

PIA MERCHANDISING SERVICES, INC.
 19900 MacArthur Boulevard, Suite 900
 Irvine, California 92612

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
 TO BE HELD MAY 12, 1998

TO THE STOCKHOLDERS OF PIA MERCHANDISING SERVICES, INC.:

The 1998 Annual Meeting of Stockholders (the "1998 Annual Meeting") of PIA Merchandising Services, Inc. (the "Company" or "PIA") will be held at 10:00 a.m., Pacific Time, on Tuesday, May 12, 1998 at The Sutton Place Hotel, 4500 MacArthur Boulevard, Newport Beach, California 92660, for the following purposes:

1. To elect seven Directors of the Company to serve during the ensuing year and until their successors are elected and qualified.
2. To approve an amendment to the 1995 Stock Option Plan to increase the number of shares that may be issued pursuant to such Plan from 1,000,000 to 1,300,000.
3. To ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the year ending December 31, 1998.
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only the stockholders of record at the close of business on March 13, 1998 will be entitled to notice of and to vote at the 1998 Annual Meeting or any adjournment or postponement thereof.

A copy of the Company's Annual Report to Stockholders and Form 10-K for the fiscal year ended December 31, 1997 is being mailed with this Notice but is not to be considered part of the proxy soliciting material.

By Order of the Board of Directors

CATHY L. WOOD
 Secretary

April 1, 1998
 Irvine, California

YOU ARE URGED TO VOTE UPON THE MATTERS PRESENTED AND TO SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED. IT IS IMPORTANT FOR YOU TO BE REPRESENTED AT THE MEETING. PROXIES ARE REVOCABLE AT ANY TIME AND THE EXECUTION OF YOUR PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ARE PRESENT AT THE MEETING.

REQUESTS FOR ADDITIONAL COPIES OF PROXY MATERIALS SHOULD BE ADDRESSED TO CATHY L. WOOD, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND SECRETARY, AT THE OFFICES OF THE COMPANY, 19900 MACARTHUR BOULEVARD, SUITE 900, IRVINE, CALIFORNIA 92718.

PIA MERCHANDISING SERVICES, INC.
 19900 MACARTHUR BOULEVARD, SUITE 900
 IRVINE, CALIFORNIA 92718

PROXY STATEMENT
 1998 ANNUAL MEETING OF STOCKHOLDERS
 TO BE HELD MAY 12, 1998

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of PIA Merchandising Services, Inc., a Delaware corporation (the "Company"), for use at the 1998 Annual Meeting of Stockholders (the "1998 Annual Meeting") to be held on Tuesday, May 12, 1998 at 10:00 a.m., Pacific Time, at The Sutton Place Hotel, 4500 MacArthur Boulevard, Newport Beach, California 92660, and any adjournment or postponement thereof. This Proxy Statement and the form of proxy to be utilized at the 1998 Annual Meeting were mailed or delivered to the stockholders of the Company on or about April 8, 1998.

MATTERS TO BE CONSIDERED

The 1998 Annual Meeting has been called to (1) elect seven Directors of the Company to serve during the ensuing year and until their successors are elected and qualified, (2) approve an amendment to the 1995 Stock Option Plan to increase the number of shares that may be issued pursuant to such Plan from 1,000,000 to 1,300,000, (3) ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the year ending December 31, 1998 and (4) transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

RECORD DATE AND VOTING

The Board has fixed the close of business on March 13, 1998 as the record date (the "Record Date") for the determination of stockholders entitled to vote at the 1998 Annual Meeting and any adjournment or postponement thereof. As of the Record Date, there were outstanding 5,392,558 shares of the Company's common stock, \$.01 par value (the "Common Stock").

QUORUM AND VOTING REQUIREMENTS

The holders of record of a majority of the outstanding shares of Common Stock will constitute a quorum for the transaction of business at the 1998 Annual Meeting. As to all matters, each stockholder is entitled to one vote for each share of Common Stock held. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. The Director nominees who receive the greatest number of votes at the 1998 Annual Meeting will be elected to the Board of the Company. Stockholders are not entitled to cumulate votes. Votes against a candidate and votes withheld have no legal effect. In matters other than the election of Directors, abstentions are counted as votes against in tabulations of the vote's cast on proposals presented to stockholders, whereas broker non-votes are not counted for purposes of determining whether a proposal has been approved.

All proxies which are properly completed, signed and returned prior to the 1998 Annual Meeting will be voted. Any proxy given by a stockholder may be revoked at any time before it is exercised, by filing with the

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Secretary of the Company an instrument revoking it, by delivering a duly executed proxy bearing a later date or by the stockholder attending the 1998 Annual Meeting and voting his or her shares in person.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of March 1, 1998 by: (i) each person (or group of affiliated persons) who is known by the Company to own beneficially more than 5% of the Company's Common Stock; (ii) each of the Company's directors; (iii) each of the executive officers named in the Summary Compensation Table; and (iv) the Company's directors and executive officers as a group. Except as indicated in the footnotes to this table, the persons named in the table, based on information provided by such persons, have sole voting and

sole investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	AMOUNT OF SHARES BENEFICIALLY OWNED -----	PERCENTAGE -----
Riordan, Lewis & Haden(1) 300 S. Grand Avenue, 29th Floor Los Angeles, California 90071	1,637,151 (2)	30.2
Clinton E. Owens c/o PIA Merchandising Services, Inc. 19900 MacArthur Boulevard, Suite 900 Irvine, California 92718	734,720 (3)	13.1
Heartland Advisors, Inc. 790 North Milwaukee Street Milwaukee, Wisconsin 53202	1,124,200 (4)	20.8
California Community Foundation 606 S. Olive Street, Suite 2400 Los Angeles, California 90014	484,872 (5)	8.9
Terry R. Peets	40,000	*
Michael J. Skinner	3,703 (6)	*
Edwin J. Werner	14,071 (7)	*
Jay F. Smyre	5,500 (8)	*
Larry M. Dorr	137,476 (9)	2.5
Roy L. Olofson	--	*
John A. Colwell	65,359 (10)	1.2
Patrick C. Haden	1,639,651 (11)	30.2
Joseph H. Coulombe	15,810 (12)	*
Edwin E. Epstein	14,459 (13)	*
J. Christopher Lewis	1,639,651 (14)	30.2
All directors and executive officers as a group (12 persons)	2,673,249	45.7

* Less than 1%.

(1) Shares are owned by RVM/PIA, a California limited partnership managed by Riordan, Lewis & Haden ("RLH").

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(2) Includes 29,729 shares issuable upon exercise of certain warrants to purchase Common Stock owned by RLH.

(3) Includes 498,394 shares held by Clinton E. and Mary Ann Owens as Trustees of The Owens Family Trust dated June 20, 1994, 9,300 shares held by Clinton E. Owens as Trustee of the Welch Trust for Marcia Browning and 227,026 shares issuable upon the exercise of options which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.

(4) All information regarding share ownership is taken from and furnished in reliance upon the Schedule 13G (Amendment No. 2), dated February 2,

1998, filed by Heartland Advisors, Inc.

- (5) Includes 66,666 shares issuable upon exercise of a warrant to purchase Common Stock.
- (6) Includes 2,703 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (7) Includes 12,838 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (8) Includes 500 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (9) Includes 93,920 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (10) Includes 59,054 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (11) Includes 1,637,151 shares owned by RLH. Mr. Haden, a director of the Company, may be deemed to share voting and investment power with respect to all such shares as a general partner of RLH. No other person, other than J. Christopher Lewis, a director of the Company, has voting power or investment power with respect to such shares. Also includes 2,500 shares issuable upon the exercise of an option held by Mr. Haden, which is exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (12) Includes 5,405 shares held by Joseph H. Coulombe as Trustee of The Coulombe Family Trust dated July 26, 1980 and 10,405 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (13) Includes 10,405 shares issuable upon the exercise of options, which are exercisable as of, or will become exercisable within 60 days of March 1, 1998.
- (14) Includes 1,637,151 shares owned by RLH. Mr. Lewis, a director of the Company, may be deemed to share voting and investment power with respect to all such shares as a general partner of RLH. No other person, other than Patrick C. Haden, a director of the Company, has voting power or investment power with respect to such shares. Also includes 2,500 shares issuable upon the exercise of an option held by Mr. Lewis, which is exercisable as of, or will become exercisable within 60 days of March 1, 1998.

PROPOSAL 1 - ELECTION OF DIRECTORS

Seven Directors are to be elected at the 1998 Annual Meeting to serve until the next Annual Meeting of Stockholders and until their respective successors have been elected and qualified. In the absence of instructions to the contrary, proxies covering shares of Common Stock will be voted in favor of the election of the persons listed below. In the event that any nominee for election as Director should become unavailable to serve, it is intended that votes will be cast, pursuant to the enclosed proxy, for such substitute nominee as may be nominated

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by the Company. Management has no present knowledge that any of the persons named will be unavailable to serve.

No arrangement or understanding exists between any nominee and any other person or persons pursuant to which any nominee was or is to be selected as a

Director or nominee. None of the nominees has any family relationship to any other nominee or to any executive officer of the Company.

INFORMATION CONCERNING NOMINEES TO BOARD OF DIRECTORS

Information is set forth below concerning the nominees for election as Directors. Each nominee has consented to being named in this Proxy Statement as a nominee for Director and has agreed to serve as a Director if elected.

NAME - ----	AGE ---	POSITION WITH THE COMPANY -----
Clinton E. Owens	53	Chairman of the Board and Director
Terry R. Peets	56	Chief Executive Officer, President and Director
Patrick W. Collins	69	Director
John A. Colwell	47	Director
Joseph H. Coulombe(2)	67	Director
Patrick C. Haden(1)(2)	45	Director
J. Christopher Lewis	42	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

Mr. Owens has been the Chairman of the Company since its acquisition in August 1988, and served as Chief Executive Officer until August 1997. Mr. Owens has over 30 years experience in the merchandising services and packaged goods industries. Mr. Owens previously has served as Senior Vice President of Sales and Marketing of Coca Cola Foods, and has also served in various management positions with RJR Foods and Procter & Gamble, among others.

Mr. Peets joined PIA in August 1997 as Chief Executive Officer, President and Director. Mr. Peets served as Executive Vice President of The Vons Companies from 1995 to April 1997. Prior to joining Vons, Mr. Peets served in various sales, marketing and operation roles as Senior Vice President for Ralphps Grocery Company from 1977 to 1994, until he was named Executive Vice President in 1994. Mr. Peets also serves as a director of Supermarkets Online, a division of Catalina Marketing Corporation, a provider of in-store electronic marketing services.

Mr. Collins served as Chief Operating Officer of Ralphps Grocery Company for 18 years, 17 of which he served and President and one year as Vice Chairman. Mr Collins also serves as a director of Catalina Marketing Corporation, a provider of in-store electornic marketing services, and New Bristol Farms, Inc., a gourmet food grocery chain.

Mr. Colwell has been a member of the Board of Directors of the Company since March 1991, and currently serves as a consultant to PIA. From February 1997 through August 1997, he served as interim Vice Chairman of the Board. Mr. Colwell is sole proprietor of a consulting and interim management firm bearing his

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name, and President of Facility Development Corporation. Since 1991, he has served as a Managing Director of Lineberger & Co., a private equity investment firm. From November 1991 through February 1997, he was Senior Vice President of River City Plastics, Inc., a manufacturer of polyvinyl chloride pipe.

