

**HEIDRICK & STRUGGLES**

2014 Annual Report

WE HELP OUR CLIENTS  
CHANGE THE WORLD,  
ONE LEADERSHIP TEAM  
AT A TIME.™



## FELLOW SHAREHOLDERS:

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"We help our clients change the world, one leadership team at a time."™

This purpose motivates the people of Heidrick & Struggles and guides our unrelenting focus on the success of our clients. We work as trusted advisors to help our clients identify and develop visionary, impactful leaders who build and direct high-performance teams and healthy, productive cultures that can thrive in a volatile and uncertain world.

### The Year Completed

In 2014, we made significant progress to strengthen our business and improve the foundation for sustainable, profitable growth. We improved each of our key business and financial metrics. We grew our base of consultants, confirmed more executive search and culture shaping engagements, improved average revenue per search and increased productivity. These achievements all contributed to growth in net revenue, operating margin, EBITDA\* and net income, and helped drive our 14 percent share price appreciation in 2014.

Additionally, we began our most significant cross-service solutions engagement to date, for a multi-billion-dollar industrial enterprise that includes culture shaping, leadership assessment and development, and executive search. Senn Delaney, the preeminent voice in organizational culture transformation, achieved the best results in its 37-year history, including a more than 50 percent increase in culture-shaping projects for companies with more than 10,000 employees. We also launched two analytic assessment tools, Executive Culture Profile™ and Leadership Signature™, to further distinguish the depth of insight we bring to our clients.

These results represent solid progress toward many of the initial goals established at Heidrick & Struggles a year ago, namely to strengthen our business by attracting and retaining extraordinary talent, fostering collaboration and teamwork across our global platform, and delivering higher levels of strategic advice to our clients.

### Moving Forward: Leadership as a Competitive Asset

This is a great time to be in our business. More than ever, top executives and boards of directors acknowledge the critical role of talent and leadership in building and sustaining competitive advantage. As the issue of attracting, developing and retaining the right talent moves to the top of the corporate agenda, we believe we are uniquely well positioned to successfully address it.

Our comprehensive and strategic approach to leadership and talent will help propel the success of our clients through the turbulent operating environments that have become the new normal. Heidrick & Struggles will thrive in that world as well. Our work "at the top"— global CEO and board director searches, as well as CEO succession planning and board effectiveness engagements— continues to be a standard-bearer in our industry. We will look to build further on the positive trend of our combined search and leadership consulting engagements.

We are focused on leveraging what we accomplished in 2014 to deliver an even deeper level of service to our clients, expand our advisory platform, accelerate growth and drive shareholder value— in 2015 and beyond.

We are encouraged by the progress of our recently hired and promoted consultants and believe they will grow increasingly successful and productive on our platform. We will continue to invest in the development, support and engagement of our people, with the goal of being the employer of choice for highly motivated professionals in our industry.

To increase the depth and breadth of our client service capabilities, we will grow our Leadership Consulting and Culture Shaping expertise globally, providing a comprehensive array of leadership services that can be tailored to meet our clients' talent and leadership needs. Throughout our business, we will invest wisely to grow our industry expertise and extend our geographic reach where we see opportunity to better serve clients and deliver a healthy return to our shareholders.

I would like to thank each of our nearly 1,500 colleagues for our 2014 results. With a new sense of confidence in our future, we have embraced our mission of going to market as a one-firm, trusted advisor providing diversified leadership solutions to the world's leading organizations. There is great opportunity ahead for Heidrick & Struggles and for the clients we are privileged to serve.

Sincerely,



**Tracy R. Wolstencroft**  
President and Chief Executive Officer

\*EBITDA refers to earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation expense, compensation expense associated with Senn Delaney retention awards, earnout accretion expense related to acquisitions, restructuring charges, and other non-operating income (expense). EBITDA is a non-GAAP financial measure.

