to each named executive of his Maximum Potential Incentive Award.

In addition, as indicated above, under our annual incentive program, during the first quarter of each calendar year, our Chief Executive Officer and each other named executive officer agree on the named executive officer s personal goals and objectives for the year, in addition to his normal duties and responsibilities. The Compensation Committee reviews those goals and objectives, which are subject to its approval. In the case of our Chief Executive Officer, the Compensation Committee and our Chief Executive Officer agree on his annual personal goals and objectives. Under the program we can pay a named executive officer an annual incentive award based on achieving his annual personal goals and objectives up to two times of a designated percentage of his annual base salary. For 2008, those percentages were 25% and 22% for Messrs. MacInnis and Guzzi, respectively, and 20% for each of Messrs. Cammaker, Pompa, and Matz.

Following the end of each year, our Chief Executive Officer reports to the Compensation Committee on our financial results and on how well each named executive officer performed in meeting his personal goals and objectives, and the Compensation Committee, with the approval of the other independent directors, determines the amount to be paid to each named executive as his annual incentive award.

However, as indicated above, for 2008 in no case could a named executive officer s aggregate annual incentive award, whether based on our financial results alone or together with achievement of personal goals and objectives, exceed his Maximum Potential Incentive Award. As indicated above, the financial measurements we established for 2008 permitted a payment of an annual incentive award to each named executive officer equal to his Maximum Potential Incentive Award, and this was the actual incentive award paid to each named executive officer for 2008. Under the terms of the program for 2008, the Compensation Committee could have, in its sole discretion, reduced the payment of any named executive officer s annual incentive award even though the financial measurements calling for payment of his Maximum Potential Incentive Award were met. In the exercise of its discretion the Compensation Committee could have taken into account whatever factors it deemed appropriate in exercising negative discretion, including whether a named executive officer achieved his personal goals or objectives. Even if a named executive officer achieved his personal goals and objectives, the

Compensation Committee, in its sole discretion, could award in respect of personal goals and objectives less than the fixed maximum percentage to be taken into account in making awards with respect to personal goals and objectives. The Compensation Committee made final decisions about annual incentive awards without any member of management present. These decisions were subject to approval by all of the independent members of our Board. The Compensation Committee and the independent members of our Board chose not to exercise negative discretion, and the actual incentive awards made to each named executive officer in respect of 2008 was equal to his Maximum Potential Incentive Award in accordance with the Matrix. Inasmuch as our named executive officers received their Maximum Potential Incentive Awards, based solely on our financial results, no awards were paid for 2008 in respect of achievement of personal goals and objectives.

For the years 2005, 2006 and 2007, in accordance with our annual incentive plans, 80% of annual incentive awards have been paid in cash and 20% paid in fully vested phantom stock units. The phantom stock units entitle the named executive officers and approximately 230 other employees to the cash value of an equal number of shares of our Common Stock, the number of which shares is calculated as of March 5 of the year following the year for which the incentive awards are earned. The number of phantom stock units granted equals 125% of the amount determined by dividing 20% of the amount payable as the annual incentive award by the fair value of a share of our Common Stock on such award date. Approximately two years from the award date, we pay to the named executive officer cash in an amount equal to the then value of a number of shares of our Common Stock equal to the number of phantom stock units awarded to him. Incentive awards paid in cash are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 17 and the grant of phantom stock units are reflected in the Stock Awards column of that Table.

However, our Board of Directors and its Compensation Committee in December 2008 determined that for 2008 and 2009 and, unless the Board otherwise determines, for ensuing years, annual incentive awards would be paid solely in cash. This decision was made because of the relative arbitrariness of the date on which the phantom units were to be cashed-out and because of the phantom stock units impact on our results of operations inasmuch as the value of outstanding phantom stock units are required to be marked to market at the end of each of our quarterly accounting periods. As a consequence, during the accounting periods before which we pay cash for phantom units these phantom units may result in additional expense if the value of our Common Stock rises above the value on the last valuation date or may result in additional income if the value of our Common Stock falls below the value on the last valuation date. As indicated, the amount of the annual incentive award paid to each named executive officer for 2008 is included in full under the Non-Equity Incentive Plan Compensation column for 2008 of the Summary Compensation Table on page 17.

Our Board believes that inasmuch as annual incentive awards are capped at no more than 250% of annual base salary, our named executive officers are not encouraged by the potential to receive an Incentive Award to take unnecessary or excessive risk.

MacInnis Special Bonuses

In light of our record results for 2008, the Compensation Committee in March 2009 awarded Mr. MacInnis a special cash bonus of $210,000. This cash bonus for 2008 is reflected under the Bonus column of the Summary Compensation Table on page 17, and is in addition to the cash he received in respect of his annual incentive award for 2008.

