

HEIDRICK & STRUGGLES INTERNATIONAL INC
Form DEF 14A
April 22, 2016
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SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- 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 under Rule 14a-12

Heidrick & Struggles International, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- 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:

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT**

DATE: May 26, 2016
TIME: 9:00 a.m. Eastern Daylight Time
PLACE: Law Offices of Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, NY 10017-3954

April 22, 2016

I am pleased to invite you to attend the 2016 Annual Meeting of Stockholders of Heidrick & Struggles International, Inc.

Enclosed you will find a notice detailing the items of business expected to come before the meeting, our Proxy Statement, a form of Proxy Card and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The meeting will be held on May 26, 2016 at 9:00 a.m. Eastern Daylight Time at the Law Offices of Simpson Thacher & Bartlett LLP located at 425 Lexington Avenue, New York, NY 10017-3954.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, we hope that your shares are represented and voted at the Annual Meeting.

Thank you for your investment in and continued support of our company. I am optimistic about our future and proud to be part of an organization that has talented and dedicated people thoroughly committed to the success of our clients, our company and your investment. I look forward to welcoming many of you to our Annual Meeting.

Sincerely,

Tracy R. Wolstencroft

President and Chief Executive Officer

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HEIDRICK & STRUGGLES INTERNATIONAL, INC.

233 South Wacker Drive, Suite 4900

Chicago, Illinois 60606-6303

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date: May 26, 2016 at 9:00 a.m. Eastern Daylight Time
Place: Law Offices of Simpson Thacher & Bartlett LLP located at 425 Lexington Avenue, New York, NY 10017-3954
Items of Business: Election to our Board of Directors of the 11 director nominees named in the attached Proxy Statement.

An advisory vote to approve executive compensation (say on pay).

Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2016 fiscal year.

Transaction of such other business as may properly come before our 2016 Annual Meeting of Stockholders.

Record Date: The record date for the determination of the stockholders entitled to vote at our Annual Meeting, or any adjournments or postponements thereof, was the close of business on March 31, 2016.

How you can Vote: VIA THE INTERNET Visit the website listed on your Proxy Card.

BY TELEPHONE Call the telephone number listed on your Proxy Card.

BY MAIL Sign, date and return your Proxy Card in the enclosed envelope.

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IN PERSON By attending the meeting.

A stockholder list will be available at our principal executive offices located at 233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303, beginning May 13, 2016 during normal business hours, for examination by any stockholder registered on our stock ledger as of March 31, 2016, for any purpose germane to the Annual Meeting.

If you plan to attend the Annual Meeting, please bring proof of your ownership of Heidrick & Struggles common stock as of March 31, 2016 and valid picture identification.

Enclosed please find our Proxy Statement, Proxy Card and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Sincerely,

Stephen W. Beard

Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 26, 2016

The Proxy Statement and the Company Annual Report are available at: <http://www.heidrick.com/proxy>.

YOUR VOTE IS IMPORTANT. Whether or not you attend the meeting, we encourage you to consider the matters presented in the Proxy Statement and vote as soon as possible through any of the methods referenced above.

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ABOUT THE ANNUAL MEETING AND VOTING

This Proxy Statement contains information about the matters to be voted on at our 2016 Annual Meeting of Stockholders (Annual Meeting) as well as other information about Heidrick & Struggles International, Inc. (Heidrick, or our Company) and our corporate governance. Enclosed with this Proxy Statement you also will find a:

Proxy card (Proxy Card) explaining how you can cast your vote with regard to each matter to be voted on at our Annual Meeting; and;

Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (2015 Annual Report) containing important information regarding our Company's recent performance.

We encourage you to carefully read this Proxy Statement in its entirety before voting. The approximate date on which this Proxy Statement and accompanying materials are first being sent to holders of our common stock (Common Stock) is April 22, 2016.

Time, Date and Place of Annual Meeting

The meeting will be held on May 26, 2016 at 9:00 a.m. Eastern Daylight Time at the Law Offices of Simpson Thacher & Bartlett LLP located at 425 Lexington Avenue, New York, NY 10017-3954. Only common stockholders and their duly appointed legal proxies who present the required identification and proof of stock ownership as of the record date will be admitted to the meeting. If you need directions to the Annual Meeting, please contact Heidrick's Investor Relations Officer at 1-312-496-1200.

This Proxy Statement

Heidrick's Board of Directors (Board) is furnishing you with this Proxy Statement in order to solicit your proxy for the Annual Meeting and at any adjournment thereof. A proxy is your direction to another person to vote your shares. When you sign the enclosed Proxy Card, you will appoint certain members of our management to vote your shares at the Annual Meeting in the manner you instruct. Even if you plan to attend the Annual Meeting, you should complete, sign and return your Proxy Card in advance.

The Company has retained Alliance Advisors, L.L.C. (Alliance) to aid in the solicitation of proxies. We will pay Alliance \$9,000 as compensation for its services and will reimburse it for its reasonable out-of-pocket expenses. If the Company requests banks, brokers or other stockholder nominees to solicit proxies from beneficial owners of shares held in street name (as described below), the Company will reimburse them for their reasonable out-of-pocket expenses. We may also use our officers and other employees to solicit proxies from stockholders and will pay all costs associated with the solicitation.

Matters to Be Voted on at the Annual Meeting

The following are the matters to be voted on at our Annual Meeting, along with the voting recommendation of our Board and the page in this Proxy Statement where you can find additional information regarding the matter.

Matters Requiring Stockholder Action	Board Voting Recommendation	For More Details see Page
Election of Directors (Item 1 on the Proxy Card)	For Each Nominee	5
Advisory Vote to Approve Executive Compensation (Item 2 on the Proxy Card)	For	49
Ratification of Independent Auditors (Item 3 on the Proxy Card)	For	52

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If you return and complete your proxy by indicating how you would like your shares to be voted at the Annual Meeting, your shares will be voted in accordance with your instructions. If you return your proxy but do not indicate how you would like your shares voted, your shares will be voted in accordance with the Board's recommendations above. Stephen W. Beard, Executive Vice President, Chief Administrative Officer, General Counsel and Secretary and Richard W. Pehlke, Executive Vice President and Chief Financial Officer, will be attorneys-in-fact for all returned proxies.

Voting on Annual Meeting Matters

You are entitled to vote or direct the voting of your shares at the Annual Meeting if you were a stockholder of record at the close of business on March 31, 2016, the record date (Record Date) for the Annual Meeting. On that date, there were approximately 18,550,858 shares of Heidrick Common Stock outstanding, each of which is entitled to one vote for each matter to be voted on at the Annual Meeting, held by approximately 3,848 stockholders of record.

If you are a *stockholder of record* you may cast your vote in one of the following ways:

Via the Internet Visit the website listed on your Proxy Card.

By Telephone Call the telephone number listed on your Proxy Card.

By Mail Sign, date and return your Proxy Card in the enclosed envelope.

In Person By attending the meeting.

If you attend the Annual Meeting, you may vote in person even if you have previously submitted your proxy by mail, telephone or via the Internet. A list of the shareholders of record as of March 31, 2016 will be available for inspection during ordinary business hours at our principal executive office at 233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303, from May 13, 2016 to May 25, 2016, as well as at our Annual Meeting.

Stockholders of Record and Beneficial Owners of Shares held by Brokers in Street Name

If you hold Common Stock that is registered in your name through our transfer agent (Computershare Trust Company NA) as of the Record Date, you are a *stockholder of record*. However, if you hold shares of our Common Stock indirectly through a broker, bank or similar institution, you are *not a stockholder of record*. Rather, you are a stockholder whose shares are held in *street name*. Your broker, bank, or other nominee is considered the stockholder of record, and you are considered the *beneficial owner* of the shares.

We sent copies of our proxy materials directly to all stockholders of record. If you are a beneficial owner whose shares are held in *street name*, these materials were sent to you by the bank, broker or similar institution through which you hold your shares. As the beneficial owner, you can direct your institution as to how you would like your shares voted at the Annual Meeting.

Voting of Shares held in Street Name

If you are a beneficial owner whose shares are held in *street name* you must obtain a *legal proxy* from your bank or broker to vote at the Annual Meeting. Or you must give the institution that holds your shares instructions on how you would like your shares voted. If that organization does not receive voting instructions from you, how your shares will be voted (if at all) will depend on the type of proposal. Institutions are not authorized to vote your *street name* shares for Items 1 or 2 (uncontested elections of directors and advisory vote to approve executive compensation) without instructions from you. Institutions may vote your *street name* shares for Item 3 (ratification of independent auditors) at their discretion even if you do not provide voting instructions.

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If you do not provide specific instructions to your institution as to how to vote your street name shares for Items 1 and 2 your institution will not be able to vote those shares and a broker non-vote will occur.