Mr. Coulombe has been a member of the Board of Directors of the Company

since May 1993. Mr. Coulombe is the founder and former Chief Executive Officer of Trader Joe's, a specialty food grocery chain that was founded in 1958. Mr. Coulombe sold Trader Joe's in 1979 and remained the Chief Executive Officer of Trader Joe's until January 1989. From February 1995 to April 1995, Mr. Coulombe served as President and Chief Executive Officer of Sport Chalet, and served as a director of Sport Chalet from February 1993 to June 1994. From February 1994 to January 1995, Mr. Coulombe served as Chief Executive Officer of Provigo Corp., the Northern California subsidiary of Provigo Inc., of Montreal. From June 1992 to January 1994, Mr. Coulombe served as a member of the Board of Directors of Imperial Bank, a subsidiary of Imperial Bancorp. From March 1992 to October 1992, Mr. Coulombe served as Executive Vice President of Pacific Enterprises in charge of Thrifty Corporation, and also served as Co-Chairman of Thrifty Corporation. From June 1989 through March 1992, Mr. Coulombe acted as an independent business consultant. Mr. Coulombe also serves as a director of Cost Plus World Market, a home furnishings store chain, and New Bristol Farms, Inc., a gourmet food grocery chain.

Mr. Haden became a member of the Board of Directors of the Company in August 1988 in connection with PIA's acquisition. Since 1987, Mr. Haden has been a general partner of Riordan, Lewis & Haden, a Los Angeles based partnership, which invests in management buy-out and venture capital transactions. Mr. Haden also serves as a director of Tetra Tech, Inc., an environmental engineering and consulting firm, Data Processing Resources Corporation, a provider of information technology specialty staffing services, and several privately held companies.

Mr. Lewis has been a member of the Board of Directors of the Company since April 1997. Since 1982, Mr. Lewis has been a general partner of Riordan, Lewis & Haden. Mr. Lewis also serves as a director of Tetra Tech, Inc., an environmental engineering and consulting firm, Data Processing Resources Corporation, a provider of information technology specialty staffing services, Steven Myers & Associates, a proposal management and consultant firm, California Beach Restaurants, Inc., an owner and operator of restaurants, and several privately-held companies.

THE BOARD OF DIRECTORS

COMMITTEES

The standing committees of the Board of Directors (the "Board") are the Audit Committee (the "Audit Committee") and the Compensation Committee (the "Compensation Committee"). PIA does not have a standing nominating committee or any committee performing the functions thereof.

The Audit Committee, which presently consists of Messrs. Haden and Coulombe, met once during 1997. The Audit Committee makes recommendations concerning the engagement of independent public accountants; reviews with the independent public accountants the plans for and scope of the audit, the audit procedures to be utilized and results of the audit; approves the professional services provided by the independent public accountants; reviews the independence of the independent public accountants; and reviews the adequacy and effectiveness of the Company's internal accounting controls.

The Compensation Committee, which presently consists of Messrs. Haden and Epstein, met twice during 1997. The Compensation Committee determines compensation for the Company's executive officers and administers the Company's stock incentive plans. See "Report of the Compensation Committee of the Board of Directors."

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Neither member of the Compensation Committee was at any time during the year ended December 31, 1997 or at any other time an officer or employee of the Company. No executive officer of the Company serves as a member of the Board of Directors or compensation committee of any other entity, which has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee.

MEETINGS AND REMUNERATION

During 1997, the Board held six meetings and took various actions by written consent. Each incumbent Director attended at least 75% of the aggregate of (i) the total number of meetings held by the Board during 1997 and (ii) the total number of meetings held by all committees of the Board during that period within which he was a Director or member of such committee of the Board. Each Director is elected to hold office until the next annual meeting of stockholders and until his respective successor is elected and qualified.

During the year ended December 31, 1997, the Company paid to Messrs. Coulombe and Epstein an aggregate of \$6,000 and \$24,750, respectively, for services as members of the Company's Board and as consultants, and also reimbursed Messrs. Coulombe and Epstein for certain expenses in connection with their attendance at Board and committee meetings. Messrs. Haden and Lewis received no compensation for their services as directors. In addition, Mr Colwell received a salary of \$16,667 per month. Commencing on April 1, 1998, Mr Colwell will receive a salary of \$50,000 annually for consulting services. Mr Colwell is also entitled to receive a success fee payable in the event certain transactions are completed by the Company.

1995 Stock Option Plan for Nonemployee Directors. The Company adopted its 1995 Stock Option Plan for Nonemployee Directors in December 1995 (the "Nonemployee Directors Plan"). The purpose of the Nonemployee Directors Plan is to promote the interests of the Company and its stockholders by strengthening the Company's ability to attract and retain the services of experienced and knowledgeable nonemployee directors. The Nonemployee Directors Plan provides for the grant of non-qualified stock options only. A reserve of 100,000 shares of the Company's Common Stock has been established for issuance under the Nonemployee Directors Plan. Each of Messrs. Haden, Coulombe, Epstein and Lewis holds an option to purchase 1,500 shares of Common Stock under the Nonemployee Directors Plan that will become exercisable on the date of the 1998 Annual Meeting if the optionee is reelected as a director of the Company.

The Nonemployee Directors Plan is administered by the Company's Compensation Committee. Each member of the Company's Board of Directors who is not otherwise an employee or officer of the Company or any subsidiary of the Company (each an "Eligible Director") is eligible to participate in the Nonemployee Directors Plan. Directors who are consultants of, but not otherwise employees or officers of, the Company are Eligible Directors.

Under the Nonemployee Directors Plan, an option to purchase 1,500 shares of Common Stock is granted to each Eligible Director immediately following each annual meeting of stockholders of the Company. Each option vests and becomes exercisable in full at the next annual meeting of stockholders, provided that the optionee is reelected as a director of the Company. The maximum term of options granted under the Nonemployee Directors Plan is ten years and one day, subject to earlier termination following an optionee's cessation of service with the Company.

The exercise price of stock options granted under the Nonemployee Directors Plan will be the fair market value of the Common Stock on the date of grant. The exercise price is immediately payable upon exercise of the option. Such payment may be made in cash, by check or in such other form of lawful consideration (including promissory notes or shares of Common Stock then held) as the Compensation Committee may approve from time to time.

Options granted under the Nonemployee Directors Plan are non-transferable except to immediate family members, a trust for their benefit or a partnership in which such family members are the only partners. Such

options generally expire three months after the termination of any optionee's service to the Company. In general, if an optionee is permanently disabled or dies during his service to the Company, such option may be exercised up to six months after such disability or death; provided, however, that the Compensation Committee may in its discretion extend the period for up to five years, provided that such extension does not extend the period during which the option may be exercised beyond the original term of the option.

Upon the dissolution or liquidation of the Company or upon any reorganization, merger or consolidation in which the Company does not survive, the Nonemployee Directors Plan and each outstanding option granted thereunder shall terminate; provided, that each optionee to whom no substitute option has been tendered by the surviving corporation will have the right to exercise in whole or in part any unexpired option or options issued to him, without regard to the vesting provisions thereof.

The Board of Directors may amend or modify the Nonemployee Directors Plan and outstanding options at any time, including but not limited to accelerating the time at which an option may be exercised, provided that no such amendment or modification may adversely affect the rights and obligations of the participants with respect to their outstanding options without their consent. The Nonemployee Directors Plan will terminate in December 2005, unless sooner terminated by the Board.

LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

The Company's Certificate of Incorporation limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability (i) for any breach of their duty of loyalty to the company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemption's as provided in Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

The Company's Bylaws provide that the Company shall indemnify its officers and directors and may indemnify its employees and other agents to the fullest extent permitted by law. The Company's Bylaws also permit it to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the Bylaws would permit indemnification.

The Company maintains director and officer liability insurance.

At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company in which indemnification will be required or permitted. The Company is not aware of any threatened litigation or proceeding which may result in a claim for such indemnification.

EXECUTIVE OFFICERS, COMPENSATION AND OTHER INFORMATION

EXECUTIVE OFFICERS

Set forth in the table below are the names, ages and current offices held by all executive officers of the Company.

NAME - - - - -	AGE ---	POSITION WITH THE COMPANY -----
Terry R. Peets	53	Chief Executive Officer, President and Director
Cathy L. Wood	50	Executive Vice President, Chief Financial Officer and Secretary
Michael J. Skinner	44	Executive Vice President - Sales and Client Development
John R. Bain	51	Senior Vice President - Operations
Mark J. Hallsman	43	Senior Vice President - Human Resources
Jay F. Smyre	44	Senior Vice President - General Manager

Executive officers of the Company are elected by and serve at the discretion of the Board. None of the executive officers has any family relationship to any nominee for Director or to any other executive officer of the Company. Set forth below is a brief description of the business experience for the previous five years of all executive officers except Mr. Peets. See "Information Concerning Nominees to Board of Directors."

Ms. Wood joined PIA in August 1997 as Executive Vice President, Chief Financial Officer and Secretary. Ms. Wood served as Vice President and Chief Financial Officer of Giant Group Ltd., a NYSE listed company specializing in acquisitions, from 1995 to 1997. From 1989 to 1995, Ms. Wood served in various capacities at Warehouse Entertainment, Inc. prior to being named Senior Vice President and Chief Financial Officer in 1993. From 1972 to 1989, Ms. Wood served in various credit and lending positions at Mellon Bank, N.A., including from 1982 to 1989, Vice President of Consumer Products and Retail Credit Analysis.

Mr. Skinner joined PIA in February 1995 as Senior Vice President -- Marketing, and was named Executive Vice President--Sales and Client Development in February 1996. From August 1992 to February 1995, Mr. Skinner served as President and Chief Executive Officer of Winterbrook Corp., a manufacturer and marketer of beverages. Winterbrook Corp. filed a petition under the federal bankruptcy laws during 1996. From August 1987 until August 1992, Mr. Skinner served as Vice President -- Marketing of Shasta Beverages, Inc., a manufacturer and marketer of soft drinks.

Mr. Bain joined the Company in November 1997 as Senior Vice President of Operations. Mr. Bain served as Executive Vice President of Shasta Beverages in the Western Division from October 1995 to November 1997. Before joining Shasta Beverages, Mr. Bain served as Vice President of Sales and Marketing for Casablanca Food Company, and Divisional Vice President for Continental Baking Company, from 1992 to 1994. From 1989 to 1992, Mr. Bain served as Division Vice President, Coca Cola Enterprises. From 1981 to 1989, Mr. Bain served in various capacities at Pepsico Inc.

Mr. Hallsman joined PIA in August 1993 as Vice President - Human Resources and became a Senior Vice President in December 1995. From September 1985 to August 1993, Mr. Hallsman served as Director, Human Resources of Con-Way Western Express, a provider of short-haul trucking services.

Mr. Smyre joined PIA in January 1996 as Vice President-General Manager, and was named Senior Vice President-General Manager in December 1997. Prior to joining PIA, Mr. Smyre served in a variety of sales and marketing positions at the Coca Cola/Minute Maid Company from 1981 to 1994 until he was named Vice President of Strategic Sales in 1995.