Long Term Incentive Plan

We provide a significant portion of our named executive officers compensation through our LTIP. We established the LTIP at the end of 2005 to provide incentives which foster executive recruitment and retention, reward long-term financial performance, and align management and stockholder interests. Before we adopted the LTIP, Mercer advised the Compensation Committee that the LTIP as proposed should accomplish these objectives with its focus on long-term financial

performance, cash and equity awards competitive with those granted by Mercer s then list of comparator companies, and use of equity for alignment with stockholder returns.

The LTIP replaced annual stock option grants we had been using for several years to promote long-term performance and named executive officer retention. In late 2005, the Compensation Committee concluded that our equity-based plans would not make available a sufficient number of shares if we were to make meaningful stock option grants annually to the named executive officers and our other senior officers, as we had for a number of years. Mercer advised the Compensation Committee that granting stock units in respect of which an equal number of our shares of Common Stock would ultimately be issued is economically the same as granting three to four times as many options, and consequently, the Compensation Committee decided to use stock units to provide equity awards under our LTIP.

Each participant in the LTIP, including each named executive officer, is entitled to an award each year based on a multiplier (or percentage), which we refer to as the Multiplier, of his annual base salary rate at the end of the previous year. We refer to this award as the LTIP Target Bonus .

Specifically, the LTIP Target Bonus consists of:

- an annual grant of stock units to senior executives, including the named executive officers. This is the retention component. The stock units (in respect of which an equal number of shares of our Common Stock will be issued) generally vest on the third anniversary of the grant date of the stock units. The named executive officer is to receive a number of shares of our Common Stock equal to his annual grant of stock units approximately three years from the grant date. The named executive officer will receive those shares only if he continues to be employed by us through the third anniversary of the grant date, unless his employment is terminated by us without cause, by him for good reason, or by reason of his death or disability or upon his retirement on or after age 65 in which case he would receive those shares. (We have set forth the definition of the terms cause , good reason and disability under our LTIP on page 30 in the Section entitled Potential Post Employment Payments Long Term Incentive Plan .) Thus, a significant portion of the named executive officer s total compensation is tied to our stock performance; and

- an award of a potential cash payment which we refer to sometimes as the LTIP Cash Target Bonus, and which is the performance component. This component provides for the annual establishment of three year measurement periods. The award year and the two ensuing years make up each measurement period. Each named executive officer may receive a cash payment, depending upon how closely our actual aggregate earnings per share for the three year measurement period compares to a pre-established earnings per share objective for that measurement period. The Compensation Committee sets the earnings per share objectives. (When we refer to earnings per share with respect to our LTIP we mean earnings per share on a fully diluted basis.) We use the three year measurement period to extend a named executive officer s focus over multiple-year periods. This is intended to help achieve positive sustained long-term financial results and to align the named executive officer s interests with longer-term stockholder interests. If we achieve 100% of the earnings per share objective the Compensation Committee established for a measurement period, the named executive officer will receive 100% of his LTIP Cash Target Bonus. If we achieve 50% of the earnings objective for a measurement period, the named executive officer will receive 50% of his LTIP Cash Target Bonus. If we fail to achieve our minimum objectives of at least 50% of the pre-established earnings per share objective for a measurement period, no cash performance component is payable in respect of that period. If we exceed the earnings per share objective for the measurement period by 120% or more, the named executive officer will receive 200% of his LTIP Cash Target Bonus. For earnings per share falling between 50% and 100% of the earnings per share objective for the measurement period or between 100% and 120% of the earnings per share objective, the amount of the LTIP Cash Target Bonus is interpolated from 50% to 100% of the LTIP Cash Target Bonus and from 100% to 200% of the LTIP Cash Target Bonus, respectively. The named executive officer would not be entitled to his LTIP

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Cash Target Bonus for a measurement period if his employment is terminated by us for cause or if he leaves our employment without good reason during the measurement period. However, if, during a measurement period, his employment is terminated by us without cause, by him for good reason or by reason of his death, disability or retirement at age 65 or older, he would, nevertheless, be entitled to a pro rata amount of his Cash Target Bonus for that measurement period. (We have set forth the definition of the terms cause , good reason and disability under our LTIP on page 30 in the Section entitled Potential Post Employment Payments Long Term Incentive Plan.)

Under the terms of the LTIP, we established a Multiplier (or percentage) of his annual base salary rate for each LTIP participant, including each named executive officer. The Multiplier for each named executive officer, which is set out in the LTIP (subject to change annually by the Compensation Committee for each named executive officer), for 2008 was as follows: Mr. MacInnis, 200%, which had been increased from 175% for prior years; Mr. Guzzi, 150%; Mr. Cammaker, 125%; Mr. Pompa, 125%; and Mr. Matz, 125%. In the opinion of Mercer, the Multiplier for each named executive officer, when applied to a percentage of his annual base salary rate as of the end of the previous year, resulted in an LTIP Target Bonus for each named executive officer which was competitive with those provided by the Comparator Companies. Any change in the Multiplier for a named executive officer would change the basis for computing his potential cash payment under the LTIP as well as his annual number of stock units.

