



“Tomorrow is going to be as different
as today’s talent can imagine it to be.”

HEIDRICK & STRUGGLES

2007 Annual Report

“Which countries have the strongest pipeline? Where will talent thrive over the next five years? What will change?”



Global Talent Map

See the inside back cover for more information on this groundbreaking study.

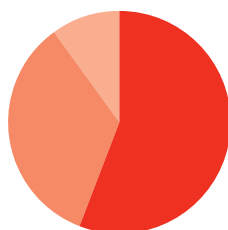
Company Profile

Securing a company's prosperous future through the acquisition and continuous development of leadership talent is an ongoing process – and one of the most critical endeavors a company will pursue. That is why so many top companies have turned to Heidrick & Struggles as their business partner and strategic advisor. Operating from the world's principal business centers Heidrick & Struggles offers clients a comprehensive approach to leadership acquisition, assessment and development through a single source and on a global scale. Organizations the world over rely on our expertise to help assemble and maintain powerful and diverse leadership teams.

In our 55-year history, we have conducted some of the most noted chief executive and board director searches in business. In fact, we've built our reputation as the world's premier executive search firm by working at the top – recruiting senior-level executives for a broad spectrum of client organizations representing every industry. Our renowned executive search capability is augmented by a full complement of leadership consulting services that drive required organizational change, enhance leadership team effectiveness, and support long-term talent management.

We offer a collaborative and consultative approach to executive search based on a thorough understanding of the strategic, cultural, financial and operational issues our clients face. Our consultants work in teams through a matrix structure, organized by geography, industry practices, and functional specialties, as well as by complementary leadership consulting services. This specialization provides us with exceptional access to an astonishing pool of worldwide executive talent. With more than 60 locations and more than 1,600 employees around the world, we have the resources and contacts necessary to conduct a global, multinational, national or local market search.

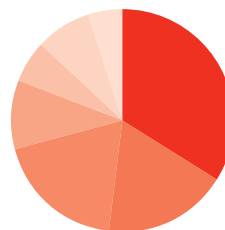
Year Ended December 31,	2003	2004	2005	2006	2007
Confirmed Searches	3,757	3,975	4,077	4,447	5,102
Productivity (\$ in millions) <i>Average Annualized Revenue per Executive Search Consultant</i>	\$0.9	\$1.2	\$1.3	\$1.3	\$1.5
Average Number of Consultants	328	299	307	348	401
Average Fee per Executive Search	\$81,100	\$91,400	\$97,100	\$101,100	\$114,900



Americas 54%
Europe 33%
Asia Pacific 13%

Diverse Geographic Mix*

**As a percentage of net revenue for the year ended December 31, 2007*



Financial Services 33%
Industrial 21%
Consumer 18%
Technology 10%
Health Care 9%
Professional Services 7%
Education / Nonprofit / Other 2%