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COMPENSATION

The following table sets forth all compensation received for services rendered to the Company in all capacities for the three years ended December 31, 1997 by (i) each of the Company's Chief Executive Officers during 1997, (ii) each of the other four most highly compensated executive officers of the Company who were serving as executive officers at December 31, 1997, and (iii) two other individuals who were executive officers of the Company during the last year and whose salary and bonus would have placed them in the group of the four most highly compensated executive officers, but were not so included because they were not executive officers of the Company at December 31, 1997 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

ANNUAL COMPENSATION	LONG TERM COMPENSATION AWARDS ----- SECURITIES
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NAME AND PRINCIPAL POSITIONS	YEAR ENDED DECEMBER 31	SALARY (\$) (1)	BONUS (\$)	UNDERLYING OPTIONS (#)	ALL OTHER COMPENSATION (\$) (2)
Terry R. Peets(3)	1997	\$111,757	\$ --	250,000	\$ 10,675
Chief Executive Officer, President, and Director	1996	--	--	--	--
	1995	--	--	--	--
Clinton E. Owens(4)	1997	400,000	--	--	34,557
Chairman	1996	400,000	50,000	--	36,820
	1995	407,840	10,000	--	22,673
John A. Colwell(5)	1997	200,000	--	62,500	4,000
Director/Consultant	1996	83,333	--	5,000	--
	1995	--	--	--	--
Michael J. Skinner	1997	175,000	--	54,000	3,500
Executive Vice President-- Sales and Client Development	1996	168,750	12,500	54,000 (6)	3,084
	1995	125,214	--	5,405	--
Edwin J. Werner(7)	1997	189,583	--	--	3,792
Vice Chairman	1996	157,500	10,000	40,540	1,983
	1995	138,667	--	5,405	--
Jay F. Smyre (8)	1997	142,500	--	25,000	--
Senior Vice President --General Manager	1996	110,000	25,000	--	--
	1995	--	--	--	--
Larry M. Dorr(9)	1997	171,375	--	--	3,428
Senior Vice President --Non Foods	1996	177,000	18,000	--	3,393
	1995	177,000	25,000	--	3,490
Roy L. Olofson(10)	1997	176,026	--	--	3,167
Executive Vice President and Chief Financial Officer	1996	81,438	--	100,000	--
	1995	--	--	--	--

(1) For the year ended December 31, 1995, includes \$9,240 and \$6,980 deferred at the election of Messrs. Owens and Dorr, respectively; for the year ended December 31, 1996, includes \$109,500, \$21,768, \$14,500 and \$25,248 deferred at the election of Messrs. Owens, Dorr, Skinner and Werner, respectively; and for the year ended December 31, 1997, includes \$2,500, \$95,833, \$14,000, \$8,000, \$98,792, \$25,706 and \$6,333 deferred at the election of Messrs. Peets, Owens, Skinner, Colwell, Werner, Dorr and Olofson respectively, pursuant to the Company's 401(k) Plan and Deferred Compensation Arrangement. See "-- Compensation Plans -- 401(k) Plan" and "-- Deferred Compensation Arrangement."

(2) Consists of contributions to the 401(k) Plan made by the Company on behalf of each of Messrs. Peets, Owens, Skinner, Colwell, Werner, Dorr and Olofson, respectively. Also includes an aggregate of \$4,236 in

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insurance premiums paid by the Company on behalf of Mr. Peets during the year ended December 31, 1997 for certain life insurance and disability insurance policies of which Mr. Peets is the sole beneficiary. Also includes an aggregate of \$18,826, \$29,820 and \$14,891 in insurance premiums paid by the Company on behalf of Mr. Owens during the years ended December 31, 1995, 1996 and 1997, respectively, for certain life and disability insurance policies of which Mr. Owens is the sole beneficiary.

(3) Mr. Peets was named Chief Executive Officer and President in August 1997.

(4) Mr. Owens also served as Chief Executive Officer until August 1997.

(5) Mr. Colwell became a consultant on January 1, 1998.

- (6) This option was cancelled in December 1997.
- (7) Mr. Werner retired from the Company as of January 26, 1998.
- (8) Mr. Smyre was named Senior Vice President -- General Manager in December 1997.
- (9) Mr. Dorr was named Senior Vice President - Non Foods in October 1997.
- (10) Mr. Olofson resigned from the Company as of June 10, 1997.

Mr. Peets entered into an employment agreement with the Company on June 25, 1997. Such agreement is terminable by the Company at any time, subject, among other things, to severance payments as provided in the employment agreement. From June 25, 1997 through August 10, 1997, Mr. Peets received a fixed salary of \$1,200 per day. Thereafter, throughout the term of the employment agreement, Mr. Peets will receive a fixed salary of \$20,834 per month, subject to annual review by the Board for possible increases, with a minimum increase tied to the Los Angeles-Long Beach-Anaheim, consumer price index. Mr. Peets is also entitled to a yearly bonus of up to 100% of his base salary based upon the Company achieving certain operating income targets.

The Company currently has no employment contracts with any of the Named Executive Officers other than Mr. Peets. As described below under "-- Compensation Plans," under certain circumstances, the exercisability of options granted to the Named Executive Officers may be accelerated in the event of a merger.

STOCK OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth information regarding each grant of stock options made during the year ended December 31, 1997 to each of the Named Executive Officers. No stock appreciation rights ("SARs") were granted during such period to such persons.

	INDIVIDUAL GRANTS (1)				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(2)	
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN PERIOD(%)	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	5% (\$)	10% (\$)
	-----	-----	-----	-----	-----	-----
Terry R. Peets	250,000	26.6	5.75	06/25/07	905,000	2,290,000
Clinton E. Owens	--	--	--	--	--	--
John A. Colwell	12,500 50,000	1.3 5.3	5.25 5.62	12/16/07 04/15/07	41,250 176,500	104,625 448,000
Michael J. Skinner	54,000(3)	5.8	5.25	12/16/07	178,200	451,980
Edwin J. Werner	--	--	--	--	--	--
Jay F. Smyre	23,000 2,000	2.5 .2	5.25 5.62	12/16/07 04/15/07	75,900 7,060	192,510 17,920
Larry M. Dorr	--	--	--	--	--	--
Roy L. Olofson	--	--	--	--	--	--

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- (1) All options are nonqualified stock options and were granted under the Company's 1995 Stock Option Plan. Such options, except Mr. Colwell's grant of 50,000 stock options, vest over four year periods at an annual rate of 25% beginning on the first anniversary of the date of grant. Mr. Colwell's grant of 50,000 stock options vested at the date of grant.
- (2) The potential realizable value is determined by multiplying the exercise price per share by the stated annual appreciation rate compounded annually for the term of the option (ten years), subtracting the exercise price per share from the product, and multiplying the remainder by the number of options granted. The actual value realized may be

greater or less than the potential realizable values set forth in the table. No gain to the optionee is possible unless the stock price increases over the option term, which will benefit all stockholders.

- (3) This option replaces an option covering 54,000 shares that was granted in March 1996 and cancelled in December 1997.

AGGREGATED STOCK OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

The following table sets forth the number and value of the exercisable and unexercisable options held by each of the Named Executive Officers at December 31, 1997. None of the Named Executive Officers exercised any options during the fiscal year ended December 31, 1997.

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END (\$) (1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Terry R. Peets ...	--	250,000	--	--
Clinton E. Owens .	227,026	--	263,998	--
John A. Colwell ..	59,054	16,554	--	--
Michael J. Skinner	2,703	56,702	--	--
Edwin J. Werner ..	12,838	33,107	--	--
Jay F. Smyre	--	25,000	--	--
Larry M. Dorr ...	93,920	3,378	36,000	--
Roy L. Olofson ...	--	--	--	--

- (1) Value is determined by subtracting the exercise price from the fair market value of \$5.00 per share (the closing price for the Company's Common Stock as reported on the NASDAQ National Market as of December 31, 1997) and multiplying the remainder by the number of underlying shares of Common Stock.

COMPENSATION PLANS

1990 Stock Option Plan. The Company's 1990 Stock Option Plan became effective in June 1990 (as amended through February 1997, the "1990 Option Plan"). The purpose of the 1990 Option Plan and of granting options to specified employees and directors of the Company pursuant thereto is to assist such persons in acquiring shares of Common Stock of the Company and thereby benefiting directly from the Company's growth, development and financial success. The 1990 Option Plan provides for the grant of non-qualified stock options only. The Company has authorized 810,811 shares of Common Stock for issuance upon the exercise of options granted under the 1990 Option Plan. As of December 31, 1997, there were 617,986 options outstanding under the 1990 Plan at a weighted average exercise price of \$6.42 per share, and 66,986 shares of Common Stock had been issued upon exercise of options at a weighted average price of \$6.09 per share. In December 1995, the Board determined that no further option grants would be made under the 1990 Option Plan.

The 1990 Option Plan is administered by the Company's Compensation Committee. The Compensation Committee has discretion to determine, among other things, which eligible individuals are to receive option grants, the number of shares subject to each such grant, and the vesting schedule to be in effect for the option grant. The maximum term of options granted under the 1990 Option Plan

is ten years and one week, subject to earlier termination following an optionee's cessation of service with the Company.

The exercise price of stock options granted under the 1990 Option Plan must be equal to at least 85% of the fair market value of the stock subject to the option on the date of grant. The purchase price is payable immediately upon the exercise of the option. Such payment may be made in cash, by check or in such other form of lawful consideration (including promissory notes or shares of Common Stock then held) as the Board of Directors of the Company may approve from time to time.

Options granted under the 1990 Option Plan are non-transferable except to immediate family members, trusts for their benefit or a partnership in which such family members are the only partners. Such options generally expire three months after the termination of an optionee's service to the Company. In general, if an optionee is permanently disabled or dies during his or her service to the Company, such option may be exercised up to one year following such disability or death.

Upon the dissolution or liquidation of the Company or upon any reorganization, merger or consolidation in which the Company does not survive, the 1990 Option Plan and each outstanding option granted thereunder terminates; provided, that each optionee to whom no substitute option has been tendered by the surviving corporation has the right to exercise in whole or in part any unexpired option or options issued to him or her, without regard to the vesting provisions thereof.

The Board of Directors may amend or modify the 1990 Option Plan and outstanding options at any time, including but not limited to accelerating the time at which an option may be exercised, provided that no such amendment or modification may adversely affect the rights and obligations of the participants with respect to their outstanding options or unvested shares without their consent.

1995 Stock Option Plan. The Company's 1995 Stock Option Plan became effective in December 1995 (as amended through February 1997, the "1995 Option Plan"). The purpose of the 1995 Option Plan and of granting options to specified employees, consultants and directors of the Company pursuant thereto is to assist such persons in acquiring shares of Common Stock of the Company and thereby benefiting directly from the Company's growth, development and financial success. The 1995 Option Plan provides for the grant of either incentive or non-qualified stock options to employees, outside directors and consultants of the Company. A reserve of 1,000,000 shares of the Company's Common Stock has been established for issuance under the 1995 Option Plan. As of December 31, 1997, there were 882,865 options outstanding under the 1995 Plan at a weighted average exercise price of \$6.05 per share, and 2,000 shares of Common Stock had been issued upon exercise of options at a weighted average price of \$9.81 per share.

The 1995 Option Plan is administered by the Company's Compensation Committee. The Compensation Committee has discretion to determine, among other things, which eligible individuals are to receive option grants, the number of shares subject to each such grant, and the vesting schedule to be in effect for the option grant. The vesting of all options granted pursuant to the 1995 Option Plan may be based upon the Company's attaining of specified performance criteria and/or may also be based on the passage of time. The maximum term of options granted under the 1995 Option Plan is ten years, except in the case of incentive stock options granted to greater than ten percent stockholders of the Company, for which the term is five years, and subject in all cases to earlier termination following an optionee's cessation of service with the Company. The exercise price of non-qualified stock options granted under the 1995 Option Plan must be equal to at least 85% of the fair market value of the Common Stock subject to the option on the date of grant. The exercise price of incentive stock options granted under the 1995 Option Plan must be equal to at least the fair market value of the Common Stock subject to the option on the date of grant, or 110% of such fair market value with respect to options granted to greater than ten percent stockholders of the Company. The Compensation Committee determines the fair market value of the Common Stock underlying each option using a formula specified in the 1995 Option Plan. The purchase price

is payable immediately upon the exercise of the option. Such payment may be made in cash, by check or in such other form of lawful consideration (including shares of Common Stock then held) as the Compensation Committee may approve from time to time.