The Compensation Committee believes this two-part retention and performance program provides a balance between market-based incentives and multi-year financial-based awards. Market-based incentives, such as equity awards, provide a strong link to stockholder value creation. Financial-based awards have a very strong retention impact and provide a direct link to long-term corporate performance.

In addition, the Board believes that because part of each LTIP award is in stock units generally vesting three years from the grant date and the balance is payable in cash based on the Company s financial performance over a three year period, which amount is capped based on 50% of a percentage of base salary, the LTIP does not encourage excessive or unnecessary risk taking by participants in the LTIP, including our named executive officers.

Under the terms of the LTIP, the Compensation Committee of our Board of Directors in February 2006 established a three-year measurement period consisting of calendar years 2006, 2007, and 2008 pursuant to which LTIP Cash Target Bonuses may be paid to LTIP participants, including our named executive officers. The amount of each participant s LTIP Cash Target Bonus in respect of this measurement period, 50% of the product of his Multiplier and his annual base salary as of December 31, 2005, was dependent upon how our Company s earnings per share for that period measured up against the earnings per share objective for the period, which was $2.78 per share (as adjusted for our 2-for-1 stock splits effected on February 10, 2006 and July 9, 2007). Because our aggregate earnings per share for the 2006 2008 measurement period ($5.87, as adjusted for the stock splits) exceeded by more than 120% the $2.78 per share earnings objective for that measurement period, in accordance with the LTIP, each named executive officer, as well as each other participant in the LTIP, was paid in March 2009 200% of his LTIP Cash Target Bonus. The amount of this payment to each named executive officer is included under the Non-Equity Incentive Plan Compensation column for 2008 of the Summary Compensation Table on page 17.

In January 2008 pursuant to the terms of the LTIP each named executive officer, as well as each other participant in the LTIP, was awarded a number of stock units entitling him to receive in February 2011 an equal number of shares of our Common Stock provided he is continuously employed by us through that date. However, if his employment is terminated by us without cause, by him for good reason, or by reason of his death, disability or retirement at age 65 or older, he would, nevertheless, be entitled to those shares. The number of stock units awarded to each named executive officer was determined by dividing the closing price of a share of our Common Stock on the New York Stock Exchange on January 2, 2008 by 50% of the product of the named executive officer s then Multiplier and his base salary as of December 31, 2007. The compensation expense of the stock awards granted in

2008 to each named executive officer recognized for financial reporting purposes in accordance with Financial Standard Board Statement of Financial Accounting Standards No. 123 (revised 2004) Share-Based Payment is included under the Stock Awards column for 2008 of the Summary Compensation Table on page 17.

In addition, in February 2008, under the LTIP, the Compensation Committee established a measurement period consisting of the 2008 2010 calendar years and established for that period an earnings per share objective of $6.93. Each named executive officer s LTIP Cash Target Bonus for that measurement period is 50% of the product of his base salary rate as of the end of 2007 and his current Multiplier set out on page 13 of this Compensation Discussion and Analysis. The amount set out in the Table entitled Grants of Plan-Based Awards in Fiscal Year 2008 on page 20 identified with footnote (6) indicates the range of cash awards each named executive officer may receive in respect of the 2008 2010 measurement period if we achieve for that measurement period (i) the minimum earnings per share objective of $3.47, (ii) the earnings per share objective of $6.93, or (iii) at least 120% of the earnings per share objective, or $8.32. As indicated earlier, if we do not achieve the minimum earnings per share objective for the 2008 2010 measurement period, we will not pay any of the LTIP cash performance awards identified in the Grants of Plan-Based Awards in Fiscal Year 2008 Table.

Increased Percentage of Incentive Compensation

We believe our annual and LTIP incentive awards motivate our named executive officers to seek sustained positive financial performance. A significant portion of the named executive officers compensation is incentive compensation based on objective financial performance. The LTIP incentive awards, in part, expose management to the risk that our stock value will go down and are conditioned on the named executive officer staying employed with us for a significant period of time.

For 2008, the percentages of targeted incentive compensation to total targeted compensation of the named executive officers ranged from approximately 47% to 53%, and the equity component of the named executive officers total targeted compensation ranged from approximately 17% to 20%. Of their 2008 total targeted compensation, the percentages that are forfeitable ranged from approximately 35% to 43% if the named executive officer does not stay employed with us for approximately three years from the award date (unless employment is terminated by us without cause, by him with good reason or by reason of his death, disability, or retirement at age 65 or older.)

