

PRG SCHULTZ INTERNATIONAL INC  
 Form 4  
 November 09, 2006

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**MORGAN STANLEY**

2. Issuer Name and Ticker or Trading Symbol  
**PRG SCHULTZ INTERNATIONAL INC [PRGX]**

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
**1585 BROADWAY**  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**09/05/2006**

\_\_\_\_ Director  
 \_\_\_\_ Officer (give title below)  
 10% Owner  
 \_\_\_\_ Other (specify below)

**NEW YORK, NY 10036**  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock <u>(1)</u> <u>(2)</u>	09/05/2006		S		10,815	D	\$ 2.57
Common Stock <u>(1)</u> <u>(2)</u>	09/05/2006		P		10,815	A	\$ 2.57
Common Stock <u>(1)</u> <u>(2)</u>	09/11/2006		S		100	D	\$ 4.3
Common Stock <u>(1)</u> <u>(2)</u>	09/13/2006		S		100	D	\$ 5.13
Common Stock <u>(1)</u> <u>(2)</u>	09/13/2006		S		11,079	D	\$ 5.19

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Common Stock <u>(1)</u> <u>(2)</u>	09/14/2006	S	100	D	\$ 5.27	13,741	D
Common Stock <u>(1)</u> <u>(2)</u>	09/15/2006	S	550	D	\$ 5.96	13,191	D
Common Stock <u>(1)</u> <u>(2)</u>	09/18/2006	S	200	D	\$ 5.94	12,991	D
Common Stock <u>(1)</u> <u>(2)</u>	09/18/2006	S	2,200	D	\$ 5.67	10,791	D
Common Stock <u>(1)</u> <u>(2)</u>	09/19/2006	S	300	D	\$ 5.9	10,491	D
Common Stock <u>(1)</u> <u>(2)</u>	09/20/2006	P	100	A	\$ 5.93	10,591	D
Common Stock <u>(1)</u> <u>(2)</u>	09/20/2006	P	200	A	\$ 5.79	10,791	D
Common Stock <u>(1)</u> <u>(2)</u>	09/20/2006	P	200	A	\$ 5.91	10,991	D
Common Stock <u>(1)</u> <u>(2)</u>	09/20/2006	P	200	A	\$ 5.93	11,191	D
Common Stock <u>(1)</u> <u>(2)</u>	09/20/2006	P	3,100	A	\$ 5.93	14,291	D
Common Stock <u>(1)</u> <u>(2)</u>	09/21/2006	P	200	A	\$ 5.93	14,491	D
Common Stock <u>(1)</u> <u>(2)</u>	09/21/2006	P	2,300	A	\$ 6.01	16,791	D
Common Stock <u>(1)</u> <u>(2)</u>	09/22/2006	P	1,500	A	\$ 6	18,291	D
Common Stock <u>(1)</u> <u>(2)</u>	09/25/2006	P	1,200	A	\$ 5.97	19,491	D
Common Stock <u>(1)</u> <u>(2)</u>	09/26/2006	S	100	D	\$ 5.93	19,391	D
Common Stock <u>(1)</u> <u>(2)</u>	09/26/2006	S	100	D	\$ 5.9	19,291	D
Common Stock <u>(1)</u> <u>(2)</u>	09/26/2006	S	300	D	\$ 5.93	18,991	D
Common Stock <u>(1)</u> <u>(2)</u>	09/28/2006	P	400	A	\$ 5.76	19,391	D
Common Stock <u>(1)</u> <u>(2)</u>	09/28/2006	P	315	A	\$ 5.74	19,706	D
Common Stock <u>(1)</u> <u>(2)</u>	09/28/2006	P	85	A	\$ 5.81	19,791	D
	09/28/2006	P	700	A	\$ 5.7	20,491	D

Common  
Stock (1) (2)

Common Stock <u>(1)</u> <u>(2)</u>	09/29/2006	P	27	A	\$ 5.73	20,518	D
Common Stock <u>(1)</u> <u>(2)</u>	09/29/2006	S	200	D	\$ 5.74	20,318	D
Common Stock <u>(1)</u> <u>(2)</u>	09/29/2006	S	100	D	\$ 5.76	20,218	D
Common Stock <u>(1)</u> <u>(2)</u>	09/29/2006	S	100	D	\$ 5.76	20,118	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
10.0% Senior Convertible Notes due 2011 <u>(1)</u> <u>(2)</u>	\$ 6.5	09/15/2006		J <sup>(3)</sup>	231,152	<u>(4)</u>	03/15/2011	Common Stock	35,56

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORGAN STANLEY 1585 BROADWAY NEW YORK, NY 10036		X		

## Signatures

Morgan Stanley, By: /s/ Jill Ostergaard, Managing Director 11/09/2006  
\_\_Signature of Reporting Person Date

Morgan Stanley & Co. Incorporated, By: /s/ Jill Ostergaard, Managing Director 11/09/2006  
\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This Form 4 is being filed by more than one reporting person. Morgan Stanley & Co. Incorporated is a wholly owned subsidiary of Morgan Stanley. All securities held directly by Morgan Stanley & Co. Incorporated are held indirectly by Morgan Stanley.
- (2) The reporting persons have disgorged to the issuer \$34,902.23 in short-swing profits as a consequence of the transactions reported on the Forms 4 dated 11/09/2006 pursuant to Section 16(b) of the Exchange Act of 1934.  
Amount represents a payment in kind for interest due on the 10.0% Senior Convertible Notes ("Notes"). Interest is due on the Notes at a rate of 10% per annum on the principal amount, payable semi-annually on March 15 and September 15, commencing on September 15, 2006. The Issuer can pay interest in cash or by issuing additional new Notes. On September 15, 2006, the Issuer paid interest by issuing new Notes.
- (3) Immediately exercisable.
- (4) The Notes are convertible into common stock at a current conversion price per share of \$6.50.
- (5) The Notes are convertible into common stock at a current conversion price per share of \$6.50.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.