Options granted under the 1995 Option Plan are non-transferable except to immediate family members, trusts for their benefit or a partnership in which such family members are the only partners. Such options generally expire three months after the termination of an optionee's service to the Company. In general, if an optionee is permanently disabled or dies during his or her service to the Company, such option may be exercised up to six months following such disability or death.

Upon the dissolution or liquidation of the Company or upon any reorganization, merger or consolidation in which the Company does not survive, the 1995 Option Plan and each outstanding option granted thereunder shall terminate; provided, that each optionee to whom no substitute option has been tendered by the surviving corporation shall have the right to exercise in whole or in part any unexpired option or options issued to him or her, without regard to the vesting provisions thereof.

The Board of Directors may amend or modify the 1995 Option Plan and outstanding options at any time, including but not limited to accelerating the time at which an option may be exercised, provided that no such amendment or modification may adversely affect the rights and obligations of the participants with respect to their outstanding options or unvested shares without their consent. Generally, no amendment of the 1995 Option Plan may, without the approval of the Company's stockholders, (i) modify the class of individuals eligible to receive incentive stock options, (ii) increase the number of shares available for issuance, except in the event of certain changes to the Company's capital structure, or (iii) modify the 1995 Option Plan such that it fails to meet the requirements of Rule 16b-3 of the Securities Exchange Act of 1934, as amended. The 1995 Option Plan will terminate in December 2005, unless sooner terminated by the Board.

See "Proposal 2 -- Amendment of 1995 Stock Option Plan."

Employee Stock Purchase Plan. On February 17, 1997, the Company adopted an Employee Stock Purchase Plan ("ESP Plan"). The ESP Plan allows employees of the Company to purchase Common Stock at a discount, without having to pay any commissions on the purchases. The maximum amount that any employee can contribute to the Purchase Plan per quarter is \$6,250, and the total number of shares which are reserved by the Company for purchase under the Purchase Plan is 200,000.

401(k) Plan. The PIA Savings and Retirement 401(k) Plan (the "401(k) Plan") covers all Company employees that do not participate in the pension plans described below. An employee may elect to defer, in the form of Company contributions to the 401(k) Plan on his or her behalf, up to 15% of the total compensation that would otherwise be paid to the employee, not to exceed the amount allowed by applicable Internal Revenue Service guidelines. In addition, the Company makes matching contributions to the 401(k) Plan each year equal to 50% of the participant's elective contributions (not to exceed 4% of the total compensation) for such year, and may also make additional contributions to the 401(k) Plan for one or more plan years to be allocated to eligible participants in proportion to their total compensation (including deferred salary contributions) for the year. Contributions are allocated to each employee's individual account and are invested in a variety of mutual funds according to the directions of the employee. Employee contributions are fully vested and non-forfeitable at all times. Company matching contributions vest over five years.

Deferred Compensation Arrangement. The Deferred Compensation Arrangement ("DCA") permits a certain group of highly compensated employees who are designated by the Board of Directors to defer the receipt of some or all of their compensation until a subsequent year. Participants are not subject to income tax on the amount of their contributions to the DCA ("Deferrals"), but those amounts are subject to federal employment taxes. The Company will generally make matching contributions on behalf of the contributions made by participants to the DCA and participants will gain a vested interest in the matching contributions, to the same extent as under the 401(k) Plan. Participants always have a fully vested right to their Deferrals. Although no amounts are set aside by the Company to pay the benefits under the DCA, a trust has been established to

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"informally" fund the benefits under the DCA. Participants can direct the manner in which the amounts held on their behalf under the DCA are invested. Although the DCA is not a tax-qualified retirement plan, under certain circumstances, a participant's Deferrals may be transferred to the 401(k) Plan. A participant's benefit under the DCA will be paid in either a lump sum or in installments, as elected by the participant.

Exec-U-Care Plan. Under the Exec-U-Care Plan (the "Exec-U-Care Plan"), the Company provides the Chairman and certain other officers of the Company up to \$100,000 supplemental medical coverage in addition to the standard medical coverage offered to such persons generally by the Company. The Exec-U-Care Plan requires that the employees covered thereunder have a primary medical insurance plan which meets certain minimum standards of coverage; the Exec-U-Care Plan then covers the deductible and certain other expenses not paid for by the basic medical insurance plan.

Pension Plans. Certain of the Company's employees are covered by union-sponsored, collectively bargained, multi-employer pension plans. The Company has no current intention of withdrawing from any of these plans.

Incentive Compensation Plan. The Company has established its Incentive Compensation Plan (the "Incentive Plan") for the compensation of its employees and executives. All payments under the Incentive Plan are contingent on the Company achieving its corporate profit goals, the Company's operating divisions achieving their profit goals, the employee achieving his/her expected performance level, and approval by the Board of Directors of the Company.

KEY MAN LIFE INSURANCE

The Company currently maintains term life insurance policies in the aggregate amount of \$4.5 million on the life of Mr. Owens under which the Company is the beneficiary.

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REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Compensation Committee of the Board is comprised of Messrs. Haden and Epstein, two non-employee directors, who administer the Company's executive compensation programs and policies. The Company's executive compensation programs are designed to attract, motivate and retain the executive talent needed to optimize stockholder value in a competitive environment. The programs are intended to support the goal of increasing stockholder value while facilitating the business strategies and long-range plans of the Company.

The following is the Compensation Committee's report submitted to the Board addressing the compensation of the Company's executive officers for 1997.

COMPENSATION POLICY

The Company's executive compensation policy is (i) designed to establish an appropriate relationship between executive pay and the Company's annual performance, its long-term growth objectives and its ability to attract and retain qualified executive officers; and (ii) based on the belief that the interests of the executives should be closely aligned with the Company's stockholders. The Compensation Committee attempts to achieve these goals by integrating competitive annual base salaries with (i) annual incentive bonuses based on corporate performance and individual contribution, and (ii) stock options through the 1995 Plan. The Compensation Committee believes that cash compensation in the form of salary and performance-based incentive bonuses provides Company executives with short term rewards for success in operations, and that long-term compensation through the award of stock options encourages

growth in management stock ownership which leads to expansion of management's stake in the long-term performance and success of the Company. The Compensation Committee considers all elements of compensation and the compensation policy when determining individual components of pay.

EXECUTIVE COMPENSATION COMPONENTS

As discussed below, the Company's executive compensation package is primarily comprised of three components: base salary, annual incentive bonuses and stock options.

Base Salary. In establishing base salary levels for executive officer positions, the Committee and the Company's Chief Executive Officer, consider levels of compensation at comparable companies, levels of responsibility and internal issues of consistency and fairness. In determining the base salary of a particular executive, the Committee and the Chief Executive Officer consider individual performance, including the accomplishment of short- and long-term objectives, and various subjective criteria including initiative, contribution to overall corporate performance and leadership ability. The Compensation Committee reviews executive officer salaries annually and exercises its judgment based on all the factors described above. No specific formula is applied to determine the weight of each criteria.

Annual Incentive Bonuses. For 1997, the Company's executive officers were eligible for annual bonuses based upon recommendations made by the Chief Executive Officer based upon their individual performance and the Company's achievement of certain operating results. Amounts of individual awards were based principally upon the results of the Company's financial performance during the year. The amount of awards for senior officers were within guidelines established by the Committee and the Chief Executive Officer as a result of their review of total compensation for senior management of peer companies. The actual amount awarded, within these guidelines, was determined principally by the Committee's and the Chief Executive Officer's assessment of the individual's contribution to the Company's overall financial performance. Consideration was also given to such factors such as the individual's successful completion of a special project and any significant increase or decrease in the level of the participant's ability to discharge the responsibilities of his position. No bonuses were paid to executive officers in 1997.

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For 1998, the Compensation Committee has approved the 1998 Incentive Compensation Plan (the "ICP") which is based upon the Company's 1998 Business Plan (the "Business Plan"). Under the ICP, 75% of the specified bonuses will be payable in the event the Company meets its earnings per share goal, as specified in the Plan, and earnings per share in the fourth quarter of 1998 satisfy the specified goal; and 100% of the specified bonuses will be payable in the event the Company meets its earnings per share goal, as specified in the Plan, and earnings per share in the fourth quarter of 1998 satisfy the specified goal. In the event bonuses are payable under the ICP, the Company will then determine whether the executive officer met his or her previously established annual performance goal. An executive officer's failure to achieve this goal will disqualify that officer from earning payment under the ICP.

Stock Options. Stock options encourage and reward effective management which results in long-term corporate financial success, as measured by stock price appreciation. Stock options covering 631,500 shares were granted to the executive officers of the Company and stock options covering 300,825 shares were granted to other employees of the Company during 1997 under the 1995 Plan. The number of options that each executive officer or employee was granted was based primarily on the executive's or employee's ability to influence the Company's long-term growth and profitability. The Compensation Committee believes that option grants afford a desirable long-term compensation method because they closely ally the interests of management with stockholder value and that grants of stock options are the best way to motivate executive officers to improve long-term stock market performance. The vesting provisions of options granted under the 1995 Plan are designed to encourage longevity of employment with the Company and generally extend over a four-year period.

COMPENSATION OF CHIEF EXECUTIVE OFFICER

The Compensation Committee believes that its current Chief Executive Officer, Terry R. Peets provides valuable services to the Company and that his compensation should therefore be competitive with that paid to executives at comparable companies. In addition, the Compensation Committee believes that an important portion of his compensation should be based on Company performance. Mr. Peets' base salary and bonus are determined pursuant to his employment agreement, as described under "Executive Officers, Compensation and Other Information." In 1997, Mr. Peets' base salary was \$111,757 and he did not receive a bonus for his performance in 1997.

Mr. Owens served as Chief Executive Officer from January 1 through August, 1997. The factors which the Compensation Committee considered in setting his annual base salary were his individual performance and pay practices of peer companies relating to executives of similar responsibility. Mr. Owens' annual base salary for 1997 was \$400,000 and he did not receive a bonus for his performance in 1997.

INTERNAL REVENUE CODE SECTION 162(M)

Under Section 162(m) of the Internal Revenue Code (the "Code"), the amount of compensation paid to certain executives that is deductible with respect to the Company's corporate taxes is limited to \$1,000,000 annually. It is the current policy of the Compensation Committee to maximize, to the extent reasonably possible, the Company's ability to obtain a corporate tax deduction for compensation paid to executive officers of the Company to the extent consistent with the best interests of the Company and its stockholders.

COMPENSATION COMMITTEE

Patrick C. Haden
Edwin E. Epstein

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COMPANY PERFORMANCE

The following graph shows a comparison of cumulative total returns for the Company, the NASDAQ Stock Market (U.S. Companies) Index and the NASDAQ Stocks (SIC 7380-7389 U.S. Companies) Miscellaneous Business Services Index for the period during which the Company's Common Stock has been registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The graph assumes that the value of an investment in Common Stock and in each such index was \$100 on February 29, 1996 (the date the Company's Common Stock was registered under the Exchange Act), and that all dividends have been reinvested.

The comparison in the graph below is based on historical data and is not intended to forecast the possible future performance of the Company's Common Stock.