For 2008 and subsequent years, as indicated above, the performance-based percentage of each named executive officer s total targeted compensation under the LTIP has increased, and should increase, over that provided in 2006 and 2007, which were phase-in years for the LTIP. This has occurred because under the LTIP we have reduced the number of stock units to be awarded from being based in 2006 on 100% of the LTIP Target Bonus to being based in 2007 on 75% of the LTIP Target Bonus and to being based in 2008 and thereafter on 50% of the LTIP Target Bonus. We have also increased the LTIP Cash Target Bonus, which is tied to our financial performance, from 25% of the LTIP Target Bonus for the 2006 2007 measurement period to 50% of the LTIP Target Bonus for the 2006 2008, 2007 2009, and 2008 2010 measurement periods and each ensuing three year measurement period.

Corporate Tax Deduction on Compensation in Excess of $1 Million a Year

Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code , generally limits how much compensation public companies may pay to certain executive officers and deduct on their U.S. Federal income tax returns. Public companies generally may deduct up to $1 million of compensation they pay to any employee who on the last day of the year is one of our named executive officers. Compensation may qualify for an exemption from the deduction limit if it satisfies certain conditions under Section 162(m). The Compensation Committee considers the impact of this rule when developing and implementing our executive compensation plans. While we have designed much of our annual incentive awards and LTIP cash awards to qualify for an exemption from the limitation on deductible compensation, not all the annual incentive awards and LTIP awards qualify

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under Section 162(m). To the extent a named executive officer s annual incentive award is paid based on achievement of his personal goals and objectives (and none was so paid for 2008), the award would not, and in Mr. MacInnis case, his 2008 special cash bonus does not, qualify under Section 162(m). In addition, awards of stock units under the LTIP, which vest over the passage of time, do not qualify under Section 162(m). The Compensation Committee does not require that all compensation qualify under Section 162(m) because it believes that it is important to preserve flexibility in administering compensation programs.

Accounting Treatment

When designing the elements of compensation, the Compensation Committee considers the impact of accounting treatment. The Compensation Committee is aware that grants of phantom stock units, which are to be settled in cash, result in a liability award being established. This award is required to be marked to market at the end of each accounting period. As a consequence, during the accounting periods before which we pay cash for phantom stock units, these grants may result in additional expense if the value of our Common Stock rises above the value of the phantom units as of the last valuation date and may result in additional net income if the value of our Common Stock falls below the value of the phantom units as of the last valuation date. For this reason, among others, the Compensation Committee did not grant any phantom stock units in connection with 2008 annual incentive awards.

Retirement Plans, Severance Arrangements, and Stock Options

Retirement Plans

As indicated above, we provide our sole retirement benefits through our 401(k) plan pursuant to which we made a matching contribution of $10,000 for the account of each named executive officer for 2008. We base the amount of our contribution for named executive officers on a formula set forth in the terms of the plan that applies to all administrative employees participating in our 401(k) plan. Because there is no retirement benefit enhancement for named executive officers, the Compensation Committee does not consider gains from prior option or stock awards in setting retirement benefits for each named executive officer.

Severance Arrangements

In light of our modest retirement benefits and the existence of employment agreements for several years with our named executive officers other than Mr. Guzzi (who did not join us until October 2004), which employment agreements we decided not to renew when they expired December 31, 2004, the Compensation Committee decided to enter into severance agreements with our named executive officers in 2005. The terms of the severance agreements reflect market practice and advice provided at the time they were entered into to the Compensation Committee by Mercer and outside counsel engaged by the Compensation Committee and take into account the named executive officers past accomplishments. Each named executive officer s severance agreement provides him with a severance benefit equal to (a) two years of his base salary and (b) a prorated amount of his targeted annual incentive award for the year in which his termination takes place if he is terminated without cause or if he terminates his employment for good reason. The Severance Agreements and other enhanced severance benefits referred to in this Section as well as the terms cause and good reason are described commencing on page 26 under Potential Post Employment Payments Severance Agreements .

Other severance benefits include:

- we value and cash out any phantom stock units granted as part of annual incentive awards. We value and cash out these phantom stock units no later than six months after the named executive officer s termination date, regardless of the reasons for termination; and if the named executive officer is terminated without cause or if he terminates his employment for good reason, as those terms are defined on page 30 in the Section entitled Potential Post Employment Payments Long Term Incentive Plan , we will provide him with:

all the shares issuable in respect of his LTIP stock units no later than six months after the named executive officer s termination date; and

a prorated amount of his LTIP Cash Target Bonus with respect to each measurement period. We would compute this amount on the basis of each measurement period during which we employed the named executive officer. We would pay the prorated amount no later than six months after the date when we would have paid his entire LTIP Cash Target Bonus but for the named executive officer s termination.