## EXECUTIVE OFFICERS

Tracy R. Wolstencroft  
President and  
Chief Executive Officer

Stephen W. Beard  
Executive Vice President,  
General Counsel and  
Chief Administrative Officer

Richard W. Greene  
Executive Vice President and  
Chief Human Resources Officer

Jory J. Marino  
Executive Vice President  
and Head of Global Markets

Richard W. Pehlke  
Executive Vice President and  
Chief Financial Officer

Krishnan Rajagopalan  
Executive Vice President  
and Head of Global Practices

## BOARD OF DIRECTORS

Richard I. Beattie \*(2)  
Chairman of the Board  
and Senior Chairman  
Simpson Thacher & Bartlett LLP

John A. Fazio \*(1+)  
Former Senior General Practice Partner  
Pricewaterhouse Coopers

Mark Foster \*(3)  
Former Group Chief Executive  
Management Consulting and  
Head of Global Markets  
Accenture PLC

Robert S. Kaplan\*(2) (3)  
Senior Associate Dean and Martin  
Marshall Professor of Management  
Practice in Business Administration,  
Harvard Business School

Jill Kanin-Lovers \*(1) (3+)  
Former Senior Vice President,  
Human Resources and  
Workplace Management  
Avon Products, Inc.

Gary E. Knell \*(2+)  
President and Chief Executive Officer  
National Geographic Society

Robert E. Knowling, Jr. \*(1) (2)  
Chairman  
Eagles Landing Partners

V. Paul Unruh \*(1) (3)  
Former Vice Chairman  
Bechtel Group Inc.

Tracy R. Wolstencroft  
President and  
Chief Executive Officer

\* Independent Director  
(1) Member, Audit and Finance Committee  
(2) Member, Nominating and Board  
Governance Committee  
(3) Member, Human Resources and  
Compensation Committee  
+ denotes committee chair

### Annual Meeting

The annual meeting of shareholders will be held on Thursday, May 21, 2015 at 9 a.m. EDT, at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017

### Stock Transfer Agent and Registrar

For address changes, account consolidation, registration changes, stock holdings and lost stock certificates, please contact:

Computershare / BNY Mellon  
Shareholder Services  
480 Washington Boulevard  
Jersey City, NJ 07310-1900  
866 892 5631

Shareholders can also obtain account information through Investor Service Direct at: [www.bnymellon.com/shareowner/isd](http://www.bnymellon.com/shareowner/isd)

### Independent Registered Public Accounting Firm

KPMG LLP, Chicago, Illinois

### Exchange Listing

Our common stock has been listed on the Nasdaq Global Select Market under the Symbol HSII since our initial public offering in April 1999.

### SEC Filings & Investor Contact Information

Filings with the Securities and Exchange Commission and other investor information are available through our website at [www.heidrick.com](http://www.heidrick.com), or by request to the Investor Relations Department by mail at our corporate headquarters address, by email at [investorrelations@heidrick.com](mailto:investorrelations@heidrick.com) or by telephone at 312 496 1774.

### Corporate Governance

Visit the Who We Are section of our website at [www.heidrick.com](http://www.heidrick.com) to see our corporate governance documents, including the Code of Business Conduct, Corporate Governance Guidelines, Director Independence Standards and Charters of our Audit and Finance Committee, Nominating and Board Governance Committee and Human Resources and Compensation Committee.

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### Safe Harbor Statement

This annual report contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry in which we operate and management's beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," and similar expressions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, forecasted or implied in the forward-looking statements. Factors that may affect the outcome of the forward-looking statements include, among other things, our ability to attract, integrate, manage and retain qualified executive search consultants; our ability to develop and maintain strong, long-term relationships with our clients; declines in the global economy and our ability to execute successfully through business cycles; the timing, speed or robustness of any future economic recovery; social or political instability in markets where we operate, the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; price competition; the ability to forecast, on a quarterly basis, variable compensation accruals that ultimately are determined based on the achievement of annual results; our ability to utilize our tax losses; the timing of the establishment or reversal of valuation allowance on deferred tax assets; the mix of profit and loss by country; our reliance on information management systems; any impairment of our goodwill and other intangible assets; and the ability to align our cost structure and headcount with net revenue. For more information on the factors that could affect the outcome of forward-looking statements, refer to our Annual Report on Form 10-K for the year ended December 31, 2014, under Risk Factors in Item 1A and our quarterly filings with the SEC. We caution the reader that the list of factors may not be exhaustive. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