COMPARISON OF CUMULATIVE TOTAL RETURN AMONG
PIA, NASDAQ STOCK MARKET (U.S. COMPANIES)
AND THE NASDAQ STOCKS (SIC 7380-7389 U.S. COMPANIES)
MISCELLANEOUS BUSINESS SERVICES INDEX

Date	Company Index	Market Index	Peer Index
12/31/92	--	61.230	51.288
1/29/93	--	62.972	51.637
2/26/93	--	60.623	49.321
3/31/93	--	62.378	49.586
4/30/93	--	59.716	47.485

5/28/93	--	63.281	45.122
6/30/93	--	63.572	46.399
7/30/93	--	63.648	50.680
8/31/93	--	66.937	48.705
9/30/93	--	68.931	50.951
10/29/93	--	70.479	53.922
11/30/93	--	68.379	51.483
12/31/93	--	70.286	52.678
1/31/94	--	72.419	52.964
2/28/94	--	71.743	52.653
3/31/94	--	67.331	45.999
4/29/94	--	66.457	47.591
5/31/94	--	66.619	46.220
6/30/94	--	64.182	46.323
7/29/94	--	65.499	46.391
8/31/94	--	69.674	49.001
9/30/94	--	69.496	51.044
10/31/94	--	70.862	52.332
11/30/94	--	68.511	49.976
12/30/94	--	68.703	51.647
1/31/95	--	69.088	52.587
2/28/95	--	72.742	52.696
3/31/95	--	74.899	52.301
4/28/95	--	77.258	54.418
5/31/95	--	79.251	55.176
6/30/95	--	85.673	57.485
7/31/95	--	91.971	64.985
8/31/95	--	93.836	70.176
9/29/95	--	95.994	72.697
10/31/95	--	95.443	76.471
11/30/95	--	97.684	87.043
12/29/95	--	97.164	89.145
1/31/96	--	97.643	99.098
2/29/96	--	101.359	99.029
3/1/96	100.000	100.000	100.000
3/29/96	120.161	101.695	109.537
4/30/96	169.355	110.132	125.605
5/31/96	104.839	115.189	132.691
6/28/96	93.548	109.997	131.553
7/31/96	94.355	100.202	117.580
8/30/96	92.742	105.816	130.236
9/30/96	82.258	113.910	146.904
10/31/96	77.419	112.652	131.105
11/29/96	58.065	119.616	131.031
12/31/96	67.742	119.508	121.456
1/31/97	70.161	128.001	127.105
2/28/97	56.452	120.925	107.668
3/31/97	33.065	113.031	89.217
4/30/97	39.516	116.565	77.944
5/30/97	35.484	129.780	99.810
6/30/97	37.097	133.751	101.707
7/31/97	35.484	147.869	98.212
8/29/97	48.387	147.644	93.061
9/30/97	45.565	156.379	100.351
10/31/97	50.806	148.284	92.513
11/28/97	45.161	149.027	86.381
12/31/97	32.258	146.686	87.073

12/31/92 12/31/93 12/30/94 12/29/95 12/31/96 12/31/97

PIA Merchandising Services, Inc.				67.7	32.3
Nasdaq Stock Market (US Companies)	61.2	70.3	68.7	97.2	119.5
NASDAQ Stocks (SIC 7380-7389 US Companies)	51.3	52.7	51.6	89.1	121.5
Miscellaneous Business Services					87.1

Notes:

- The lines represent monthly index levels derived from compounded daily returns that include all dividends
- The indexes are reweighted daily, using the market capitalization on the previous trading day
- If the monthly interval, based on the fiscal year-end is not a trading day the preceding trading day is used.

d. The index level for all series was set to \$100.00 on 03/01/96.

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[PERFORMANCE GRAPH]

Comparison of Five Year-Cumulative Total Returns

12/31/92	12/31/93	12/31/94	12/31/95	12/31/96	12/31/97
61.2	70.3	68.7	97.2	67.7	32.3
51.3	52.7	51.6	89.1	119.5	146.7
				121.5	87.1

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PROPOSAL 2 -- AMENDMENT OF 1995 STOCK OPTION PLAN

At the 1998 Annual Meeting, the stockholders will be asked to approve an amendment (the "Amendments") to the Company's 1995 Stock Option Plan (the "1995 Plan"). Such approval will require the affirmative vote of a majority of the voting power of all outstanding shares of the Company's Common Stock present or represented and entitled to vote at the 1998 Annual Meeting. On February 20, 1998, the Board adopted the Amendment, subject to stockholder approval as described herein, to increase the number of shares that may be issued pursuant to the Plan from 1,000,000 to 1,300,000. The 1995 Plan and information regarding options granted thereunder is summarized below, but these descriptions are subject to and are qualified in their entirety by the full text of the 1995 Plan, as amended by the proposed Amendments, which is attached as Appendix 1 to this Proxy Statement.

SUMMARY OF THE 1995 PLAN

The 1995 Plan was initially adopted by the Board of Directors and stockholders of the Company in December 1995. Under the 1995 Plan, employees, certain directors, officers and consultants (collectively referred to as "Participants") providing services to the Company or its subsidiaries may be granted options to purchase shares of common stock of the Company ("Common Stock"). The 1995 Plan permits the granting of both options that qualify for treatment as incentive stock options ("Incentive Stock Options") under Section 422 of the Code, and/or options that do not qualify as Incentive Stock Options ("Nonqualified Stock Options"). Incentive Stock Options may only be granted to employees of the Company.

The purpose of the 1995 Plan and of granting options to specified persons is to promote the interests of the Company and its stockholders, by providing stock-based incentives to certain Participants. Under the 1995 Plan, Participants can receive certain options ("Options") to purchase Common Stock, thus strengthening the mutuality of interests between Participants and the Company because the Participants have a proprietary interest in pursuing the Company's long-term growth and financial success. In addition, by allowing Participants to participate in the Company's success, the Company is able to better attract, retain and reward quality employees, directors, officers and consultants.

Persons eligible to participate in the 1995 Plan are Participants providing services to the Company and/or its subsidiaries (collectively referred to as the "Company") who are in positions which enable them to make significant contributions to the Company's long-term performance and growth. In selecting Participants to whom Options may be granted, consideration is given to factors such as employment position, duties and responsibilities, ability, productivity,

length of service, morale, interest in the Company and recommendations of supervisors. The maximum number of shares that may be issued to a single Employee is 1,000,000.

The 1995 Plan is administered by the Compensation Committee (the "Committee"). The members of the Committee must qualify as "outside directors" under Section 162(m) of the Code, and the Committee must be constituted so as to permit the 1995 Plan to comply with Rule 16b-3 of the Exchange Act.

The Committee has full and complete authority, in its discretion, but subject to the express provisions of the 1995 Plan (1) to select the Participants, to specify the number of shares of Common Stock with respect to which Options are granted to each Participant, to specify the terms of the Options and whether such Options shall be Incentive Stock Options or Nonqualified Stock Options, and in general to grant Options; (2) to determine the dates upon which Options shall be granted and the terms and conditions thereof in a manner consistent with the 1995 Plan, which terms and conditions need not be identical as to the various Options granted; (3) to interpret the 1995 Plan; (4) to prescribe, amend and rescind rules relating to the 1995 Plan; (5) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted by the Committee; (6) to determine the rights and obligations of Participants under the 1995 Plan; (7) to specify the Option price; (8) to accelerate the time during which an Option may be exercised, including, but not limited to, upon a change of control of the Company, and to otherwise accelerate the time or extend the post-termination exercise period during which an Option may be exercised; and (9) to make all other determinations deemed necessary or advisable for the administration of the Plan.

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The number of shares of Common Stock in respect of which options may be granted under the 1995 Plan shall not exceed 1,000,000 shares. In the event of certain changes in the Company's capitalization or structure, an appropriate adjustment shall be made by the Committee in the number, kind or exercise price of shares as to which options may thereafter be granted and as to shares covered by unexercised outstanding options.

Each option granted under the 1995 Plan shall be evidenced by a written agreement ("Option Agreement") in a form approved by the Committee and executed by the Company and the Participant to whom the Option is granted. Options are exercisable at such time(s) and are subject to such terms and conditions as may be set forth in the Option Agreement between the Participant and the Company.

The purchase price of shares of Common Stock subject to each Option which is intended to qualify as an Incentive Stock Option shall be equal to the fair market value of such shares (110% of fair market value in the case of a holder of more than 10% of the Company's Common Stock) on the date of grant of such Option. The purchase price of any Option which shall not qualify as an Incentive Stock Option shall be determined by the Committee, but shall not be less than the fair market value of the Common Stock in the case of a Stock Option granted to an individual who is a "covered employee" under 162(m) of the Code. The fair market value of such shares is the closing price of the Common Stock on the date of grant on the NASDAQ National Market System.

Options granted under the 1995 Plan may be exercised, to the extent vested, by the Participant by payment of the full purchase price therefor in cash, by cashier's or certified check or by surrender of outstanding shares of the Company's Common Stock. Options granted to a Participant are not transferable during the individual's lifetime, other than to the Employee's immediate family members, a trust for their benefit or a partnership in which such family members are the only partners, and may be transferred in the event of death only by will or the laws of descent and distribution.

Each option granted under the 1995 Plan shall set forth a termination date thereof, which shall be not later than ten years (five years in the case of a holder of more than 10% of the Company's Common Stock) from the date such option is granted subject to earlier termination or forfeiture as set forth below, or as otherwise set forth in each particular Option Agreement.

Unless earlier terminated by the Board, the 1995 Plan shall terminate on

December 5, 2005. The Board may at any time amend the 1995 Plan; provided, however, that no amendment or modification may be adopted without approval of the stockholders which would (1) increase the number of shares of Common Stock which may be issued under the 1995 Plan (except for adjustments due to a change in capitalization), (2) modify the requirements as to eligibility for receipt of Incentive Stock Options or (3) modify the 1995 Plan such that it fails to meet the requirements of Section 16(b) of the Exchange Act.

Future Participants in the 1995 Plan and the amounts of their allotments are to be determined by the Committee subject to any restrictions outlined above. Since no such determinations have yet been made, it is not possible to state the terms of any individual awards which may be issued under the 1995 Plan or the names or positions of or respective amounts of the allotment to any individual who may participate.

FEDERAL INCOME TAX CONSEQUENCES APPLICABLE TO THE 1995 PLAN

Incentive Stock Options. No taxable income will be recognized by an optionee upon the grant or exercise of any Incentive Stock Option under the 1995 Plan. The Company will not be entitled to any income tax deduction as the result of the grant or exercise of any incentive stock option.

Gain or loss resulting from the subsequent sale of stock acquired upon exercise of an Incentive Stock Option will be long-term capital gain or loss if such sale is made after two years from the date of the grant of the option and after one year from the transfer of such stock to the optionee upon exercise, provided that the optionee is an employee of the Company from the date of grant until three months before the date of exercise. In the event of the optionee's death or disability prior to exercise of an Incentive Stock Option, special rules apply in

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determining whether gain or loss upon sale of the stock acquired upon exercise of such option will be taxable as long-term capital gain or loss.

If the subsequent sale of stock is made prior to the expiration of such two-year or one-year periods, the optionee will recognize ordinary income in the year of sale in an amount equal to the difference between the exercise price and the fair market value of the stock on the date of exercise, provided that if such sale is a transaction in which a loss (if sustained) would have been recognized by the optionee, the amount of ordinary income recognized by the optionee will not exceed the excess (if any) of the amount realized on the sale over the option price. The Company will then be entitled to an income tax deduction of like amount. Any excess gain recognized by the optionee upon such sale would then be taxable as capital gain, either long-term or short-term depending upon whether the stock had been held for more than one year prior to sale.