Change of Control Agreements

We have entered into change of control agreements with each named executive officer and our other senior executives so that if we experience a change of control we can provide security to them during the period of change of control in order that they can focus on our business, making decisions which are in our best interests and the best interests of our Stockholders, even if such decisions lead to their departure and in order that we may retain these individuals during that period and the transition to new ownership. These agreements provide for enhanced severance benefits if, within two years of the date we experience a change of control, an Executive s employment is terminated involuntarily, other than for cause, death or disability, or an Executive terminates his employment for good reason. The enhanced severance benefits payable in the event of severance after a change of control are described below in the Section entitled Potential Post Employment Payments Change of Control Agreements commencing on page 31. Those terms and provisions reflected competitive market practices and advice provided by outside counsel to the Company and were not derived primarily from a negotiation process with our executives. The terms cause , good reason and change of control as used in the change of control agreements are defined on pages 32 and 33.

Excise Tax Gross-Ups

The severance payments and other payments and benefits our named executive officers will receive in connection with a change of control could trigger an excise tax, payable by our named executive officers. In that case, we will make gross-up payments to those named executive officers so that they receive the same economic benefit they would have received if the excise tax were not imposed. We provide these gross-up payments, even though we cannot deduct them from our own taxable income, because we believe our named executive officers should receive the full economic benefit of the protections we have offered them.

Stock Options

In addition, most of the stock options granted to each of the named executive officers provide that if his employment is terminated without cause or if he terminates his employment for good reason, the period during which the options are exercisable continues following the termination of his employment for the remainder of the option term. The balance of their stock options provide that such options are exercisable for the shorter of two years from such employment termination date or the remainder of the option term. The terms cause and good reason as defined in the stock option agreements are substantially the same as they are defined in the Severance Agreements. All stock options granted to our named executive officers are presently vested.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

The following Table sets forth information with respect to the compensation of our Chairman of the Board and Chief Executive Officer, Chief Financial Officer, and our three other most highly compensated executive officers, who we refer to collectively as the named executive officers , based on total compensation for fiscal 2008.

Summary Compensation Table for Fiscal Years 2008, 2007 and 2006

Name and Principal Position	Year	Salary($)	Bonus($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compen-sation ($)[3]	
Frank T. MacInnis Chairman of the Board and Chief Executive Officer	2008	$ 950,000	$ 210,000	$ 1,270,179		$ 3,845,000	$
	2007	$ 900,000	$ 460,000	$ 1,150,566	$ 604,747	$ 2,175,000	$
	2006	$ 870,000		$ 1,058,342	$ 604,747	$ 1,392,000	$
Anthony J. Guzzi President and Chief Operating Officer	2008	$ 650,000		$ 650,856		$ 2,240,000	$
	2007	$ 620,000	$ 100,000	$ 693,757	$ 439,431	$ 1,397,000	$
	2006	$ 600,000		$ 653,337	$ 460,927	$ 960,000	$
Sheldon I. Cammaker Executive Vice President, General Counsel and Corporate Secretary	2008	$ 475,000		$ 395,202		$ 1,493,750	$
	2007	$ 460,000		$ 462,724	$ 221,521	$ 1,007,875	$
	2006	$ 445,000		$ 472,812	$ 221,521	$ 712,000	$
Mark A. Pompa	2008	$ 450,000		$ 326,000		$ 1,325,000	$

Executive Vice President and Chief Financial Officer										
	2007	$	410,000	$	392,997	$	166,305	$	868,500	$
	2006	$	366,250	$	383,145	$	166,305	$	600,000	$
R. Kevin Matz Executive Vice President, Shared Services	2008	$	410,000	$	319,438			$	1,257,500	$
	2007	$	375,000	$	375,190	$	179,452	$	818,750	$
	2006	$	360,000	$	381,400	$	179,452	$	576,000	$