Matters Requiring Stockholder Action	Effect of broker non-votes	Effect of abstentions
Election of Directors (Item 1 on the Proxy Card)	Will not affect the outcome of the election of directors.	Will not affect the outcome of the election of directors.
Advisory Vote to Approve Executive Compensation (Item 2 on the Proxy Card)	Will not affect the outcome of the vote on this matter.	Will have the same effect as a vote against the matter.
Ratification of Independent Auditors (Item 3 on the Proxy Card)	N/A	Will have the same effect as a vote against the matter.

Required Vote for Annual Meeting Matters

A quorum is required to transact business at the Annual Meeting. The holders of a majority of the outstanding shares of Common Stock on the Record Date, present in person or represented by proxy and entitled to vote, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes are treated as present for quorum purposes. The following table summarizes the votes required for passage of each matter requiring stockholder action at the Annual Meeting.

Matters Requiring Stockholder Action	Vote Required
Election of Directors (Item 1 on the Proxy Card)	You may vote FOR any or all director nominees or you may WITHHOLD AUTHORITY as to one (or more) director nominee. A plurality vote of all votes cast is required for the election of directors. Therefore, the eleven nominees for director who receive the most votes will be elected.
Advisory Vote to Approve Executive Compensation (Item 2 on the Proxy Card)	Any nominee who receives a greater number of votes withheld from his or her election than votes for the nominee's election will tender his or her resignation to the Chair of the Nominating and Board Governance Committee for consideration, and that Committee will make a recommendation to the Board whether to accept or reject the resignation. The Board will consider the recommendation and publicly disclose its decision and the rationale behind it promptly.
Ratification of Independent Auditors (Item 3 on the Proxy Card)	You may vote FOR or AGAINST this Item or you may ABSTAIN. A majority of the shares of Common Stock present in person or represented by proxy and entitled to vote must be voted FOR the Item in order for it to pass.
Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes cast at our Annual Meeting, and will act as the independent inspector of election for the Annual Meeting. We expect to announce the preliminary voting results at our Annual Meeting. The final voting results will be reported in a Current Report on Form 8-K that will be posted on our website.	You may vote FOR or AGAINST this Item or you may ABSTAIN. A majority of the shares of Common Stock present in person or represented by proxy and entitled to vote on the matter must be voted FOR the Item in order for it to pass.

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Revoking a Proxy

You can revoke your proxy at any time before it is voted at our Annual Meeting, subject to the voting deadlines that are described on the Proxy Card or voting instruction form, as applicable. You can revoke your vote:

By voting again by Internet or by telephone (only your last Internet or telephone proxy submitted prior to the meeting will be counted);

By signing and returning a new Proxy Card with a later date; or

By attending our Annual Meeting and voting in person.

You may also revoke your proxy by giving written notice of revocation to our General Counsel and Secretary, Stephen W. Beard, at Heidrick & Struggles International, Inc., 233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303, if received no later than 5:00 p.m., Eastern Time, on May 25, 2016.

If your shares are held in street name, we also recommend that you contact your broker, bank or other nominee for instructions on how to change or revoke your vote.

Our Stock and Stockholders

The Company's Amended and Restated Certificate of Incorporation provides for its authorized capital stock to consist of 100,000,000 shares of Common Stock, \$0.01 par value per share, of which 18,550,858 shares were issued and outstanding on March 31, 2016, and 10,000,000 shares of preferred stock, \$0.01 par value per share, none of which have been issued. The Company's Common Stock is listed on the Nasdaq Stock Market under the symbol HSII. Each stockholder is entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Common Stock do not have cumulative voting rights. Holders of Common Stock are entitled to receive dividends if and when dividends are declared by the Board and out of funds legally available, after the required dividends are paid on outstanding preferred stock, if any.

On September 19, 2007, the Board approved the initiation of a quarterly cash dividend in the amount of \$0.13 per share and the dividend has been reauthorized by the Board for each succeeding fiscal quarter up to the present. In the event of the Company's liquidation, dissolution or winding up, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities, accrued but unpaid dividends and liquidation preferences on any outstanding preferred stock. The shares of Common Stock have no preemptive or conversion rights and are not subject to the Company's further calls or assessment. There are no redemption or sinking fund provisions applicable to the Common Stock.

Corporate Governance Information

A copy of our 2015 Annual Report accompanies this Proxy Statement. You may obtain, free of charge, an additional copy of our 2015 Annual Report or our Corporate Governance Guidelines, Code of Business Conduct and Ethics (Code), Director Independence Standards and the charters for our Audit and Finance, Human Resources and Compensation, and Nominating and Board Governance Committees by writing to: Heidrick & Struggles International, Inc., 233 South Wacker Drive, Suite 4900, Chicago, Illinois, 60606-6303, Attn: Investor Relations Officer, telephone: 1-312-496-1200 or e-mail: InvestorRelations@heidrick.com. These documents are also available on our website at: <http://www.heidrick.com/Who-We-Are/Our-Leadership>.

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ITEM 1 ELECTION OF DIRECTORS

Our Board currently consists of eleven directors, including our current President and Chief Executive Officer and ten independent directors. At our 2015 annual meeting the Company's stockholders adopted amendments to the Company's Certificate of Incorporation to declassify the Board effective at this year's Annual Meeting. Therefore, beginning with this year's Annual Meeting all of our directors will stand for election on an annual basis.

Nominees

Since December 2015, our Board has appointed four new directors. Our new directors bring a wide diversity of skills and experiences to the Board, including experience in capital markets, talent and leadership development, and investor relations. Mr. Lyle Logan was appointed to the Board effective December 15, 2015; Ms. Elizabeth Axelrod and Mr. Willem Mesdag were appointed to the Board effective February 5, 2016; and Ms. Clare Chapman was appointed to the Board effective February 23, 2016. These four directors, along with our other currently serving directors, will stand for election to the Board at this year's Annual Meeting.

Two directors left our Board in 2015. Mr. Robert Knowling resigned from the Board on July 3, 2015. Mr. Robert Kaplan resigned from the Board effective August 20, 2015 upon his appointment as the President and Chief Executive Officer of the Federal Reserve Bank of Dallas. Neither resignation involved any dispute or conflict with management or the Board.

This year, upon the recommendation of our Nominating and Board Governance Committee, our Board nominated Elizabeth L. Axelrod, Richard I. Beattie, Clare M. Chapman, John A. Fazio, Mark Foster, Jill Kanin-Lovers, Gary E. Knell, Jr., Lyle Logan, Willem Mesdag, V. Paul Unruh, and Tracy R. Wolstencroft.

Each of the nominees for 2016 has informed us that they are willing to serve as a director. If any nominee ceases to be a candidate for election for any reason, the Proxy will be voted for a substitute nominee designated by the Company's Board. The Board currently has no reason to believe that any nominee will not remain a candidate for election as a director or will be unwilling to serve as a director if elected.

Nomination Process

In evaluating, identifying and recommending nominees for the Board, our Nominating and Board Governance Committee considers, among other qualifications that it deems appropriate, the following:

The potential candidate's principal employment, occupation or association involving an active leadership role.

The potential candidate's expertise or experience relevant to the Company's business that would not be otherwise readily available to the Board.

The potential candidate's ability to bring diversity to the Board, including whether the potential candidate brings complementary skills and viewpoints.

The potential candidate's time commitments, particularly the number of other boards on which the potential candidate may serve.

The potential candidate's independence and absence of conflicts of interest as determined by our Director Independence Standards, the Nasdaq rules and other applicable laws, regulations and rules.

The potential candidate's financial literacy and expertise.

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The potential candidate's personal qualities including strength of character, maturity of thought process and judgment, values and ability to work collegially.

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We do not set specific, minimum qualifications that nominees must meet in order to be recommended to the Board. Each nominee is evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the Board.

The Nominating and Board Governance Committee discusses and evaluates possible candidates in detail and the Company's consultants are sometimes employed to help identify potential candidates. When determining whether to recommend a director for re-election, the Nominating and Board Governance Committee considers the director's past participation in and contributions to Board activities.

Board Diversity

Our Board believes that diversity is an important attribute of a well-functioning board. The Nominating and Board Governance Committee considers diversity (among other factors it deems appropriate) in light of the overall needs and composition of the Board and the best interests of the Company and its stockholders. In considering nominee diversity, the Board evaluates skills, experience, and background that would complement the existing Board.

Over time, the Board has nominated and currently consists of directors that generally reflect the diverse and expansive global footprint of the Company's business operations, including a wide range of experiences, as well as diversity of age, gender, race and national origin. Diversity is an important factor that the Nominating and Board Governance Committee will continue to consider when evaluating candidates for nomination to the full Board.

Stockholder Recommendations for Nominations

Stockholders who wish to recommend individuals for consideration by the Nominating and Board Governance Committee to be nominees for election to the Board may do so by notifying the Company's Secretary. In addition, the Company's Amended and Restated Bylaws permit stockholders to nominate directors for consideration at an annual stockholder meeting, provided that the appropriate requirements for prior notice to the Company have been satisfied in advance, as described further under "Stockholder Proposals for Next Year's Annual Meeting."