If an individual sale of shares of Common Stock received upon exercise of an option qualifies for long term capital gain treatment, the capital gain from such sale would be taxed at the current maximum federal tax rate of 28% if the Common Stock has been held for more than one year but less than 18 months, and at a rate of 20% if the Common Stock has been held for more than 18 months. Ordinary income is currently taxed at a maximum federal income tax rate of 39.6%. The amount by which the fair market value of stock purchased upon exercise of an incentive stock option exceeds the option price of such stock constitutes an item of tax preference which could then be subject to the alternative minimum tax in the year that the option is exercised.

Nonqualified Stock Options. Generally, at the time of the grant of any option under the 1995 Plan, no taxable income will be recognized by the optionee and the Company will not be entitled to a deduction. Upon the exercise of such option, the optionee generally will recognize taxable income, and the Company will then be entitled to a deduction, in the amount by which the then fair market value of the shares of Common Stock issued to such optionee exceeds the option price.

Income recognized by the optionee upon exercise of a Nonqualified Stock Option will be taxed as ordinary income up to the current maximum rate of 39.6%. Such income constitutes "wages" with respect to which the Company is required to

deduct and withhold federal and state income tax. Such deductions will be made from the wages, salary, bonus or other income to which the optionee would otherwise be entitled and, at the Company's election, the optionee may be required to pay to the Company (for withholding on the optionee's behalf) any amount not so deducted but required to be so withheld.

Upon the subsequent disposition of shares acquired upon the exercise of an option other than an incentive stock option, the optionee will recognize capital gain or loss in an amount equal to the difference between the proceeds received upon disposition and the fair market value of such shares at the time of exercise. If such shares have been held for more than one year at the time of such disposition, the capital gain or loss will be long-term.

Exercising Options with Shares of Common Stock. To the extent an optionee pays all or part of the option price by tendering shares of Common Stock owned by the optionee, the tax consequences described above generally would apply. However, the number of shares received (upon exercise) equal to the number of shares surrendered in payment of the aggregate option price will have the same basis and tax holding period as the shares surrendered. The additional shares received upon such exercise will have a tax basis equal to the amount of ordinary income recognized and any cash paid on such exercise and a holding period which commences on the date of exercise.

If an optionee exercises an option by tendering shares previously acquired on the exercise of an Incentive Stock Option, a disqualifying disposition will occur if the applicable holding period requirements have not been satisfied with respect to the surrendered stock. The consequences of such a disqualifying disposition is that the optionee may recognize ordinary income at the time.

Acceleration of Stock Options Upon a Transfer of Control. If, upon a reorganization, merger, sale or other transaction resulting in a change in control of the Company or of a substantial portion of its assets, the exercisability of stock options held by certain employees (generally officers, stockholders and highly compensated

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employees of the Company) is accelerated (or payments are made to cancel unexercisable options of such employees), such acceleration or payment will be determined to be a "parachute payment" for federal income tax purposes. If the present value of all of the optionee's parachute payments exceeds three times the optionee's average compensation for the past five years, the optionee will be subject to a 20% excise tax on the amount of such parachute payment which is in excess of the greater of such average compensation of the optionee or an amount which the optionee establishes as reasonable compensation. In addition, the Company will not be allowed a deduction for such excess parachute payment.

Limitation on Compensation Deduction. Upon exercise, options granted to a "covered employee" with an option price equal to or greater than the fair market value of the Common Stock at the time of grant should not be subject to the \$1.0 million deduction cap for compensation paid to certain executives of publicly held corporations such as the Company. The Plan should satisfy the rules governing exemption from the deduction cap for "performance based" compensation since (1) stockholders should have received adequate disclosure of the terms of the Plan in this Proxy Statement and (2) the Plan has been approved by a compensation committee consisting solely of two or more "Outside Directors" of the Company.

Upon exercise, options granted to a covered employee with an option price less than the fair market value of the Common Stock at the time of grant would be subject to the \$1.0 million deduction cap for the Company. A "covered employee" is an optionee who, on the last day of the taxable year of the Company, is the Chief Executive Officer or one of the four other most highly compensated executive officers for proxy disclosure purposes. An "Outside Director" is a Director who is not (1) a current employee of the Company or related entity, (2) a former employee who is receiving compensation for prior services, (3) a former officer or (4) receiving compensation from the Company for personal services other than regular directors' compensation.

The foregoing summary of the effects of federal income taxation upon

optionees, holders of restricted stock and the Company with respect to shares issued under the Plan does not purport to be complete and reference is made to the applicable provisions of the Code.

THE BOARD BELIEVES THAT THE AMENDMENTS ARE IN THE BEST INTERESTS OF THE COMPANY AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL THEREOF. PROXIES WILL BE VOTED FOR THIS PROPOSAL UNLESS OTHERWISE SPECIFICALLY INDICATED.

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PROPOSAL 3 -- RATIFICATION OF THE APPOINTMENT OF
DELOITTE & TOUCHE LLP AS INDEPENDENT ACCOUNTANTS

The Audit Committee of the Board has selected Deloitte & Touche LLP as independent public accountants to audit the financial statements of the Company for 1998. Deloitte & Touche LLP served as the Company's independent public accountants for 1997. A member of that firm is expected to be present at the 1997 Annual Meeting, will have an opportunity to make a statement if so desired, and will be available to respond to appropriate questions. If the stockholders do not ratify the selection of Deloitte & Touche LLP, if it should decline to act or otherwise become incapable of acting, or if its employment is discontinued, the Audit Committee will appoint independent public accountants for 1998. Proxies solicited by the Board will be voted in favor of ratification unless stockholders specify otherwise.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT ACCOUNTANTS FOR 1998. PROXIES WILL BE VOTED FOR THIS PROPOSAL UNLESS OTHERWISE SPECIFICALLY INDICATED.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act ("Section 16(a)") requires the Company's directors and certain of its officers, and persons who own more than 10% of a registered class of the Company's equity securities (collectively, "Insiders"), to file reports of ownership and changes in ownership with the Commission. Insiders are required by Commission regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5s were required for those persons, the Company believes that its Insiders complied with all applicable Section 16(a) filing requirements for 1997.

OTHER BUSINESS

The Company is not aware of any other business to be presented at the 1998 Annual Meeting. All shares represented by Company proxies will be voted in favor of the proposals of the Company described herein unless otherwise indicated on the form of proxy. If any other matters properly come before the meeting, Company proxy holders will vote thereon according to their best judgment.

SUBMISSION OF STOCKHOLDER PROPOSALS

Any stockholder who wishes to present a proposal for action at the 1998 Annual Meeting and who wishes to have it set forth in the corresponding proxy statement and identified in the corresponding form of proxy prepared by management must notify the Company no later than December 9, 1998 in such form as required under the rules and regulations promulgated by the Securities and Exchange Commission.

ANNUAL REPORTS

A COPY OF THE COMPANY'S 1997 ANNUAL REPORT AND FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1997 ARE BEING MAILED TO EACH STOCKHOLDER OF RECORD TOGETHER

PROXIES AND SOLICITATION

Proxies for the 1998 Annual Meeting are being solicited by mail directly and through brokerage and banking institutions. The Company will pay all expenses in connection with the solicitation of proxies. In addition to the use of mails, proxies may be solicited by Directors, officers and regular employees of the Company personally or by telephone. The Company will reimburse banks, brokers custodians, nominees and fiduciaries for any reasonable expenses in forwarding proxy materials to beneficial owners.

All stockholders are urged to complete, sign and promptly return the enclosed proxy card.

By Order of the Board of Directors

CATHY L. WOOD
Secretary

Irvine, California
April 1, 1998

APPENDIX-1

PIA MERCHANDISING SERVICES, INC.
1995 STOCK OPTION PLAN, AS AMENDED

Section 1. Description of Plan. This is the 1995 Stock Option Plan, dated December 5, 1995 (the "Plan"), of PIA Merchandising Services, Inc., a Delaware corporation (the "Company"). Under the Plan, officers, certain directors, key employees and consultants of the Company or its wholly-owned Subsidiaries (as defined below), to be selected as set forth below, may be granted options ("Options") to purchase shares of the common stock of the Company ("Common Stock"). The Plan permits the granting of both Options that qualify for treatment as incentive stock options ("Incentive Stock Options") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Options that do not qualify as Incentive Stock Options ("Nonqualified Stock Options"). For purposes of the Plan, the term "Subsidiary" shall mean any corporation or other entity of which 50% or more of the voting stock (or equivalent thereof) is owned by the Company or by another Subsidiary (as so defined) of the Company.

Section 2. Purpose of Plan. The purpose of the Plan and of granting Options to specified persons is to further the growth, development and financial success of the Company and the Subsidiaries by providing additional incentives to certain officers, directors, key employees and consultants of the Company. By assisting such persons in acquiring shares of the Company's Common Stock, the Company can ensure that such persons will themselves benefit directly from the Company's and the Subsidiaries' growth, development and financial success.

Section 3. Eligibility. The persons who shall be eligible to receive grants of Options under the Plan shall be, at the time of the grant, the officers, certain directors, key employees and consultants of the Company and the Subsidiaries, excluding those directors of the Company and its Subsidiaries who serve on the Committee (as defined in Section 4). Notwithstanding the preceding sentence, only persons who are employees of the Company and the Subsidiaries shall be eligible to receive grants of Incentive Stock Options

under the Plan. In addition, a person who holds an Option is herein referred to as a "Participant." More than one Option may be granted to any Participant, grants of Options may be made on more than one occasion to any Participant and any individual Participant may receive grants of Options on up to 1,000,000 shares of Common Stock. Such grants of Options under the Plan may include an Incentive Stock Option, Nonqualified Stock Option, or any combination thereof. Notwithstanding the foregoing, the Board of Directors of the Company (the "Board") may at any time or from time to time designate one or more Directors as ineligible for selection as a Participant under the Plan for any period or periods of time. The designation by the Board of a Director as ineligible for selection as a Participant under the Plan shall not affect Options previously granted to such Director under the Plan.

Section 4. Administration. The Plan shall be administered by the Compensation Committee (the "Committee") established by the Board. The Committee shall be constituted so as to permit the Plan to comply with the provisions of Rule 16b-3 ("Rule 16b-3") under the Securities Exchange Act of 1934 (the "Exchange Act") and so that each member of the Committee would be an "outside director" within the meaning of Code Section 162(m). The Committee shall meet at such times and places as it determines and may meet through a telephone conference call. A majority of its members shall constitute a quorum, and the decision of a majority of those present at any meeting at which a quorum is present shall constitute the decision of the Committee. A memorandum signed by all the members of the Committee shall constitute the decision of the Committee without necessity, in such event, for holding an actual meeting. The Committee is authorized and empowered to administer the Plan and, subject to the Plan (a) to select the Participants, to specify the number of shares of Common Stock with respect to which Options are granted to each Participant, to specify the terms of the Options and whether such Options shall be Incentive Stock Options or Nonqualified Stock Options, and in general to grant Options; (b) to determine the dates upon which Options shall be granted and the terms and conditions thereof in a manner consistent with the Plan, which terms and conditions need not be identical as to the various Options granted; (c) to interpret the Plan; (d) to prescribe, amend and rescind rules relating to the Plan; (e) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option

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previously granted by the Committee; (f) to determine the rights and obligations of Participants under the Plan; (g) to specify the Option Price (as hereinafter defined); (h) to accelerate the time during which an Option may be exercised, including, but not limited to, upon a change of control of the Company, and to otherwise accelerate the time or extend the post-termination exercise period during which an Option may be exercised, in each case notwithstanding the provisions in the Option Agreement (as defined in Section 13) stating the time during which it may be exercised; and (i) to make all other determinations deemed necessary or advisable for the administration of the Plan. The good faith interpretation and construction by the Committee of any provision of the Plan or of any Option granted under it shall be final, conclusive and binding. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it.