(1) Stock awards reflected in this Table represent the compensation expense for 2006, 2007 and 2008, and, in part, for both 2007 and 2008, as indicated below, negative compensation expense, recognized for financial reporting purposes in accordance with Financial Standard Board Statement of Financial Accounting Standards No.123 (revised 2004), Share-Based Payment (FAS 123R), which we refer to as FAS 123R (ignoring forfeiture assumptions). There can be no assurance that these FAS 123R amounts which are set out in detail below will ever be realized. These stock awards consist of, for 2006, 2007 and 2008, time-based stock units granted under our LTIP and for 2008, only, additional time based stock units granted to Mr. MacInnis in 2008 as part of a special bonus in respect of 2007 in recognition of our record 2007 results. These stock awards also consist of (a) for 2006, the appreciation during 2006 in the value of phantom stock units granted in 2006 (as a result of the increase in the price of our Common Stock between the March 6, 2006 grant date and December 29, 2006) in connection with annual incentive awards in respect of 2005, (b) for 2006, phantom stock units granted in 2007 in connection with annual incentive awards in respect of 2006, (c) for 2007, the decline during 2007 in the value of phantom stock units granted in 2006 (as a result of the decrease in the price of our Common Stock between December 29, 2006 and December 31, 2007) in connection with annual incentive awards in respect of 2005, (d) for 2007, the decline during 2007 in the value of phantom stock units granted in 2007 (as a result of the decrease in the price of our Common Stock between the March 5, 2007 grant date and December 31, 2007) in connection with annual incentive awards in respect of 2006, (e) for 2007, phantom stock units granted in 2008 in connection with annual incentive awards in respect of 2007, (f) for 2008, additional phantom units granted to Messrs. MacInnis and Guzzi in 2008 as part of their special bonuses in respect of 2007 in recognition of our record 2007 results, (g) for 2008, the decline during 2008 in the value of phantom stock units granted in 2007 (as a result of the decrease in the price of our Common

Stock between December 31, 2007 and December 31, 2008) in connection with annual incentive awards in respect of 2006, (h) for 2008, the appreciation during 2008 in the value of phantom stock units granted in 2006 (as a result of the increase in the price of our Common Stock between December 31, 2007 and March 5, 2008) in connection with annual incentive awards in respect of 2005 cashed-out on March 5, 2008, (i) for 2008, the decline during 2008 in the value of phantom stock units granted in 2008 (as a result of the decline in the price of our Common Stock between the March grant dates and December 31, 2008) in connection with annual incentive awards in respect of 2007 and the phantom unit awards made as part of the special bonuses to Messrs. MacInnis and Guzzi awarded in respect of 2007. The awards of phantom stock units made in 2008 are discussed in the Section following the Grants of Plan-Based Awards in Fiscal Year 2008 Table under the heading Annual Incentive Awards commencing on page 21. In accordance with FAS 123R, the value of the phantom stock units awarded in 2008 to Messrs. MacInnis and Guzzi as part of their special bonuses for 2007 as well as the compensation expense for stock units awarded to Mr. MacInnis in 2008 as part of his special bonus in respect of 2007 have not been included as compensation for 2007 but have been included as compensation for 2008.

The 2006 compensation expense for time-based stock units under the LTIP for each named executive officer was as follows: Mr. MacInnis, $490,000; Mr. Guzzi, $270,000; Mr. Cammaker, $181,250; Mr. Pompa, $141,667; and Mr. Matz, $145,833. The 2007 compensation expense for the time-based stock units under the LTIP for each named executive officer was as follows: Mr. MacInnis, $870,625; Mr. Guzzi, $495,000; Mr. Cammaker, $320,312; Mr. Pompa, $258,854; and Mr. Matz, $258,333. The 2008 compensation expense for time-based stock units under the LTIP for each named executive officer, including Mr. MacInnis, and for time-based stock units granted to Mr. MacInnis in 2008 in connection with the stock unit portion of his special bonus in respect of 2007, was as follows: Mr. MacInnis, $1,204,611; Mr. Guzzi, $650,000; Mr. Cammaker, $416,146; Mr. Pompa, $344,271; and Mr. Matz, $336,458.

The compensation expense for each named executive officer for 2006 with respect to the appreciation during 2006 in the value of phantom stock units granted on March 5, 2006 in connection with 2005 incentive awards was as follows: Mr. MacInnis, $133,342; Mr. Guzzi, $83,337; Mr. Cammaker, $69,062; Mr. Pompa, $53,978; and Mr. Matz, $55,567. The compensation expense for each named executive officer for 2006 with respect to the phantom stock units granted on March 5, 2007 in connection with 2006 incentive awards was as follows: Mr. MacInnis, $435,000; Mr. Guzzi, $300,000; Mr. Cammaker, $222,500; Mr. Pompa, $187,500; and Mr. Matz, $180,000.

The negative compensation expense for each named executive officer for 2007 with respect to the decline during the period December 31, 2006 to December 31, 2007 in the value of phantom stock units granted on March 5, 2006 in connection with 2005 incentive awards was as follows: Mr. MacInnis, ($93,339); Mr. Guzzi, ($58,336); Mr. Cammaker, ($48,343); Mr. Pompa, ($37,785); and Mr. Matz, ($38,897). The negative compensation expense for each named executive officer for 2007 with respect to the decline during the period March 5, 2007 to December 31, 2007 in the value of phantom stock units granted on March 5, 2007 in connection with 2006 incentive awards was as follows: Mr. MacInnis, ($76,720); Mr. Guzzi, ($52,907); Mr. Cammaker, ($39,245); Mr. Pompa, ($33,072); and Mr. Matz, ($31,746). The compensation expense for each named executive officer for 2007 with respect to phantom stock units granted on March 5, 2008 in connection with 2007 incentive awards was as follows: Mr. MacInnis, $450,000; Mr. Guzzi, $310,000; Mr. Cammaker, $230,000; Mr. Pompa, $205,000; and Mr. Matz, $187,500.