Director Independence

Our Board determines the independence of all non-employee directors in accordance with the independence requirements of our Corporate Governance Guidelines, Director Independence Standards, and the Nasdaq Stock Market listing standards (Nasdaq Rules). Accordingly, each year the Board affirmatively determines whether each non-employee director has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Annually, each non-employee director is required to complete a questionnaire that provides information about relationships that might affect the determination of independence. Management then provides the Board with relevant facts and circumstances of any relationship bearing on the independence of a director or nominee that are outside the relationships prohibited by Nasdaq Rules.

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Based on the review and recommendation by the Nominating and Board Governance Committee, the Board analyzed the independence of each of the Company's directors who served at any time during fiscal 2015 and each of the Company's current director nominees, and determined that the following directors meet the standards of independence under our Corporate Governance Guidelines and the Nasdaq Rules: Robert E. Knowling, Jr. (who resigned effective July 3, 2015), Robert S. Kaplan (who resigned effective August 20, 2015), Elizabeth L. Axelrod, Richard I. Beattie, Clare M. Chapman, John A. Fazio, Mark Foster, Jill Kanin-Lovers, Gary E. Knell, Jr., Lyle Logan, Willem Mesdag, and V. Paul Unruh. Our Board also determined that Tracy R. Wolstencroft, the Company's current President and Chief Executive Officer is not independent under the standards of our Corporate Governance Guidelines and Nasdaq Rules. In addition, our Board determined that:

Each member of the Audit and Finance Committee is able to read and understand fundamental financial statements (as required under Nasdaq Rules) and meets the heightened standards of independence for audit committee members pursuant to the rules and regulations of the SEC (SEC Rules).

John A. Fazio, Lyle Logan and V. Paul Unruh each qualify as an audit committee financial expert within the meaning of the SEC Rules and are presumed to be financially sophisticated for purposes of the Nasdaq rules.

Each member of the Human Resources and Compensation Committee meets the heightened standards of independence for compensation committee members pursuant to the Nasdaq rules and is a non-employee director within the meaning of SEC Rule 16b-3, and an outside director within the meaning of Section 162(m) of the Internal Revenue Code.

As highly accomplished individuals in their respective industries, fields and communities, our directors are affiliated with numerous corporations, educational institutions, and charities, as well as civic organizations and professional associations, many of which have business, charitable or other relationships with each other or our Company. The Board considered each of these relationships in light of our independence standards and determined that none of these relationships conflict with the interests of the Company, or would impair any director's independence or judgment.

In making this determination the Board considered material relationships among the directors and the Company, including the circumstances resulting from the concurrent service to the National Geographic Society (Society) of the Company's President and Chief Executive Officer, Tracy R. Wolstencroft, and Chair of the Board's Nominating and Board Governance Committee, Gary E. Knell. Mr. Knell serves on the board of trustees of the Society, and he became president and CEO of the Society on January 6, 2014. Mr. Wolstencroft also serves on the board of trustees of the Society, but does not serve, and has not served, on the compensation committee of the Society. The Board determined that these circumstances do not present either a conflict of interest or a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director on the part of either Mr. Wolstencroft or Mr. Knell.

Board Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* THE ELECTION OF EACH OF THE DIRECTORS LISTED BELOW.

The tables that follow contain certain information about each member of the Board, along with his or her principal occupation for at least the previous five years and other professional experience and achievements. Each director has been identified as possessing the requisite skills, experience and attributes that qualify him or her to serve as a member of the Company's Board. There are no family relations among any directors, executive officers, or persons nominated to become a director.

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Name	Age	Principal Occupation and Employment History	Director Since
Elizabeth L. Axelrod Human Resources and Compensation Committee, Member	53	Ms. Axelrod recently served as the Senior Vice President, Human Resources for eBay Inc. from March 2005 to July 2015. Prior to her tenure at eBay, Ms. Axelrod served as the Chief Talent Officer for WPP PLC, a global communications services group where she was also an Executive Director, and as a partner at McKinsey & Company. She is co-author of The War for Talent, published by Harvard Business School Press in 2001. Ms. Axelrod is a proven human resources executive with a professional services background. She is also a thought leader in talent management which is core to our business. Her innovative approach to talent management including the use of data analytics brings to the Board a perspective on the relationship between recruiting talent and commercial success. Ms. Axelrod also brings a digital mindset to our Board informed by her former role at eBay.	02/2016
Richard I. Beattie Chairman of the Board of Directors Nominating and Board Governance Committee, Member	77	Mr. Beattie has served as Senior Chairman of Simpson Thacher & Bartlett LLP, an international law firm, since January 1, 2013. From 2004 until December 31, 2012, Mr. Beattie was Chairman of Simpson Thacher & Bartlett, and from 1991 until 2004, he was Chairman of the Executive Committee of Simpson Thacher & Bartlett. Mr. Beattie has practiced law at the firm since 1968. Mr. Beattie serves as the non-executive chair of the board of directors of Harley-Davidson, Inc. and on the board of directors of Evercore Partners, Inc. Mr. Beattie's extensive experience in public company board counseling and as an accomplished M&A and crisis management attorney, including serving as the chair of a large international law firm, has provided him with broad management expertise, extensive experience in the career development and retention of professional service employees and a deep understanding of corporate governance, regulatory, financial and legal matters.	03/2002
Clare M. Chapman Human Resources and Compensation Committee, Member Nominating and Board Governance Committee, Member	56	Ms. Chapman is the former Group People Director of BT Group, one of the world's leading communications services companies based in the UK and serving customers in 170 countries worldwide. Ms. Chapman served in this role from 2011 through 2015. Prior to this role, Ms. Chapman was the Director General of Workforce for the National Health Service and Social Care system where her responsibilities impacted more than 2.2 million healthcare employees in England. Previously, she was the Human Resources Director for Tesco PLC and Vice President of Human Resources for PepsiCo's operations in continental Europe. Ms. Chapman also serves on the Board of Kingfisher PLC. She is regularly sought to speak and advise on corporate and national efforts to improve organization effectiveness and leadership capacity and has played a leading role in demonstrating the link between customer service and employee engagement. Ms. Chapman's experience in human resources and organizational effectiveness and her international perspective are assets to our Board on a range of talent, leadership, and organizational matters.	02/2016
John A. Fazio Audit and Finance Committee, Chair Audit Committee Financial Expert	72	Mr. Fazio is a former Senior General Practice Partner of PricewaterhouseCoopers, a global accounting and professional services company. Mr. Fazio retired from PricewaterhouseCoopers in 2000 following 35 years of service. A Certified Public Accountant and Certified Management Accountant, Mr. Fazio held a variety of senior positions in accounting, auditing, consulting, and administration at PricewaterhouseCoopers. Mr. Fazio has also served on the boards of ImClone Systems, Inc., Sequenom, Inc., and Dendrite International, Inc. The Board greatly values Mr. Fazio's extensive financial and Big Four accounting expertise. This experience has led our Board to conclude that he is an audit committee financial expert as the SEC defines that term. Mr. Fazio's accounting and financial skills are critical to the oversight of our financial reporting, enterprise and operational risk management.	09/2003