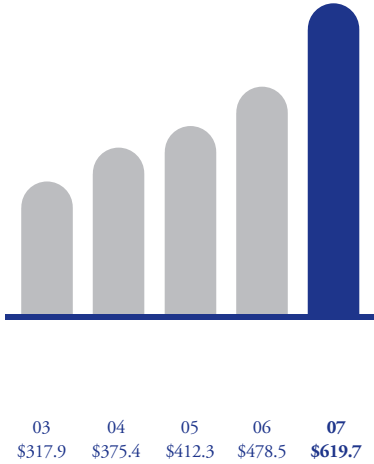
Broad Industry Group Mix*

**As a percentage of net revenue for the year ended December 31, 2007*

Financial Highlights

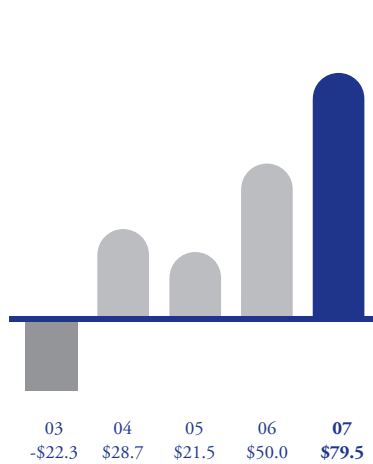
Net Revenue*

* \$ in millions; excludes reimbursements



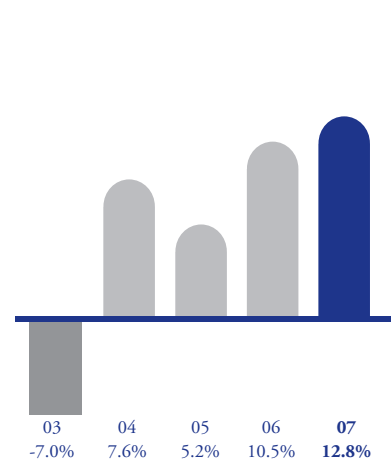
Operating Income*

* \$ in millions; reported GAAP



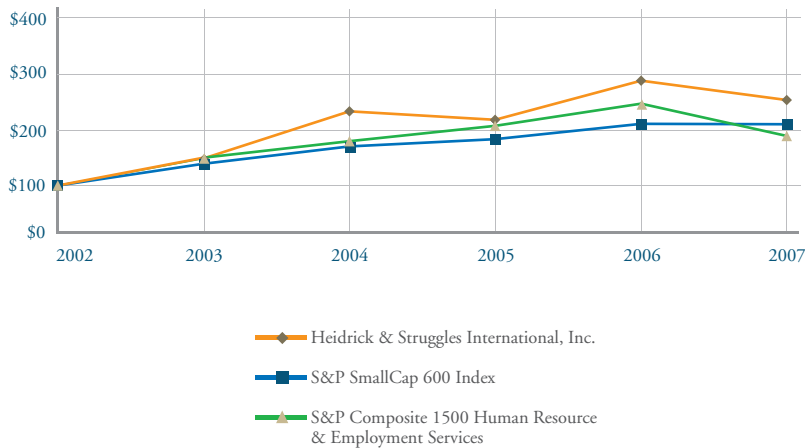
Operating Margin*

* Operating income as a percentage of net revenue; reported GAAP



Comparison of Five-Year Cumulative Total Return*

Comparison is among Heidrick & Struggles, the S&P SmallCap 600 Index and the S&P Composite 1500 Human Resource & Employment Services Index. The S&P Composite 1500 Human Resource & Employment Services Index includes 13 companies in related businesses, including Heidrick & Struggles.



* Assuming \$100 invested on 12/31/01 in HSII or index, including reinvestment of dividends.
Source: Standard & Poor's



“Employers must do everything they can to cultivate a powerful, persuasive reputation for talent management if they are to safeguard their long-term talent resources.”

Letter to Our Shareholders



Heidrick & Struggles celebrated a year of records in 2007: record net revenue, record operating income, and record operating margin. All three metrics were the best in our 55-year history and we are very proud of these results. They represent the collective efforts of more than 1,600 employees around the world and I would like to thank them personally once again.

During 2007 net revenue of \$619.7 million increased 29.5 percent over 2006. Regionally, the Americas grew 25.7 percent, Europe grew 26.8 percent and Asia Pacific grew 58.8 percent. We opened four new offices: Auckland, Moscow, Dubai, and Geneva. And in January 2008 we established an office in Bangkok, bringing our total network to more than 60 offices in 33 countries. With the Asia Pacific and Europe regions turning in record revenue in 2007, 50 percent of our revenue was from outside the United States — a testimony to the geographic diversity of our business.

All of our revenue drivers contributed to growth in 2007. We confirmed 5,102 executive searches, up 15 percent from 2006, at an average fee per search of \$114,900, or 14 percent higher than in 2006. The increase in average fee per search was driven by growth in all three regions, but most notably from Europe and Asia Pacific where we made a conscious effort to move up market and conduct work at higher levels in the C-suite. It also reflects the increasingly competitive market for top talent, which in turn is driving up wages. The fact that our average fee per executive search was at least 10 percent higher than the average of four of the top global search firms in the world is testament to the strength of the Heidrick & Struggles brand in C-suite and board searches.

Consultant headcount at December 31, 2007 was 386 and our recruiting pipeline is strong. Through the annual promotion process as well as through new hires completed in the first two months of this year, our consultant headcount is 411. Productivity, which we define as average revenue per executive search consultant, improved to \$1.5 million in 2007, up from \$1.3 million in 2006. We believe we can drive that number even higher, so this important metric will be a continued focus for us in 2008.

Record operating income of \$79.5 million in 2007 increased 58.9 percent compared to 2006, and the operating margin improved to 12.8 percent, up from 10.5 percent in 2006. These results clearly demonstrate that the efforts previously initiated to accelerate rev-

enue growth and improve profitability have been effective. We are a very different company today than we were seven years ago, having firmly established a culture of performance based on profitable growth.

Demographic and secular trends continue to drive demand for our executive search and leadership consulting services even with lingering uncertainty in the U.S. market. As we look into 2008 we are extremely positive — we continue to see a healthy level of activity across our offices and practices. The alignment of our business with practice groups continues to meet with great success. We are confident we are winning business by presenting a truly global and integrated capability to the market. In 2007, 83 clients generated at least \$1 million in fees, up from 62 clients in 2006 and 53 in 2005. Our goal for 2008 is to have 100 clients generating at least \$1 million in fees. Leveraging ourselves as partners with these key client accounts makes us less transactional and allows us to add more value through our advisory positioning.