The compensation expense for Messrs. MacInnis and Guzzi for 2008 with respect to the phantom stock units granted on March 24, 2008 in connection with the phantom stock portion of their special bonuses for 2007 was as follows: Mr. MacInnis, $115,283 and Mr. Guzzi, $31,551. The compensation expense for each named executive officer for 2008 with respect to appreciation during the period of December 31, 2007 to March 5, 2008 in the value of phantom stock units granted on March 5, 2006 in connection with 2005 incentive awards and cashed-out on March 5, 2008 was as follows: Mr. MacInnis, $973; Mr. Guzzi, $608; Mr. Cammaker, $504;

Mr. Pompa, $394; and Mr. Matz, $406. The negative compensation expense for each named executive officer for 2008 with respect to the decline during the period December 31, 2007 to December 31, 2008 in the value of phantom stock units granted on March 5, 2007 in connection with 2006 incentive awards was as follows: Mr. MacInnis, ($18,194); Mr. Guzzi, ($12,547); Mr. Cammaker, ($9,307); Mr. Pompa, ($7,843); and Mr. Matz, ($7,529). The negative compensation expense for each named executive officer for 2008 with respect to the decline during the period March 5, 2008 to December 31, 2008 in the value of phantom stock units granted on March 5, 2008 in connection with 2007 incentive awards was as follows: Mr. MacInnis, ($23,754); Mr. Guzzi, ($16,364); Mr. Cammaker, ($12,141); Mr. Pompa, ($10,822); and Mr. Matz, ($9,897). The negative compensation expense for Messrs. MacInnis and Guzzi with respect to the decline during the period March 24, 2008 to December 31, 2008 in the value of phantom stock units granted on March 24, 2008 in connection with the phantom stock portion of their special bonuses was as follows: Mr. MacInnis, ($8,740) and Mr. Guzzi, ($2,392).

(2) Option awards in this Table represent the compensation expense for 2006 and 2007 recognized for financial reporting purposes in accordance with FAS 123R (ignoring forfeiture assumptions) in respect of option grants made in 2005 and for Mr. Guzzi in respect of an additional option grant to him in 2004. See Notes I and J to our financial statements for the years ended December 31, 2006 and December 31, 2007, respectively, included in our Forms 10-K for those years for the assumptions we made in computing the value of those option awards. There can be no assurance that those FAS 123R amounts will ever be realized. There was no compensation expense for 2008 in respect of option grants.

(3) The amounts reported in this column for 2006 are the cash portion of incentive awards paid in 2007 in respect of 2006 and exclude amounts attributable to phantom stock units granted in 2007 in respect of 2006, which phantom stock unit expenses are reflected in the column for 2006 entitled Stock Awards . The cash portion for 2006 incentive awards for

each of the named executive officers are as follows: Mr. MacInnis, $1,392,000; Mr. Guzzi, $960,000; Mr. Cammaker, $712,000; Mr. Pompa, $600,000; and Mr. Matz, $576,000. The amounts reported in this column for 2007 include the cash portion of incentive awards paid in 2008 in respect of 2007 and exclude amounts attributable to phantom stock units granted in 2008 in respect of 2007, which phantom stock unit expenses are reflected in the column for 2007 entitled Stock Awards . The cash portion for 2007 incentive awards for each of the named executive officers are as follows: Mr. MacInnis, $1,440,000; Mr. Guzzi, $992,000; Mr. Cammaker,

$736,000; Mr. Pompa, $656,000; and Mr. Matz, $600,000. The amounts reported in this column for 2007 also include amounts paid in 2008 under the LTIP in respect of the Cash Target Bonuses for the phase-in 2006 and 2007 measurement period. These LTIP amounts for each of the named executive officers are as follows: Mr. MacInnis, $735,000; Mr. Guzzi, $405,000; Mr. Cammaker, $271,875; Mr. Pompa, $212,500; and Mr. Matz, $218,750. The amounts reported in this column for 2008 include the annual incentive awards paid in 2009 in respect of 2008, all of which was paid in cash. These incentive awards for each of the named executive officers are as follows: Mr. MacInnis, $2,375,000; Mr. Guzzi, $1,430,000; Mr. Cammaker, $950,000; Mr. Pompa, $900,000; and Mr. Matz, $820,000. The amounts reported in this column for 2008 also include amounts paid in 2009 under the LTIP in respect of the Cash Target Bonus for the 2006 2008 measurement period. These LTIP amounts for each of the named executive officers are as follows: Mr. MacInnis, $1,470,000; Mr. Guzzi, $810,000; Mr. Cammaker, $543,750; Mr. Pompa, $425,000; and Mr. Matz, $437,500.