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Name	Age	Principal Occupation and Employment History	Director Since
Mark Foster Human Resources and Compensation Committee, Member	56	Mr. Foster served as Group Chief Executive Management Consulting of Accenture plc (Accenture), a global management consulting, technology services and outsourcing company, from September 2006 until his retirement from Accenture in March 2011. In addition, Mr. Foster was the head of Accenture s Global Markets area from September 2009 until March 2011. Prior to that, Mr. Foster served as Accenture s Group Chief Executive Products Operating Group from March 2002 to September 2006. Prior to that, Mr. Foster worked in a variety of positions of increasing responsibility in his 26-year career at Accenture. Mr. Foster currently serves as a director of Computer Sciences Corp., a business technology company, Alexander Mann Solutions, a talent acquisition and management services firm, and Atento S.A., a provider of customer relationship management and business process outsourcing services. Mr. Foster served as a non-executive director of Fidessa PLC, a FTSE 250 software company headquartered in the United Kingdom from 2012 to 2014. He served as a Commissioner on the UK government s Independent Commission for Aid Impact from 2011 through 2015. Our Board greatly benefits from Mr. Foster s experience as a leader in a client-facing professional services firm. Mr. Foster s experience gives him a deep understanding of our industry, including the issues that we face on a day-to-day basis and the clients that we serve. In addition, Mr. Foster has broad international experience and a proven ability to develop and implement corporate strategy at a global services firm.	05/2011
Jill Kanin-Lovers Human Resources and Compensation Committee, Chair Audit and Finance Committee, Member	64	Ms. Kanin-Lovers is the former Senior Vice President for Human Resources and Workplace Management of Avon Products, Inc., a global cosmetics company, where she held that position from 1998 to 2004. Previously, Ms. Kanin-Lovers held executive-level positions in human resources at International Business Machines Corporation, a global technology company, from 1995 to 1998 and American Express Company, a diversified global travel and financial services company from 1992 to 1995. Prior to that, Ms. Kanin-Lovers worked at Towers Perrin for 17 years, leaving that company in 1992 as a Vice President and Principal. Ms. Kanin-Lovers was formerly a director of Dot Foods, Inc., AlphaPharma, Inc., BearingPoint, Inc., which filed for reorganization under Chapter 11 on February 18, 2009, and First Advantage Corporation. Our Board benefits from Ms. Kanin-Lovers extensive senior management and board experience, as well as her subject matter expertise, particularly within the areas of human resources, workplace management, and executive compensation. Her experience positions her to advise management on a wide range of strategic, financial and governance matters.	06/2004
Gary E. Knell Nominating and Board Governance Committee, Chair	62	Mr. Knell has served as the President and Chief Executive Officer of the National Geographic Society since January 6, 2014. He also serves as a member of the Society s board of trustees, is the Chair of the board of governors of the National Geographic Education Foundation, and is chair of the board of directors of National Geographic Partners, a joint venture with 21st Century Fox. Prior to joining the Society as President and CEO, Mr. Knell served as President and Chief Executive Officer of National Public Radio, Inc. from December 2011 to October 2013. Mr. Knell served in various leadership capacities within media companies, including serving as the President and Chief Executive Officer of Sesame Workshop (formerly known as Children s Television Workshop) from 2000 to November 2011, Chief Operations Officer of Children s Television Workshop from 1998 to 2000, President and Managing Director of Manager Media International from 1996 to 1997 and Executive Vice President for Corporate Affairs at Children s Television Workshop from 1989 to 1996. From 1982 to 1989, Mr. Knell headed Governmental, Business and Legal Affairs and served as Board Secretary for WNET/THIRTEEN. From 1978 to 1981, he was Counsel to the United States Senate Judiciary Subcommittee on Administrative Practice and Procedure and the Governmental Affairs Subcommittee on Intergovernmental Relations. From 1976 to 1977, he was the legal assistant to the Governor of California. Mr. Knell also serves on the board of directors of Common Sense Media. Mr. Knell brings to our Board a wide range of experience in senior leadership positions in both the public and private sectors, including over 30 years of senior operations and executive management experience with Sesame Workshop and other media companies. In addition to his broad business skills and experience, executive leadership and global expertise and knowledge of complex business and legal matters, Mr. Knell also has significant experience in governmental affairs.	09/2007

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Name	Age	Principal Occupation and Employment History	Director Since
Lyle Logan Audit and Finance Committee, Member Audit Committee Financial Expert Nominating and Board Governance Committee, Member	56	Mr. Logan currently serves as the Executive Vice President and Managing Director of the Global Financial Institutions Group for The Northern Trust Company. Mr. Logan has served in several leadership positions with Northern Trust during his career, including serving as Executive Vice President and Managing Director, Institutional Sales and Client Servicing for Northern Trust Global Investments from 2005 through 2010; Head of Chicago Private Banking within Northern Trust's Personal Financial Services unit from 2003 through 2005; and Senior Vice President and Personal Financial Services Manager for Northern Trust's Midwest Region from 2000 through 2003. Mr. Logan is also the Chairman and CEO of The Northern Trust International Banking Corporation. Mr. Logan also serves on the boards of DeVry Education Group Inc., Chicago Children's Memorial Hospital, and The Field Foundation. In addition to his financial acumen and deep understanding of capital markets, Mr. Logan also brings significant experience as a client-facing leader in the financial services industry.	12/2015
Willem Mesdag Audit and Finance Committee, Member	62	Mr. Mesdag is the Founder and current Managing Partner of Red Mountain Capital Partners, an investment management fund based in Los Angeles, California, and established in 2005. Previously, he served as a Partner and Managing Director at Goldman Sachs & Co., and as a securities lawyer with Ballard, Spahr, Andrews & Ingersoll. Mr. Mesdag also serves on the board of directors of Encore Capital Group and Destination XL Group, Inc. He previously served on the boards of 3iGroup plc, Cost Plus, Inc., Nature's Sunshine Products, Inc., and Skandia Group AB. Mr. Mesdag also serves on the board of trustees of the Aspen Music Festival and School and is a member of the Council on Foreign Relations. Our Board benefits from Mr. Mesdag's extensive experience in capital markets and corporate strategy. He also brings an investor's perspective to the Board.	02/2016
V. Paul Unruh Audit and Finance Committee, Member Human Resources and Compensation Committee, Member Audit Committee Financial Expert	67	Mr. Unruh is the former Vice Chairman of Bechtel Group, Inc., a global engineering and construction services company. Mr. Unruh retired from Bechtel in 2003 after more than twenty-five years of service to the company. Mr. Unruh held numerous leadership positions at Bechtel, including President of Bechtel Enterprises from 1997 to 2001, Chief Financial Officer from 1992 to 1996, Controller from 1987 to 1991, Treasurer from 1983 to 1986 and Manager of Financial Systems Development from 1978 to 1982. He is a Certified Public Accountant and serves on the boards of directors of Symantec Corporation and Aconex, an Australian public company. Mr. Unruh is also a former director of URS Corporation and Move, Inc. Mr. Unruh's experience as Chief Financial Officer of one of the world's 10 largest private companies and in other senior finance roles has provided him with broad and valuable experience in corporate strategy, accounting, financial reporting, and financial systems. This experience has led our Board to conclude that he is an audit committee financial expert as the SEC defines that term. In addition, as the former President of Bechtel Enterprises, he brings broad executive management expertise to our Board.	07/2004
Tracy R. Wolstencroft	57	Mr. Wolstencroft has been our President and Chief Executive Officer since February 3, 2014, and a director since February 6, 2014. From 1994 until 2010, Mr. Wolstencroft served as a partner for Goldman Sachs & Co. (Goldman), concluding a twenty-five year career with the firm. During his service at Goldman, Mr. Wolstencroft served on the Firmwide Partnership Committee, the Investment Banking Operating Committee, and the Asia Management Committee. During his career, he led a wide range of businesses in the United States and abroad, including Investment Banking Services, Environmental Markets, Latin America, Public Sector and Infrastructure Banking, and Fixed Income Capital Markets. While living in Asia from 1998 to 2002, Mr. Wolstencroft was president of GS Singapore, co-head of investment banking in Japan, head of Asia financial institutions and a leader of Goldman's strategy in China. He currently serves as a member of the board of trustees of the Brookings Institution, the National Geographic Society and the International Rescue Committee. Through his day-to-day management of the Company as President and Chief Executive Officer, Mr. Wolstencroft enhances the Board's understanding of important business developments and management's implementation of the Company's strategy and day-to-day operations.	02/2014

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CORPORATE GOVERNANCE

Our governance structure and processes are based on a number of important governance documents including our Code, Certificate of Incorporation, Bylaws, Corporate Governance Guidelines and our Board Committee Charters. Our governance documents are designed to ensure that our Board has practices in place to review and evaluate our business operations and to make decisions that are independent of management. Our corporate governance documents are reviewed periodically and updated as necessary to reflect changes in regulatory requirements and evolving corporate governance practices.

Our Board is committed to maintaining strong corporate governance principles and practices. The following is a summary of our corporate governance structure and documents. If you would like copies of our governance documents, or additional information about our corporate governance practices, please visit our website at: <http://www.heidrick.com/Who-We-Are/Our-Leadership>.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines to help it fulfill its responsibilities to the stockholders in overseeing the work of management and the Company's business results. Among other things, the Corporate Governance Guidelines establish the practices the Board follows with respect to Board composition, practices and selection, as well as Board meetings, conflicts of interest and the criteria for considering director nominees. In addition, the Corporate Governance Guidelines are intended to align the interests of directors and management with those of the Company's stockholders.

Code of Business Conduct

The Board has adopted a Code of Business Conduct & Ethics (Code) that applies to all of the Company's employees, officers and directors, as well as independent contractors working on behalf of the Company. Our Code meets the requirements of a code of ethics as defined by Item 406 of Regulation S-K, and also meets the requirements of a code of business conduct and ethics under Nasdaq Rules. All employees generally are required to certify that they have reviewed and are familiar with the Code annually.

Ethics Line

The Board also has established the Heidrick & Struggles EthicsLine (EthicsLine), a service that provides a mechanism for reporting to the Company alleged breaches of any legal or regulatory obligations, financial fraud, including accounting, internal controls and auditing, or any alleged violation of the Code or corporate policies. The EthicsLine is a telephonic reporting hotline (toll free in the U.S.) available to all Company employees, contractors, vendors, stockholders, clients or other interested parties. The EthicsLine is administered by a third party that is separate and independent of Heidrick and specializes in running whistleblower hotline programs for companies throughout the U.S. Calls are not recorded and callers may remain anonymous. The EthicsLine is operational 24 hours a day, seven days a week and may be reached at *1-800-735-0589* or, if calling from outside the United States, at *1-704-731-7242*.