Section 5. Shares Subject to the Plan. The number of shares of Common Stock in respect of which Options may be granted under the Plan is 1,300,000, subject to adjustment as provided in Section 12 hereof. Upon the expiration or termination, in whole or in part, for any reason of an outstanding Option or any portion thereof which shall not have vested or shall not have been exercised in full, any shares of Common Stock then remaining unissued which shall have been reserved for issuance upon such exercise shall again become available for the granting of additional Options under the Plan. Notwithstanding the foregoing, shares subject to a terminated Option shall continue to be considered to be outstanding for purposes of determining the maximum number of shares that may be issued to a Participant. Similarly, the repricing of an Option will be considered the grant of a new Option for this purpose.

Section 6. Option Price. Except as provided in Section 12 hereof, the purchase price per share (the "Option Price") of the shares of Common Stock underlying each Incentive Stock Option shall be not less than the fair market value of such shares on the date of granting of the Incentive Stock Option;

provided, however, that if the Participant is a ten percent (10%) stockholder of the Company as detailed in Code Section 422(b)(6) at the time such Option is granted (determined after taking into account the constructive ownership rules of Section 424(d) of the Code), the Option Price shall be not less than 110 percent (110%) of said fair market value. The Option Price of the shares of Common Stock underlying each Nonqualified Stock Option shall be not less than eighty-five percent (85%) of the fair market value of such shares on the date of granting of the Nonqualified Stock Option; provided, however, that with respect to any Nonqualified Stock Option granted to a "covered employee" (as such term is defined in Section 162(m) of the Code), the Option Price of the shares of Common Stock underlying such Nonqualified Stock Option shall be not less than the fair market value of such shares on the date of granting of such Nonqualified Stock Option. The fair market value of such shares shall be determined by the Committee on the basis of the average, rounded to the nearest eighth, of the Quoted Prices of a share of Common Stock for the five consecutive business days prior to the day as of which the fair market value of the Common Stock is being determined. The "Quoted Price" of a share of Common Stock shall be the last reported sales price of the Common Stock as reported by the NASDAQ National Market System ("NASDAQ") or, if the Common Stock is listed on a securities exchange, the last reported sales price of the Common Stock on such exchange which shall be for consolidated trading if applicable to such exchange or, if the Common Stock is not so reported or listed, the average of the last reported bid and asked price of the Common Stock.

Section 7. Restrictions on Grants; Vesting of Options. Notwithstanding any other provisions set forth herein or in any Option Agreement, no Options may be granted under the Plan subsequent to ten (10) years from December 5, 1995. All Options granted pursuant to the Plan shall be granted pursuant to Option Agreements, as described in Section 13 hereof. The vesting of all Options may be based on the Company's attaining of performance criteria as specified at the time of the granting thereof and/or may also be based on the passage of time. The Committee shall determine the performance criteria, the performance measurement period and the vesting schedule applicable to each Option or group of Options in a schedule, a copy of which shall be filed with the records of the Committee and attached to each Option Agreement to which the same applies. The performance criteria, the performance measurement period and the vesting schedule and period of exercisability need not be identical for all Options granted hereunder. Following the conclusion of each applicable performance measurement period, the Committee shall determine, in its sole good faith judgment, the extent, if at all, that each Option subject thereto shall have vested based upon the applicable performance criteria and vesting schedule. To the extent each such Option shall not have vested, because the applicable performance criteria has not been met, and does not also vest based on the passage of time, it shall, to that extent, automatically terminate and cease to be

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exercisable to such extent notwithstanding the stated term during which it may be exercised. The Committee shall promptly notify each affected Participant of such determination. The Committee may periodically review the performance criteria applicable to any Option or Options and, in its sole good faith judgment, may adjust the same to reflect unanticipated major events, such as catastrophic occurrences, mergers, acquisitions and the like.

Section 8. Special Limitations on Incentive Stock Options. To the extent that the aggregate fair market value (determined at the time the respective Incentive Stock Option is granted) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under all incentive stock option plans of the Company and the Subsidiaries exceeds \$100,000, or such other limit as may be required by the Code, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of a Participant's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination.

Section 9. Exercise of Options. Subject to all other provisions of the Plan, once vested, each Option shall be exercisable for the full number of

shares of Common Stock subject thereto, or any part thereof, in such installments and at such intervals as the Committee may determine in granting such Option, provided that no option may be exercisable subsequent to its termination date. Once vested, and prior to its termination date, an Option may be exercised by the Participant by giving written notice to the Company specifying the number of full shares to be purchased and accompanied by payment of the full purchase price therefor in cash, by check or in such other form of lawful consideration as the Committee may approve from time to time, including, without limitation and in the sole discretion of the Committee, the assignment and transfer by the Participant to the Company of outstanding shares of Common Stock theretofore held by the Participant in a manner intended to comply with the provisions of Rule 16b-3, if applicable. In connection with such assignment and transfer, the Company shall have the right to deduct any fractional shares to be paid to the Participant. Once vested, and prior to its termination date, an Option may only be exercised by the Participant or, in the event of death of the Participant, by the person or persons (including the deceased Participant's estate) to whom the deceased Participant's rights under such Option shall have passed by will or the laws of descent and distribution. Notwithstanding the foregoing in the immediately preceding sentence, in the event of disability (within the meaning of Section 22(e)(3) of the Code) of a Participant, a designee, or if the Participant has no designee, the legal representative, of such Participant may exercise the Option on behalf of such Participant (provided such Option would have been exercisable by such Participant) until the right to exercise such Option expires, as set forth in such Participant's particular Option Agreement. No Option granted to a person subject to Section 16 of the Exchange Act shall be exercisable during the first six (6) months after the date such Option is granted.

Section 10. Issuance of Common Stock. The Company's obligation to issue shares of its Common Stock upon exercise of an Option is expressly conditioned upon the compliance by the Company with any registration or other qualification obligations with respect to such shares under any state or federal law or rulings and regulations of any government regulatory body and the making of such investment representations or other representations and undertakings by the Participant (or the Participant's legal representative, heir or legatee, as the case may be) in order to comply with the requirements of any exemption from any such registration or other qualification obligations with respect to such shares which the Company in its sole discretion shall deem necessary or advisable. Such required representations and undertakings may include representations and agreements that such Participant (or the Participant's legal representative, heir or legatee): (a) is purchasing such shares for investment and not with any present intention of selling or otherwise disposing of such shares; and (b) agrees to have a legend placed upon the face and reverse of any certificates evidencing such shares (or, if applicable, an appropriate data entry made in the ownership records of the Company) setting forth (i) any representations and undertakings which such Participant has given to the Company or a reference thereto, and (ii) that, prior to effecting any sale or other disposition of any such shares, the Participant must furnish to the Company an opinion of counsel, satisfactory to the Company and its counsel, to the effect that such sale or disposition will not violate the applicable requirements of state and federal laws and regulatory agencies; provided, however, that any such legend or data entry shall be removed when no longer applicable. The Company, during the term of the Plan, will at all times reserve and keep available, and will use its reasonable efforts to obtain from any regulatory body having jurisdiction any

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requisite authority in order to issue and sell such number of shares of Common Stock as shall be sufficient to satisfy the requirements of the Plan. Inability of the Company to obtain, from any regulatory body having jurisdiction, authority reasonably deemed by the Company's counsel to be necessary for the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the non-issuance or sale of such shares as to which such requisite authority shall not have been obtained.

Section 11. Non-transferability.

(a) Except as provided in Section 11(b), an Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution.

(b) The Committee may, in its discretion, authorize all or a portion of the Nonqualified Stock Options to be granted to a Participant to be on terms which permit transfer by such Participant to (a) the spouse, children or grandchildren of the optionee ("Immediate Family Members"), (b) a trust or trusts for the exclusive benefit of such Immediate Family Members, or (c) a partnership in which such Immediate Family Members are the only partners, provided that (i) there may be no consideration for any such transfer, (ii) the Option Agreement (defined below) pursuant to which such Options are granted must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section 11, and (iii) subsequent transfers of transferred Options shall be prohibited except those in accordance with Section 11(a). Following transfer, any such Options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that for purposes of Sections 9 and 10 hereof the term "Participants" shall be deemed to refer to the transferee. The events of termination of employment of Section 25 hereof shall continue to be applied with respect to the original Participant, following which the Options shall be exercisable by the transferee only to the extent, and for the periods specified in the Option Agreement. Any permitted transferee shall be required prior to any transfer of an Option or shares of Common Stock acquired pursuant to the exercise of an Option to execute a written undertaking to be bound by the provisions of the applicable Option Agreement.

Section 12. Adjustments Upon Capitalization and Corporate Changes; Substitute Options. Subject to Section 15(b) hereof, if the outstanding shares of the Common Stock of the Company are changed into, or exchanged for, a different number or kind of shares or securities of the Company through reorganization, merger, recapitalization or reclassification, or if the number of outstanding shares is changed through a stock split, stock dividend, stock consolidation or like capital adjustment, or if the Company makes a distribution in partial liquidation or any other comparable extraordinary distribution with respect to its Common Stock, an appropriate adjustment shall be made by the Committee in the number, kind or Option Price of shares as to which Options may be granted. A corresponding adjustment shall likewise be made in the number, kind or Option Price of shares with respect to which unexercised Options have theretofore been granted. Any such adjustment in an outstanding Option, however, shall be made without change in the total price applicable to the unexercised portion of the Option but with a corresponding adjustment in the price for each share covered by the Option. In making such adjustments, or in determining that no such adjustments are necessary, the Committee may rely upon the advice of counsel and accountants to the Company, and the good faith determination of the Committee shall be final, conclusive and binding. No fractional shares of stock shall be issued under the Plan on account of any such adjustment.

If the Company at any time should succeed to the business of another corporation through a merger or consolidation, or through the acquisition of stock or assets of such corporation or its subsidiaries, Options may be granted under the Plan to option holders of such corporation or its subsidiaries, in substitution for options to purchase stock of such corporation held by them at the time of succession. The Committee, in its sole and absolute discretion, shall determine the extent to which such substitute Options shall be granted (if at all), the person or persons to receive such substitute Options (who need not be all option holders of such corporation), the number of Options to be received by each such person, the Option Price of such Option (which may be determined without regard to Section 6 hereof) and the terms and conditions of such substitute Options; provided, however, that the Option Price of each such substituted Option which is an Incentive Stock Option shall be an amount such that, in the sole and absolute judgment of the Committee (and in compliance with Section 424(a) of the Code in the case of an Incentive Stock Option), the economic benefit provided by such Option is not greater

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than the economic benefit represented by the option in the acquired corporation as of the date of the Company's acquisition of such corporation. Notwithstanding anything to the contrary herein, no Option shall be granted, nor any action taken, permitted or omitted, which would cause the Plan, or any Options granted hereunder as to which Rule 16b-3 under the Exchange Act may apply, not to comply with such Rule 16b-3.

Section 13. Option Agreement. Each Option granted under the Plan shall

be evidenced by a written stock option agreement ("Option Agreement") executed by the Company and the Participant which (a) shall contain each of the provisions and agreements herein specifically required to be contained therein; (b) shall indicate whether such Option is to be an Incentive Stock Option or a Nonqualified Stock Option, and if an Incentive Stock Option, shall contain terms and conditions permitting such Option to qualify for treatment as an incentive stock option under Section 422 of the Code; and (c) may contain such other terms and conditions as the Committee deems desirable and which are not inconsistent with the Plan.