(4) The amounts reported in this column for each named executive officer include: an allowance

for his leasing of an automobile; reimbursement for auto insurance on such vehicle; reimbursement for the cost of maintenance and repair of such vehicle; premiums paid for excess liability insurance of $10 million; reimbursement for monthly dues in a club suitable for entertaining clients and other business contacts and, where applicable, the incremental cost of the spouse of the named executive accompanying him to one weekend Board meeting at a resort venue. The amounts in this column also include for each of 2006, 2007, and 2008 the cost of premiums paid by us for term life insurance for each named executive officer as follows: Mr. MacInnis,

$20,642; Mr. Guzzi, $4,620; Mr. Cammaker, $15,523; Mr. Pompa, $2,559; and Mr. Matz $1,472. The amounts reported in this column also include reimbursement for taxes on the foregoing perquisites for each of the named executive officers as follows: for 2006, Mr. MacInnis, $28,402; Mr. Guzzi, $42,158; Mr. Cammaker, $28,761; Mr. Pompa, $19,651; and Mr. Matz, $19,507; for 2007, Mr. MacInnis, $34,836; Mr. Guzzi, $18,620; Mr. Cammaker, $43,571; Mr. Pompa, $16,127; and Mr. Matz, $26,535; for 2008, Mr. MacInnis, $30,403; Mr. Guzzi, $24,457; Mr. Cammaker, $35,992; Mr. Pompa,

$20,577; and Mr. Matz, $20,727. For each of 2006 and 2007, the amounts include matching contributions of $9,600, and for 2008, the amounts also include matching contributions of $10,000, provided by us under our 401(k) Savings Plan for the account of each named executive officer.

The following Table sets forth certain information with respect to the grant of awards during the 2008 fiscal year to the named executive officers.

Grants of Plan-Based Awards in Fiscal Year 2008

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards Number of Shares of Stock or Units (#)	Grant Fair V of Stoc Opti Awa ($
Frank T. MacInnis	1/02/08				34,388 (1)	$ 787,
	3/24/08				10,800 (3)	$ 262,
	2/27/08	$ 313,500 (5)	$ 1,187,500 (5)	$ 2,375,000 (5)		
	2/27/08	$ 450,000 (6)	$ 900,000 (6)	$ 1,800,000 (6)		
	3/05/08				19,003 (7)	$ 449,
	3/24/08				4,750 (9)	$ 115,
Anthony J. Guzzi	1/02/08				20,305 (1)	$ 465,
	2/27/08	$ 188,760 (5)	$ 715,000 (5)	$ 1,430,000 (5)		
	2/27/08	$ 232,500 (6)	$ 465,000 (6)	$ 930,000 (6)		
	3/05/08				13,091 (7)	$ 309,
	3/24/08				1,300 (9)	$ 31,
Sheldon I. Cammaker	1/02/08				12,554 (1)	$ 287,
	2/27/08	$ 125,400 (5)	$ 475,000 (5)	$ 950,000 (5)		
	2/27/08	$ 143,750 (6)	$ 287,500 (6)	$ 575,000 (6)		
	3/05/08				9,713 (7)	$ 230,
Mark A. Pompa	1/02/08				11,189 (1)	$ 256,
	2/27/08	$ 118,800 (5)	$ 450,000 (5)	$ 900,000 (5)		
	2/27/08	$ 128,125 (6)	$ 256,250 (6)	$ 512,500 (6)		
	3/05/08				8,657 (7)	$ 204,
R. Kevin Matz	1/02/08				10,234 (1)	$ 234,
	2/27/08	$ 108,240 (5)	$ 410,000 (5)	$ 820,000 (5)		
	2/27/08	$ 117,188 (6)	$ 234,375 (6)	$ 468,750 (6)		
	3/05/08				7,918 (1)	$ 187,

(1) Consists of time-vested stock units awarded in January 2008 under our LTIP.

(2) Represents the full grant date fair value of stock units awarded in January 2008 under our LTIP. The full grant date fair values referred to in this column were determined in accordance with FAS 123R. There were no option awards in 2008.

(3) Consists of the time-vested stock units awarded in March 2008 as part of Mr. MacInnis special bonus for 2007.

(4) Represents the full grant date fair value of

stock units awarded to Mr. MacInnis as part of his special bonus referred to in footnote (3) above. The full grant date for value referred to in this column was determined in accordance with FAS 123R.

(5)