Board Leadership and Structure

The Board does not have a fixed policy regarding the separation of the offices of Chairman of the Board (Chairman) and Chief Executive Officer and believes that it should maintain the flexibility to select the Chairman and its Board leadership structure, from time to time, based on the criteria that it deems to be in the best interests of the Company and its stockholders.

At this time, the position of Chairman is held by Richard I. Beattie and the position of President and Chief Executive Officer is held by Tracy R. Wolstencroft. The Board has determined that, under current circumstances,

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the separation of the offices of Chairman and Chief Executive Officer will enhance oversight of management and Board function. This separation is designed to allow Mr. Wolstencroft the ability to focus on his responsibilities of running the Company, enhancing shareholder value and expanding and strengthening the Company's business. Concurrently, Mr. Beattie, as Chairman can focus on leadership for the Board as it provides advice to and independent oversight of management. The Chairman also is responsible for setting the agendas and presiding over meetings of the Board (including executive sessions of the independent directors) and providing feedback and counsel to the Chief Executive Officer. The Board currently believes that this leadership structure is in the best interests of the Company's stockholders at this time.

Risk Oversight

Risk is inherent with every business and management is responsible for the day-to-day management of the risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board has the responsibility to satisfy itself that the risk management processes and policies designed and implemented by management are adequate and functioning as designed. The Board performs its risk oversight function primarily through its committees as well as reports directly from management.

Enterprise Risk. Our management has implemented an Enterprise Risk Management assessment process to identify, assess, prioritize and manage a broad set of risks across our business and operations. The assessment process includes a thorough survey of senior leaders and a select group of directors to identify the material risks to the Company. Specific emphasis is placed on identifying those risks that could have the highest impact to our Company and operations, and the highest likelihood of occurrence for those risks. Our survey process also takes into account input from our internal audit function that reports regularly to our Audit and Finance Committee. Our Audit and Finance Committee and Board each received an annual report containing an overview of top risks identified by the survey, along with plans for managing and, where appropriate, mitigating them. The material elements of oversight of the risks identified by the survey are delegated to the committees of the Board, and all risks are reviewed within those committees and discussed with the entire Board in the ordinary course.

Compensation Risk. The Company periodically completes an inventory of its executive and non-executive compensation programs globally, with particular emphasis on incentive compensation plans and programs. Based on this inventory, the Company evaluates the primary components of its compensation plans and practices to identify whether those components, either alone or in combination, properly balance compensation opportunities and risk. Based on the Company's periodic assessments, the Company has determined that none of its compensation policies and practices is reasonably likely to have a material adverse effect on the Company. The Company believes that the Company's overall cash versus equity pay mix, variable versus fixed pay elements, balance of shorter-term versus longer-term performance focus and revenue-focused versus profit-focused performance measures, stock ownership guidelines, and use of claw-backs work together to provide its employees and executives with incentives to deliver outstanding performance to build long-term stockholder value, while taking only necessary and prudent risks.

Board Committees

Our Board has three standing committees, our Audit and Finance Committee, Human Resources and Compensation Committee and Nominating and Board Governance Committee. Each standing committee has a written charter, and the Board has determined that each of the members of our standing committees is independent under the provisions of our Corporate Governance Guidelines, Director Independence Standards, and Nasdaq Rules and that each of the members of the Audit and Finance Committee is independent under the heightened standards of the SEC Rules for audit committee members and that each of the members of the Human Resources and Compensation Committee is independent under the heightened standards of the Nasdaq rules for compensation committee members.

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Meetings

Our Board and each standing Committee holds regularly scheduled quarterly meetings. Typically, our Audit and Finance Committee and Human Resources and Compensation Committee meetings occur the day prior to the meetings of the Nominating and Board Governance Committee and the Board. At least once a year, the Board devotes additional time to presentations and discussions with senior management about the Company's long-term strategy, which is then supplemented, updated and discussed further at the Board's quarterly meetings. In addition to the quarterly meetings, typically there are special meetings each year.

We expect our directors to attend all Board and committee meetings for those committees on which they serve. Directors are also expected to attend each annual stockholders meeting. During 2015, the Board and the Nominating and Board Governance Committee each met four times, the Audit and Finance Committee met eight times and the Human Resources and Compensation Committee met six times. Generally, the independent directors met in executive session during a portion of all regularly scheduled quarterly Board meetings without management present. Each of the directors attended at least 75 percent of the meetings of the Board and the committees of which he or she was a member. All of the Company's directors who were directors at that time attended the 2015 Annual Meeting of Stockholders in person.

Audit and Finance Committee

The Audit and Finance Committee of the Board currently consists of five independent directors, Messrs. Fazio, Logan, Mesdag, and Unruh and Ms. Kanin-Lovers. Mr. Fazio is the Chair of the Audit and Finance Committee. The Board has determined that Messrs. Fazio, Logan, and Unruh are audit committee financial experts as defined by SEC Rules and are presumed to be financially sophisticated for purposes of the Nasdaq rules. Among other things, the Audit and Finance Committee appoints an independent registered public accounting firm annually to audit the Company's books and records; meets with and reviews the activities and the reports of the Company's independent registered public accounting firm; and reports the results of the review to the Board. The Audit and Finance Committee also periodically reviews the adequacy of the Company's internal controls, pre-approves all services to be provided by the Company's independent registered public accounting firm, oversees management's risk policies and discusses the Company's key risk exposures with management. These and other aspects of the Audit and Finance Committee's authority are more particularly described in the Audit and Finance Committee Charter.

Nominating and Board Governance Committee

The Nominating and Board Governance Committee currently consists of four independent directors, Messrs. Beattie, Knell, and Logan, and Ms. Chapman. Mr. Knell is the Chair of the Nominating and Board Governance Committee. The Nominating and Board Governance Committee makes recommendations to the Board concerning candidates for nomination to the Board, the membership on committees of the Board, compensation of the Board and other corporate governance matters. The Nominating and Board Governance Committee also reviews and approves related party transactions. These and other aspects of the Nominating and Board Governance Committee's authority are more particularly described in the Nominating and Board Governance Committee Charter.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee currently consists of five independent directors, Mmes. Kanin-Lovers, Axelrod, and Chapman, and Messrs. Foster and Unruh. Ms. Kanin-Lovers is the Chair of the Human Resources and Compensation Committee. Each member also qualifies as a non-employee director for purposes of Section 16 of the Securities Exchange Act of 1934 and an outside director for purposes of Section 162(m) of the Internal Revenue Code.

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The Human Resources and Compensation Committee reviews and approves employment and compensation matters involving the Company's executive officers, as well as those of other key employees that the Human Resources and Compensation Committee deems material. Specifically, the Human Resources and Compensation Committee's responsibilities include:

Reviewing and approving the Chief Executive Officer's compensation and evaluating the Chief Executive Officer's performance against pre-established metrics;

Reviewing and approving individual executive officer compensation recommendations made by the Chief Executive Officer for his direct reports;

Reviewing and approving terms of employment, severance or other compensation-related agreements to be entered into, or amended, for any executive officer or key employee;

Adopting, administering and approving equity-related incentives and awards under the Company's equity compensation plans; and

Reviewing the Company's incentive and employee benefit and retirement plans, including any equity compensation plans and recommending to the Board (and stockholders where necessary) any amendments or material changes to the plans.

The agenda for each meeting of the Human Resources and Compensation Committee is determined by its Chair with the assistance of the Company's Secretary and Chief Administrative Officer. The Chief Executive Officer regularly attends Human Resources and Compensation Committee meetings. The Human Resources and Compensation Committee also meets in executive session as appropriate. The Chair of the Human Resources and Compensation Committee reports the Committee's recommendations on executive compensation and other matters to the Board. Outside advisors and the Company's Human Resources Department support the Human Resources and Compensation Committee in its duties and the Committee may delegate authority to fulfill certain administrative duties regarding the compensation programs to members of senior management as it deems appropriate. The Human Resources and Compensation Committee has authority under its charter to retain advisors, consultants and agents as it deems necessary to assist in the fulfillment of its responsibilities.

Independent Compensation Consultant

The Human Resources and Compensation Committee has retained Pay Governance LLC as its independent compensation consultant. Pay Governance reports directly to the Human Resources and Compensation Committee and does no other work for management. During 2015, Pay Governance representatives generally participated in all of the Human Resources and Compensation Committee's meetings and provided guidance to the Human Resources and Compensation Committee with respect to executive compensation; comparative peer group data; director compensation; annual incentive compensation; and consultant pay programs. In supporting the Human Resources and Compensation Committee, Pay Governance provides the Human Resources and Compensation Committee with an independent assessment of management's recommendations for compensation; reviews and confirms the peer group used by the Company to prepare market compensation data; and provides ad hoc support to the Human Resources and Compensation Committee, including discussing executive compensation and related corporate governance trends. As discussed on page 26, the Human Resources and Compensation Committee reviews the independence of Pay Governance on an annual basis.