In fact, we are also providing more leadership consulting services to our clients, both before and after searches are won. You can hardly pick up a paper today without reading about succession planning and we are helping companies manage this very important responsibility. And such complementary services as executive assessment and on-boarding remain popular offerings among our clients. Our leadership consulting services are more integral to our business than ever before and have helped us win several high profile CEO searches. In 2007, revenue from leadership consulting services grew 57 percent and now represents just under 5 percent of total net revenue.

Our key priorities for 2008 are to capture market share and grow our core business by recruiting consultants in specific sub sectors or geographies, developing more key accounts, and making acquisitions. We are committed to completing accretive deals that we can integrate quickly and efficiently. We have been actively reviewing a number of acquisition targets around the world that would enhance our presence in certain sub-sectors, add to our leadership consulting potential, or improve our talent management capabilities.

I want Heidrick & Struggles to continue to be an innovator in executive search, so another priority is to transform our business through strategic alliances, joint ventures or investments in order to identify new management talent, improve our consultants' productivity, and drive growth.

In the past year we have enhanced our business model and positioned ourselves for the future by pursuing strategic partnerships with organizations that can provide us with added intelligence about — and access to — new management talent. We announced several of these strategic partnerships last year:

- We partnered with The Economist Intelligence Unit on a joint study that, using a series of quantitative metrics, tracked where executive talent is most readily found today and where it is likely to be in the next five years. If talent is the oil of our future, we need to pinpoint the hotspots, identify the reserves and know how fast the pipelines can get up and running. Media interest from countries around the world in the results of this study has far exceeded our expectations and further raised the awareness of the demand for talent and our ability to find it.
- We are creatively leveraging our partnership with the World Economic Forum. We have supported their prestigious Young Global Leaders Program by assessing more than 400 of the nominees, as part of our broader commitment to the next generation of talent. And in September I spoke at the summer version of Davos, held in Dalian, China, and can attest to the fact that finding the right senior talent to manage the growth of global companies was top of mind for most every CEO that I met.
- We have established an alliance with NASDAQ to enhance its board recruiting product, which will generate new revenue streams and open new opportunities to strengthen client relationships through work at the highest level.

In early 2008 we announced our investment in a technology company called VisualCV, an internet-based career management company. We are using VisualCV's innovative technology to build our own proprietary, high-end platform that is private and secure for our elite communities of executive-level candidates and clients.

Beyond these business initiatives we continue to seek out ways to make Heidrick & Struggles a better place to work for our employees. For instance, in 2007 we were pleased to be recognized as a “carbon neutral” company through our hard work to improve how we conduct our business in relation to climate change – such efforts are becoming increasingly important to our employees and other stakeholders. And we took our matching gifts and strategic philanthropy programs and formalized them globally under The Heidrick & Struggles Foundation.

We are off to a great start so far and excited about the prospects for 2008 and beyond. We believe that our global footprint and industry sector diversification, combined with the short- and long-term secular trends driving demand for our executive search and leadership consulting services, will provide buffer from the kind of downturn experienced seven years ago. On behalf of our board of directors and management team, I extend thanks to our clients, candidates, employees, and shareholders for their continued support. We are in the strongest financial position in our history and remain committed to profitable growth.



L. Kevin Kelly
Chief Executive Officer

“Talent is the new oil
and just like oil, demand
far outstrips supply.”

“Companies that want to flourish
in the future must adopt a
global view of recruitment.”





Global Presence

With more than 60 locations and more than 1,600 employees around the world, we have the resources and contacts necessary to conduct a global, multinational, national, or local market search. This structure allows us to be as responsive as a boutique firm yet serve our clients with the support of a global partnership.

North America

Atlanta
Boston
Charlotte
Chicago
Cleveland
Dallas
Denver
El Segundo
Encino
Houston
Los Angeles
Menlo Park
Miami
Minneapolis
New York (Park Avenue)
New York (Wall Street)
Philadelphia
San Francisco
Stamford
Toronto
Tysons Corner
Washington, D.C.