Section 14. Rights as a Stockholder. A Participant or permitted transferee of a Participant shall have no rights as a stockholder with respect to any shares covered by an Option until the date of an entry evidencing such ownership is made in the stock transfer books of the Company (the "Exercise Date"). No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the Exercise Date.

Section 15. Termination of Options, Acceleration of Options.

(a) Each Option shall terminate and expire, and shall no longer be subject to exercise, as the Committee may determine in granting such Option, and each Option granted under the Plan shall set forth a termination date thereof, which, subject to earlier termination as set forth in Section 7 or this Section 15 hereof, or as otherwise set forth in each particular Option Agreement, with respect to Nonqualified Stock Options, shall be no later than ten years from the date such Option is granted, and with respect to Incentive Stock Options, shall also be no later than ten years from the date such Option is granted, unless the Participant is a ten percent (10%) stockholder of the Company (as described in Section 422(b)(6) of the Code, and determined after taking into account the constructive ownership rules of Section 424(d) of the Code) at the time such Option is granted, in which case the Option shall terminate and expire no later than five years from the date of the grant thereof. An Incentive Stock Option shall contain any additional termination events required by Section 422 of the Code.

(b) Subject to Section 15(c) hereof, unless the Committee shall, in its sole discretion, determine otherwise, upon (i) the dissolution, liquidation or sale of all or substantially all of the business, properties and assets of the Company, (ii) upon any reorganization, merger or consolidation in which the Company does not survive, (iii) upon any reorganization, merger, consolidation or exchange of securities in which the Company does survive and any of the Company's stockholders have the opportunity to receive cash, securities of another corporation and/or other property in exchange for their capital stock of the Company, or (iv) upon any acquisition by any person or group (as defined in Section 13(d) of the Securities Act of 1934) of beneficial ownership of more than fifty percent (50%) of the Company's then outstanding shares of Common Stock (each of the events described in clauses (i), (ii), (iii) or (iv) is referred to herein individually as an "Extraordinary Event"), the Plan and each outstanding Option shall terminate. In such event each Participant shall have the right until 10 days before the effective date of the Extraordinary Event to exercise, in whole or in part, any unexpired Option or Options issued to the Participant, to the extent that said Option is then vested and exercisable pursuant to the provisions of said Option or Options and of Section 7 hereof.

The termination of employment of, or the termination of a consulting relationship with, a Participant for any reason shall not accelerate or otherwise affect the number of shares with respect to which an Option may be exercised; provided, however, that the Option may only be exercised with respect to that number of shares which could have been purchased under the Option had the Option been exercised by the Participant on the date of such termination.

(c) Notwithstanding the provisions of Section 7 or paragraphs (a) or (b) of this Section 15, or any provision to the contrary contained in a particular Option Agreement, the Committee, in its sole discretion, at any

time, or from time to time, may elect to accelerate the vesting of all or any portion of any Option then outstanding. The decision by the Committee to accelerate an Option or to decline to accelerate an Option shall be final,

conclusive and binding. In the event of the acceleration of the exercisability of Options as the result of a decision by the Committee pursuant to this Section 15(c), each outstanding Option so accelerated shall be exercisable for a period from and after the date of such acceleration and upon such other terms and conditions as the Committee may determine in its sole discretion; provided, however, that such terms and conditions (other than terms and conditions relating solely to the acceleration of exercisability and the related termination of an Option) may not adversely affect the rights of any Participant without the consent of the Participant so adversely affected. Any outstanding Option which has not been exercised by the holder at the end of such stated period shall terminate automatically and become null and void.

Section 16. Withholding of Taxes. The Company, or a Subsidiary, as the case may be, may deduct and withhold from the wages, salary, bonus and other income paid by the Company or such Subsidiaries to the Participant the requisite tax upon the amount of taxable income, if any, recognized by the Participant in connection with the exercise in whole or in part of any Option, or the sale of Common Stock issued to the Participant upon the exercise of an Option, as may be required from time to time under any federal or state tax laws and regulations. This withholding of tax shall be made from the Company's (or such Subsidiaries') concurrent or next payment of wages, salary, bonus or other income to the Participant or by payment to the Company (or such Subsidiaries) by the Participant of the required withholding tax, as the Committee may determine. The Company may permit the Participant to elect to surrender, or authorize the Company to withhold, shares of Common Stock (valued at their fair market value on the date of surrender or withholding of such shares) in satisfaction of the Company's withholding obligation, subject to such restrictions as the Committee deems necessary to satisfy the requirements of Rule 16b-3. However, no fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid, by the Company. The Company shall have the right to deduct fractional shares to be paid to the Participant as a result of such surrender or withholding of shares.

Section 17. Effectiveness and Termination of Plan. The Plan shall be effective on the date on which it is adopted by the Board, provided the Plan is approved by the stockholders of the Company within twelve (12) months of December 5, 1995 and on or prior to the date of the first annual meeting of stockholders of the Company held subsequent to the acquisition of an equity security by a Participant hereunder for which exemption is claimed under Rule 16b-3. Notwithstanding any provision of the Plan or in any Option Agreement, no Option shall be exercisable prior to such stockholder approval. The Plan shall terminate at the earliest of the time when all shares of Common Stock which may be issued hereunder have been so issued, or at such time as set forth in Section 15(b) hereof; provided, however, that the Board may in its sole discretion terminate the Plan at any other time. Unless earlier terminated by the Board, the Plan shall terminate on December 5, 2005. Subject to Section 15(b) hereof, no such termination shall in any way affect any Option then outstanding.

Section 18. Time of Granting Options. The date of grant of an Option shall, for all purposes, be the date on which the Committee makes the determination granting such Option. Notice of the determination shall be given to each Participant to whom an Option is so granted within a reasonable time after the date of such grant.

Section 19. Amendment of Plan. The Board may (a) make such changes in the terms and conditions of granted Options as it deems advisable, provided each Participant adversely affected by such change consents thereto, and (b) make such amendments to the Plan as it deems advisable. Such amendments and changes shall include, but not be limited to, acceleration of the time at which an Option may be exercised, but may not, without the written consent or approval of the holders of a majority of that voting stock of the Company which is represented and is entitled to vote at a duly held stockholder's meeting (i) increase the maximum number of shares subject to Options, except pursuant to Section 12 hereof, (ii) change the designation of the class of employees eligible to receive Incentive Stock Options, or (iii) in any manner modify the Plan such that it fails to meet the requirements of Rule 16b-3 of the Exchange Act for the exemption of the acquisition, cancellation, expiration or surrender of Options from the operation of Section 16(b) of the Exchange Act.

Section 20. Transfers and Leaves of Absence. For purposes of the Plan, (a) a transfer of a Participant's employment or consulting relationship, without an intervening period, between the Company and a Subsidiary

shall not be deemed a termination of employment or a termination of a consulting relationship, and (b) a Participant who is granted in writing a leave of absence shall be deemed to have remained in the employ of, or in a consulting relationship with, the Company (or a Subsidiary, whichever is applicable) during such leave of absence. Notwithstanding the foregoing, for purposes of determining the exercisability of an Incentive Stock Option, a Participant who is on a leave of absence that exceeds ninety (90) days will be considered to have terminated his or her employment on the ninety-first (91st) day of the leave of absence, unless the Participant's rights to reemployment are guaranteed by statute or contract.

Section 21. No Obligation to Exercise Option. The granting of an Option shall impose no obligation on the Participant to exercise such Option.

Section 22. Governing Law. The Plan and any Option granted pursuant to the Plan shall be construed under and governed by the laws of the State of Delaware without regard to conflict of law provisions thereof.

Section 23. Not an Employment or Other Agreement. Nothing contained in the Plan or in any Option Agreement shall confer, intend to confer or imply any rights of employment or any rights to any other relationship or rights to continued employment by, or rights to a continued consulting relationship with, the Company or any Subsidiaries in favor of any Participant or limit the ability of the Company or any Subsidiaries to terminate, with or without cause, in its sole and absolute discretion, the employment of, or relationship with, any Participant, subject to the terms of any written employment or other agreement to which a Participant is a party.

Section 24. Rule 16b-3. It is intended that the Plan and any grant of an Option made to a person subject to Section 16 of the Exchange Act meet all of the requirements of Rule 16b-3. If any provision of the Plan or any such grant would disqualify the Plan or such grant under, or would not otherwise comply with, Rule 16b-3, such provision or grant shall be construed or deemed amended to conform to Rule 16b-3.

Section 25. Termination of Employment. The terms and conditions under which an Option may be exercised after a Participant's termination of employment shall be determined by the Committee and shall be specified in the Option Agreement. The conditions under which such post-termination exercises shall be permitted with respect to Incentive Stock Options shall be determined in accordance with the provisions of Section 422 of the Code.

Section 26. Indemnification. In addition to such other rights of indemnification as they may have as directors, the members of the Board or Committee shall be indemnified by the Company to the fullest extent permitted by law against the reasonable expenses, including reasonable attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Option granted thereunder, and against all amounts paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is not entitled to indemnification under applicable law; provided that within 60 days after institution of any such action, suit or proceeding such Committee member shall in writing offer the Company the opportunity, at the Company's expense, to handle and defend the same.

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SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

FILED BY THE REGISTRANT [X]
FILED BY A PARTY OTHER THAN THE REGISTRANT []

- CHECK THE APPROPRIATE BOX:
[X] PRELIMINARY PROXY STATEMENT
[] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
[] DEFINITIVE PROXY STATEMENT
[] DEFINITIVE ADDITIONAL MATERIALS
[] SOLICITING MATERIAL PURSUANT TO SECTION 240.14a-11(c) OR SECTION 240.14a-12

PIA MERCHANDISING SERVICES, INC.

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

N/A

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

- PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):
[X] NO FEE REQUIRED
[] FEE COMPUTED ON TABLE BELOW PER EXCHANGE ACT RULES 14a-6(i)(1) AND 0-11.

1) TITLE OF EACH CLASS OF SECURITIES TO WHICH TRANSACTION APPLIES:

2) AGGREGATE NUMBER OF SECURITIES TO WHICH TRANSACTION APPLIES:

3) PER UNIT PRICE OR OTHER UNDERLYING VALUE OF TRANSACTION COMPUTED PURSUANT TO EXCHANGE ACT RULE 0-11 (SET FORTH THE AMOUNT ON WHICH THE FILING FEE IS CALCULATED AND STATE HOW IT WAS DETERMINED):

4) PROPOSED MAXIMUM AGGREGATE VALUE OF TRANSACTION:

5) TOTAL FEE PAID:

- [] FEE PAID PREVIOUSLY WITH PRELIMINARY MATERIALS.
[] CHECK BOX IF ANY PART OF THE FEE IS OFFSET AS PROVIDED BY EXCHANGE ACT RULE 0-11(a)(2) AND IDENTIFY THE FILING FOR WHICH THE OFFSETTING FEE WAS PAID PREVIOUSLY. IDENTIFY THE PREVIOUS FILING BY REGISTRATION STATEMENT NUMBER, OR THE FORM OR SCHEDULE AND THE DATE OF ITS FILING.

1) AMOUNT PREVIOUSLY PAID:

2) FORM, SCHEDULE OR REGISTRATION STATEMENT NO.:

3) FILING PARTY:

4) DATE FILED:

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title as such.

The signer hereby revokes all proxies heretofore given by the signor to vote at said meeting or any adjournments thereof.

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