Other Corporate Governance Highlights

Our Board, together with our Nominating and Board Governance Committee, works to maintain an effective and sound governance structure that appropriately balances and aligns the interest of the Company's most important stakeholders, including our stockholders, clients and employees. As a result, in addition to the structure and operation of our Board and committees discussed in this section, the Company maintains a variety of other corporate governance practices outlined in the following table that the Board believes promotes sound governance and the operation of the Company in an atmosphere of candor and collaboration with its stakeholders.

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Additional Governance Practices

<i>Independence</i>	Currently, with the exception of our Chief Executive Officer (CEO) Mr. Wolstencroft, all of our directors are independent, and all of our committees consist exclusively of independent directors.
<i>Board Leadership</i>	Currently, the Board has an independent Chairman.
<i>Annual Election</i>	All of our directors stand for election on an annual basis.
<i>Board Diversity</i>	The composition of our Board represents broad perspectives, experiences, and knowledge relevant to our business while maintaining a balanced approach to social and cultural diversity.
<i>Majority Voting</i>	For an uncontested election, any nominee who receives a greater number of votes withheld from his or her election than votes for the nominee's election will tender his or her resignation to the Chair of the Nominating and Board Governance Committee for consideration, and that Committee will make a recommendation to the Board whether to accept or reject the resignation.
<i>Stock Ownership Guidelines</i>	Our directors and named executive officers are subject to stock ownership Guidelines and all directors with at least one year of service own stock in the Company.
<i>Classes of Stock</i>	Our Common stock is our only outstanding class of stock, and we do not have classes of stock with unequal voting rights or unequal ability to elect directors.
<i>Related Party Transactions</i>	None of our Directors, including our CEO, has engaged in a related party transaction with the Company.
<i>Shareholder Rights</i>	The Company does not have a poison pill, and the Company has not recently amended any governing documents in a manner that would reduce shareholder rights.

Stockholder Communications with Board

Stockholders may communicate directly with the Board. All communications should be directed to: Secretary, Heidrick & Struggles International, Inc., 233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303. Any such communication should prominently indicate on the outside of the envelope that it is intended for the Board or a particular director. Each communication intended for the Board or a particular director and received by the Secretary will be forwarded to the specified party following its clearance through normal security procedures.

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DIRECTOR COMPENSATION

We provide compensation to non-employee directors that is competitive with other similarly sized publicly traded companies in order to attract and retain qualified directors. Compensation is paid in a mix of cash and equity to ensure directors are aligned with the interests of the stockholders and our long-term strategy. Additional compensation is also provided to: (i) our Chairman of the Board; (ii) any director who serves as chair of a Board Committee; and (iii) members of our Audit and Finance Committee to reflect the additional time, risk and skill-level required to fulfill these roles. As noted below, we pay our directors' annual retainer approximately 36 percent in cash and approximately 64 percent in equity. Prior to 2015, the retainer was paid 25 percent in cash and 75 percent in equity. For 2015, we increased the portion paid in cash due to the fact that the Board's overall compensation level was below the median of peers, and the cash component was below the 25th percentile of peers.

Cash Compensation. For 2015, each director received an annual cash retainer of \$62,500 which represents approximately 36 percent of the total compensation earned by each director for serving as a member of the Board, exclusive of any committee or chair board service. All cash retainers are payable on a quarterly basis in arrears. In addition, we reimburse the directors for any out-of-pocket expenses associated with their Board service. For 2015 we increased the cash component of our director compensation by \$25,000 for the reasons noted above.

Additional Board Service Fees. The Audit and Finance Committee Chair receives an additional cash retainer of \$30,000 and each member of the Audit and Finance Committee (including the Chair) receives an additional cash retainer of \$10,000. The Human Resources and Compensation Committee Chair receives an additional cash retainer of \$30,000. The Nominating and Board Governance Committee Chair receives an additional cash retainer of \$10,000. The Chairman receives an additional cash retainer of \$75,000.

Equity Compensation. For 2015, each director received an annual equity retainer of \$112,500 payable in the form of restricted stock units (RSUs) awarded as of the date of our Annual Meeting of Stockholders which represents 64 percent of the total compensation earned by each director for serving as a member of the Board, exclusive of any committee or board or committee chair service. The RSUs vest and are payable on the date a director ceases to serve on the Board. See the *Voting Securities of Certain Beneficial Owners and Management Table* on page 18 for information regarding the RSUs owned by our directors. A director may elect to receive payment of the annual equity retainer in shares of Common Stock in lieu of the RSUs described above. For a director who joins the Board after our Annual Meeting of Stockholders, a pro-rata equity award may be made on the date of his or her appointment to the Board. No pro-rata equity awards were granted upon the appointment of Mmes. Axelrod and Chapman or Messrs. Logan and Mesdag. We no longer grant awards of stock options to our directors.

Non-Employee Directors Voluntary Deferred Compensation Plan. Pursuant to our Non-Employee Directors Voluntary Deferred Compensation (VDC) Plan, directors may defer up to 100 percent of their cash compensation per year. To enroll in our VDC Plan, a director needs to complete an election form in a timely manner and choose from investment funds offered by the VDC Plan Administrator. A participant is not able to invest deferred amounts in Company stock. The Administrator calculates the earnings for the funds selected by each director. The election remains in effect for all subsequent years until a director makes a different election. The distributions are payable in a lump sum on the date a director ceases to serve on the Board.

Stock Ownership Guidelines. We have adopted stock ownership guidelines for the directors. Each director has three years to achieve and maintain a stock ownership level equal to three times the annual cash retainer (\$187,500 for 2015). Stock included for determining the satisfaction of the guidelines includes direct stock ownership and RSUs. Each of our directors either has satisfied the stock ownership guidelines or is on track to do so within the required three-year period.

Table of Contents**2015 Director Compensation Table**

The table below summarizes the compensation paid by the Company to non-employee directors for the fiscal year ended December 31, 2015. The table excludes Ms. Axelrod and Mr. Mesdag who were appointed to the Board effective February 5, 2016; Ms. Chapman who was appointed to the Board effective February 23, 2016; and Mr. Wolstencroft, our President and Chief Executive Officer who does not receive additional compensation for his service as a director. Mr. Wolstencroft's compensation for President and CEO is included in the Summary Compensation Table on page 37.

Name	Fees Earned or Paid in	Stock	Total \$
	Cash \$(1)	Awards \$(2)	
Richard I. Beattie	137,500(3)	112,490(12)	249,990
John A. Fazio	102,500(4)	112,490(12)	214,990
Mark Foster	62,500	112,490(11)	174,990
Jill Kanin-Lovers	102,500(5)	112,490(11)	214,990
Robert Kaplan	39,912(6)	112,490(11)	152,402
Gary E. Knell	72,500(7)	112,490(12)	184,990
Lyle Logan	2,604(8)		2,604
Robert E. Knowling, Jr.	36,841(9)	112,490(12)	149,331
V. Paul Unruh	72,500(10)	112,490(11)	184,990

- (1) Reflects cash compensation earned by each director in 2015 and includes any amounts deferred at the director's election under our VDC Plan.
- (2) Reflects the grant date fair value for financial reporting purposes as determined in accordance with ASC Topic 718 for Common stock or RSUs granted under the 2012 GlobalShare Plan which is described on page 44.
- (3) Mr. Beattie earned an additional cash retainer of \$75,000 as our Non-Executive Chair of the Board.
- (4) Mr. Fazio earned an additional cash retainer of \$30,000 as Chair of the Audit and Finance Committee and \$10,000 as a member of that Committee.
- (5) Ms. Kanin-Lovers earned an additional cash retainer of \$30,000 as Chair of the Human Resources and Compensation Committee. She also earned an additional cash retainer of \$10,000 as a member of the Audit and Finance Committee.
- (6) Mr. Kaplan resigned from the Board effective August 20, 2015. His cash compensation was prorated through that date.
- (7) Mr. Knell earned an additional cash retainer of \$10,000 as Chair of the Nominating and Board Governance Committee. All of Mr. Knell's fees were deferred pursuant to our VDC Plan.
- (8) Mr. Logan was appointed to the Board effective December 15, 2015. His cash compensation was prorated from that date.

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- (9) Mr. Knowing resigned from the Board effective July 3, 2015. His cash compensation was prorated through that date.
- (10) Mr. Unruh earned an additional cash retainer of \$10,000 as a member of the Audit and Finance Committee.
- (11) The amount reflects an award of stock granted on May 21, 2015 (the date of the 2015 Annual Meeting of Stockholders). The award was equal to the annual equity retainer of \$112,500 divided by the closing stock price on the date of grant of \$25.83 rounded to the nearest whole share, resulting in 4,355 shares.
- (12) Reflects an award of RSUs granted on May 21, 2015 with the same value as the award of stock described in footnote 11.