Latin America

Bogota
Buenos Aires
Mexico City
Santiago
São Paulo

Europe

Amsterdam
Barcelona
Brussels
Copenhagen
Düsseldorf
Frankfurt
Geneva
Hamburg

Helsinki
Istanbul
Lisbon
London
Madrid
Milan
Moscow
Munich
Paris
Rome
Stockholm
Vienna
Warsaw
Zürich

Middle East/Africa

Beirut
Johannesburg
Dubai

Asia Pacific

Auckland
Bangkok
Beijing
Chongqing
Hong Kong
Melbourne
Mumbai
New Delhi
Seoul
Shanghai
Singapore
Sydney
Taipei
Tokyo



Global Leadership

Board of Directors

Richard I. Beattie * (2+) (3)
Chairman, Simpson Thacher & Bartlett LLP.
Member of that firm since 1968.

António Borges * (2)
Vice Chairman, Goldman
Sachs International since 2000.

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

Jill Kanin-Lovers * (1) (3+)
Former Senior Vice President, Human Resources,
Avon Products, Inc. from 1998 to 2004.

L. Kevin Kelly
Chief Executive Officer since 2006.

Gary E. Knell * (2)
President and Chief Executive Officer
Officer, Sesame Workshop since 2000.

Robert E. Knowling Jr. * (1) (3)
Chief Executive Officer,
Vercuity since 2005.

Gerard R. Roche
Senior Chairman since 1999.

V. Paul Unruh * (1)
Retired. Former Vice Chairman,
Bechtel Group, Inc. from 2001 to 2003.

* 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

Executive Committee

L. Kevin Kelly
Chief Executive Officer

K. Steven Blake
Chief Legal Officer and Corporate Secretary

Gerry Davis
Regional Managing Partner, Asia Pacific

Valerie E. Germain
Managing Partner, Strategic Partnerships

Sanjay Gupta
Chief Information Officer

Michele C. Heid
Managing Partner (Americas),
Financial Officers Practice

Eileen A. Kamerick
Chief Financial Officer and
Chief Administrative Officer

David Peters
Regional Managing Partner, EMEA

Krishnan Rajagopalan
Managing Partner (Global, Americas),
Business & Professional Services Practice



“The generation born between 1977 and 2005 will have had an average of 14 jobs by the time they are 38. This generation is more demanding, fickle and sophisticated than any other. Sophisticated talent demands sophisticated talent management.”



Shareholder Information

Corporate Headquarters

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Chicago, Illinois 60606-6303
+1 312 496 1200
www.heidrick.com

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

Annual Meeting

The annual meeting of shareholders will be held at 9:00 a.m. EDT, Thursday, May 22, 2008, at InterContinental The Barclay, New York, New York.

Stock Transfer Agent and Registrar

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

BNY Mellon Shareowner Services
480 Washington Boulevard
Jersey City, NJ 07310
+1 866 892 5631

Shareholders can also obtain account information through Investor ServiceDirect at www.melloninvestor.com.

Independent Registered Public Accounting Firm

KPMG LLP
Chicago, Illinois

S.E.C. Filings and Investor Information

Filings with the Securities and Exchange Commission and other investor information are available through our website or by request to the Investor Relations Department.

Investor Contact

Shareholders, analysts and investors may contact the Investor Relations Department at our corporate headquarters address, through our website at www.heidrick.com, by email at investorrelations@heidrick.com, or by telephone at +1 312 496 1366.

Corporate Governance

Visit the About Us section of our website at www.heidrick.com to see our corporate governance documents, including our 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.



“The successful organizations of the future will be those able not just to attract the brightest global talent, but nurture, develop and retain it by offering a compelling work environment and sophisticated succession strategies.”



Safe Harbor Statement

This annual report contains forward-looking statements. The forward-looking statements 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 and retain qualified executive search consultants; the condition of the economies in the United States, Europe, or elsewhere; social or political instability in markets where we operate; the impact of foreign currency exchange rate fluctuations; 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 realize our tax loss carryforwards; the timing of a partial release or full reversal of deferred tax asset valuation allowance; the mix of profit and loss by country; an impairment of our goodwill and other intangible assets; and delays in the development and/or implementation of new technology and systems. Our reports filed with the U.S. Securities and Exchange Commission also include information on factors that may affect the outcome of forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The Global Talent Map

In a unique research study, carried out in conjunction with the Economist Intelligence Unit, Heidrick & Struggles measured where talent is located in the world today and where it will be five years from now. The study examines: Which countries have the strongest pipeline? Where will talent thrive over the next five years? What will change, and how will this impact how companies plan strategically for the medium term?

The quotations interspersed throughout this annual report come from the study and related materials. To download an electronic version of the study or to order a hard copy, visit our home page, www.heidrick.com.



HEIDRICK & STRUGGLES
Global Talent Index 2007–2012

In partnership with

Economist Intelligence Unit

The Economist

Global Talent Index scores in 2012 – numbers represent how countries score at nurturing talent



HEIDRICK & STRUGGLES



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as today’s talent can imagine it to be.”