Table of Contents**VOTING SECURITIES OF CERTAIN****BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock, which is the only outstanding class of voting securities or other equity securities of the Company, as of March 31, 2016 (except where otherwise noted) for: (i) each of the Company's directors; (ii) each of the named executive officers serving the Company as of March 31, 2016; (iii) each person known to us to be the beneficial owner of five percent or more of the outstanding shares of Common Stock; and (iv) all of the directors and executive officers as a group. On March 31, 2016, there were 18,550,858 shares of Common Stock outstanding.

The information provided in the table is based on the Company's records, information filed with the SEC and information provided to Heidrick, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting power or investment power and also any shares that the entity or individual has the right to acquire within 60 days of March 31, 2016 (May 31, 2016) through the exercise of any stock options and through the vesting of stock units payable in shares. Beneficial ownership excludes options or stock units vesting after May 31, 2016. Unless otherwise indicated, each person has sole voting and investment power with respect to the shares set forth in the following table.

Names (1)(2)(3)	Shares of Common Stock Beneficially Owned (3)	Percent
Elizabeth L. Axelrod	0	*
Richard I. Beattie	38,351	*
Clare M. Chapman	0	*
John A. Fazio	42,112	*
Mark Foster	19,976	*
Jill Kanin-Lovers	38,643	*
Gary E. Knell	35,154	*
Lyle Logan	0	*
Willem Mesdag	0	*
V. Paul Unruh	38,543	*
Tracy R. Wolstencroft	89,759	*
Krishnan Rajagopalan	12,736	*
Jory J. Marino	23,669	*
Richard W. Pehlke	50,649	*
Stephen W. Beard	56,626	*
On March 31, 2016, the shares beneficially owned by all executive officers and directors as a group (18 persons) were:	451,523	2.4
Heartland Advisors, Inc. (4)(10)	1,772,211	9.6
BlackRock, Inc. (5)(10)	1,720,058	9.3
Franklin Resources, Inc. (6)(10)	1,283,083	6.9
Paradice Investment Management Pty Ltd (7)(10)	1,244,672	6.7
Dimensional Fund Advisors LP (8)(10)	1,023,304	5.5
The Vanguard Group (9)(10)	947,048	5.1

* Represents holdings of less than one percent (1%).

(1) The mailing address for each officer and director of the Company is 233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303.

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- (2) In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of fully owned or earned Common Stock and RSUs as well as shares of Common Stock issuable pursuant to RSUs and stock options that are exercisable on March 31, 2016, or which will become exercisable within 60 days of that date or upon termination of a director's service to the Board, are deemed issued and outstanding. These shares, however, are not deemed outstanding for purposes of computing the percentage ownership of any other stockholder.
- (3) The calculation of shares of Common Stock beneficially owned for our directors includes Common Stock equivalents in the form of fully earned RSUs that are owned by the director for which full consideration has been received by the Company and for which there are no additional outstanding conditions. All RSUs will be converted into shares of Common Stock upon the director's termination of service to the Board. This includes 18,315 RSUs owned by Mr. Beattie; 25,660 RSUs owned by Mr. Fazio; 870 RSUs owned by Ms. Kanin-Lovers; 35,154 RSUs owned by Mr. Knell; and 770 RSUs owned by Mr. Unruh.
- (4) Number is based on information contained in a Schedule 13G/A filed with the SEC on February 15, 2016 jointly by Heartland Advisors, Inc. and William J. Nasgovitz (789 North Water Street, Milwaukee, WI 53202) as its control person, reporting shared voting and dispositive power over 1,772,211 shares.
- (5) Number is based on information contained in Schedule 13G/A filed by BlackRock, Inc. (40 East 52nd Street, New York, NY 10022) with the SEC on December 8, 2015, reporting sole dispositive power over 1,720,058 shares and sole voting power over 1,681,281 shares.
- (6) Number is based on information contained in Schedule 13G/A filed with the SEC on January 27, 2016 jointly by Franklin Templeton Investments Corp. (200 King Street West, Suite 1500, Toronto, Ontario, Canada M5H 3T4), which reports sole voting and dispositive power over 948,340 shares, as well as Franklin Resources, Inc. and its principal stockholders (One Franklin Parkway, San Mateo, CA 94403-1906), each of whom the Schedule 13G states may be deemed the beneficial owners of these shares.
- (7) Number is based on information contained in Schedule 13G/A filed with the SEC on February 8, 2016 reporting shared voting and dispositive over 1,244,672 shares by Paradise Investment Management LLC (257 Fillmore Street, Suite 200, Denver CO 80206) and Paradise Investment Management Pty Ltd (Level 12, 139 Macquarie Street, Sydney, Australia 2000).
- (8) Number is based on information contained in Schedule 13G filed with the SEC on February 9, 2016 by Dimensional Fund Advisors LP (Building One, 6300 Bee Cave Road, Austin, TX 78746) which reports sole dispositive power over 1,023,304 shares and sole voting power over 961,244 shares.
- (9) Number is based on information contained in Schedule 13G filed with the SEC on February 10, 2016 by The Vanguard Group (100 Vanguard Blvd., Malvern, PA 19355) which reports sole dispositive power over 924,372 shares and sole voting power over 23,776 shares.
- (10) The Percent for each of Heartland Advisors, Inc., BlackRock, Inc., Franklin Resources, Inc., Paradise Investment Management Pty Ltd., Dimensional Fund Advisors LP, and The Vanguard Group was calculated by using the number of beneficially owned shares disclosed in the respective Schedule 13G as the numerator and the number of the Company's outstanding common shares as of March 31, 2016 as the denominator.

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COMPENSATION DISCUSSION AND ANALYSIS

Heidrick & Struggles International, Inc. is a leadership advisory firm providing executive search, culture shaping and leadership consulting services. We assist organizations in achieving their long-term business objectives by helping them to improve the effectiveness of their leadership teams. We provide our services to a broad range of clients through the expertise of our experienced consultants located in major cities around the world. In recent years, we have expanded our service capabilities in response to our clients' request for comprehensive leadership advisory services. The Human Resources and Compensation Committee (HRCC) of the Board of Directors seeks to ensure that our executive compensation programs attract, retain and reward the best talent, while at the same time maintain a strong link between pay and performance and align the interests of our executives and stockholders. Our executive compensation philosophy emphasizes and rewards both Company and individual performance, which we believe promotes sustained long-term performance by rewarding not only the achievement of financial and operational goals, but also the accomplishment of individual strategic objectives that enable growth.

This *Compensation Discussion and Analysis* describes the philosophy and objectives of our executive compensation programs for our named executive officers. For 2015 our named executive officers were:

Tracy R. Wolstencroft, President and Chief Executive Officer

Krishnan Rajagopalan, Executive Vice President, Global Practices

Jory J. Marino, Executive Vice President, Global Markets

Richard W. Pehlke, Executive Vice President and Chief Financial Officer

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

2015 Year in Review

2015 was an important year of strategic, operational and financial accomplishments. During 2015, we continued to implement initiatives to strengthen and invest in our Company which allowed us to continue to meet the growing needs of our clients, manage our costs more effectively, and better position the Company to deliver results to our stockholders.

We delivered improvements in profitability. We strengthened our core search business while investing in the growth of our Leadership Consulting business, advancing our strategy to bring to market a distinctive set of capabilities that permit us to engage senior executives and boards around the world. We acquired a London-based advisory firm specializing in accelerating organizational performance and with that transaction gained a new leader for our Leadership Consulting business, Colin Price.

We made meaningful progress in attracting, developing and retaining the very best talent in the industry, and ended 2015 with 334 consultants, up 9 percent year over year. Our voluntary turnover was the lowest in 7 years. These are strong indicators that Heidrick & Struggles is once again an attractive destination for the most talented professionals in our field. We confirmed 7 percent more searches in 2015, delivering on our purpose, which is: We help our clients change the world, one leadership team at a time. The important work we are executing around the world at some of the most well-known and respected organizations is elevating and strengthening the power of Heidrick & Struggles' brand.

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Our efforts achieved the positive results detailed below. Along with our dedicated and experienced consultants and staff located in major cities around the world, our named executive officers Messrs. Wolstencroft, Rajagopalan, Marino, Pehlke, and Beard each led and played an important role in the achievement of these results for the Company and its stockholders.

2015 -Financial and Operational Results

Consolidated Net Revenue \$531.1 million, a 7.5% increase from \$494.3 million in 2014.

(revenue before reimbursements)

*Adjusted EBITDA*¹ \$55.8 million, a 14.0% increase from \$48.9 million in 2014.

*Adjusted EBITDA Margin*¹ 10.5%, compared to 9.9% in 2014.

Operating Income \$34.1 million, a 27.8% increase from \$26.7 million in 2014.

Operating Margin 6.4% compared to 5.4% in 2014.

(operating income as a percentage of net revenue)

Consultant Productivity \$1.5 million in 2015 and 2014.

(net revenue per executive search and leadership consulting consultant)

Common Stock Price \$27.22 per share, up 18.1% from \$23.05 per share in 2014.

(measured at December 31)

General Operations Maintained a sound financial and operating structure, including a strong liquidity and cash flow position to support our business plan.

Strengthened and grew our core search business through an improvement in attracting, hiring, developing and retaining its search consultants.

Consultant Hiring and Retention During 2015, the Company increased the number of consultants by 9% when compared to 2014. Voluntary turnover was the lowest in 7 years.

2015- Leadership Developments and Initiatives

Head of Global Practices In 2015, Mr. Rajagopalan assumed the position of Head of Global Practices. Effective January 1, 2016, Mr. Rajagopalan assumed the role of Executive Vice President and Managing Partner-Executive Search.

Head of Leadership Consulting Upon the acquisition of Co Company in October 2015, Mr. Colin Price, the CEO of Co Company, was appointed to lead our Leadership Consulting practice globally. Effective January 1, 2016, Mr. Price assumed the role of Executive Vice President and Managing

Partner Leadership Consulting.

¹ Adjusted EBITDA refers to earnings before interest, taxes, depreciation, intangible amortization, stock-based compensation expense, compensation expense associated with Senn Delaney retention awards, earn-out accretion, restructuring charges, and other non-operating income (expense). Adjusted EBITDA margin refers to Adjusted EBITDA as a percentage of net revenue. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. See the reconciliation attached as Annex A.

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2015 Performance Based Compensation Highlights

Our HRCC continued to utilize a performance-based compensation structure for 2015 for our named executive officers consisting of both short and long-term incentive programs. These programs were based on individual, financial, and operational metrics.

The Company's 2015 financial and operational performance met or exceeded target levels for three of the five Company performance metrics. Two Company performance metrics (Improved Operating Margin and EBITDA Margin) were slightly below target, but well exceeded the minimum. See, *Annual Incentives* on page 30. Our HRCC considered both quantitative and qualitative individual, financial and operational factors when determining named executive officer compensation for the year. Those considerations, along with the operation of the Company's compensation policies, resulted in the following key compensation highlights for 2015:

Compensation Element	Performance Based Compensation Highlights
<i>Short-Term Management Incentive Plan or MIP</i>	<p>Our Management Incentive Plan or MIP (described on page 30) is designed to reward achievement of specific performance goals over a one-year period. 75% of the target annual incentive is based on Company performance against pre-established financial goals. Individual performance accounts for 25% of the payout for each named executive officer's MIP award. The Company performance portion of the MIP was calculated at 99% of target for the 2015 fiscal year. With respect to Messrs. Wolstencroft, Rajagopalan, Pehlke, and Beard, the HRCC determined that their performance of their individual goals during the year warranted an award calculation of 150% of target for the individual component of their 2015 MIP awards. The HRCC determined that Mr. Marino's performance of his individual goals during the year warranted an award calculation of 105% of target for the individual component of his 2015 MIP award.</p> <p>The annual cash bonus target opportunity under our MIP for Mr. Wolstencroft is 125% of his base salary, and 100% of base salary for our other named executive officers (Messrs. Rajagopalan, Marino, Pehlke and Beard). The bonus opportunity is subject to each named executive officer attaining certain performance goals established annually by our HRCC.</p>
<i>Long-Term Incentives or LTI awards</i>	<p>As part of our annual long term incentive program and regular practice, for our named executive officers, our 2015 Long-Term Incentives or LTI awards (delivered as both Performance Stock Units PSUs and Restricted Stock Units RSUs) were granted in March 2015 at target value. Named executive officers can earn between 0% and 200% of the target number of PSUs based on Company performance against pre-established financial goals.</p>
<i>Outstanding PSUs</i>	<p>Our LTI is designed to incent management to achieve stockholder value and drive long-term value creation. Our long-term strategic goals include growing our business in the Americas, Europe and Asia, delivering improvements in profitability and retaining key talent.</p> <p>Our PSUs issued in 2013 and vesting in full in 2016 paid out at 136.4% of target based on calculation of the three-year average of operating income relative to the Company's target goals for 2013 through 2015.</p>

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Compensation Element	Performance Based Compensation Highlights
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<p><i>Employment Agreements</i></p>	<p>The Company enters into employment agreements with executive officers as new executives join the Company or current officers take on new or expanded executive roles. Our employment agreements with executive officers do not contain guaranteed bonus payments, and all equity award provisions consisted entirely of unvested RSUs and PSUs as required by our regular long term incentive programs. Other terms and conditions of employment contracts with executive officers are consistent with our compensation philosophy and program objectives. See, <i>Employment Agreements</i> on page 35.</p>
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Overall Compensation Philosophy

Our HRCC strives to establish compensation programs for our executives and employees that are market competitive with firms in the executive search, leadership consulting and management consulting space, both public and private, with whom we compete for executive talent. At the heart of our compensation programs is a pay-for-performance philosophy. We expect our executive officers to initiate and carry out sustainable growth strategies and create long-term value and growth for the Company and its stockholders. We link various aspects of our business strategies with our compensation program design. Company performance is a primary factor in most elements of our executive incentive compensation program design. When measuring Company performance, we may consider both qualitative and quantitative factors and achievements relating to our business strategies and objectives. In assessing the individual performance of named executive officers, our HRCC may consider, among other things, the officer's accomplishments of priorities, contributions to the Company's strategic initiatives and execution of leadership objectives.

Our HRCC regularly reviews our compensation programs for our executives and employees to ensure that the programs continue to meet the needs of the business and align the long-term interests of our executives with those of our stockholders. Our compensation programs may change from time to time based on the review of the HRCC.

Executive Compensation Program Principles

Our HRCC uses the following principles to implement our executive compensation philosophy:

Compensation Principle	Compensation Program Feature
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<p><i>Reward performance, long-term growth and sustained profitability through variable pay elements.</i></p>	<p>A substantial portion of our named executive officers' compensation is variable (approximately 76.5% for our CEO and an average of 66.7% for our other named executive officers) and composed of annual and long-term incentive awards that are only earned upon achievement of financial and non-financial objectives that either influence or contribute to stockholder value creation.</p> <p>This weighting toward variable pay requires sustained financial performance to deliver significant value by the Company and encourages our named executive officers to deliver continued growth over an extended period of time. Equity awards, coupled with executive stock ownership guidelines and our mandatory deferral of a portion of any MIP bonuses earned, further assure the alignment of interests between our named executive officers and our stockholders.</p>
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Attract, retain and motivate the most talented executives.

Our executive compensation must enable us to attract, motivate and retain not only highly talented executives, but also search and leadership consultants from both public and private employers with whom we compete for top talent critical to our long-term success.

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Compensation Principle	Compensation Program Feature
<i>Provide modest benefits and limited perquisites.</i>	We provide modest standard employee benefits, limited financial planning (maximum of \$1,080 per year or \$3,150 for the first year expenses are incurred), annual physicals to our named executive officers, and business club memberships. All business club memberships are offered to executives on the same scale and terms as those for our executive search consultants.
Applying these principles results in pay packages where a significant portion of compensation is put at risk, in the form of performance-based annual and long-term incentives. We believe our executive pay packages support our commitment to sound corporate governance and reflect common best practices, including:	We provide no Company contributions to retirement or pension plans for executives beyond our broad-based 401(k) plan. We believe the financial opportunities provided to our named executive officers through our executive compensation program minimize the need for extra benefits or perquisites.

Best Practice	Heidrick's Implementation and Result
<i>Prudent Approach to Increases in Base Salaries.</i>	In recent years we have not increased base salaries for our named executive officers unless their roles and duties expanded or they were newly hired or promoted. We did not increase base salaries for our named executive officers in 2015.
<i>Annual Incentives Based on Performance.</i>	Consistent with our pay-for-performance philosophy, our MIP rewards both Company and individual performance, with a heavier weighting on Company performance.
<i>Mandatory Deferral of Portion of Earned Annual Incentive Award.</i>	Ensuring that our annual incentives continue to provide retention value, we defer 15 percent of our named executive officers' MIP bonuses, to be paid out in equal annual amounts over a three-year period assuming the executive officer remains employed by the Company.
<i>No Repricing or Replacing Outstanding Stock Options.</i>	It has been our practice not to reprice or replace outstanding stock options, and we did not reprice or replace any stock options during 2015. None of our named executive officers have stock options.
<i>Compensation is Subject to a Claw-Back Policy.</i>	Our Company has a Claw-back Policy that applies to the named executive officers and is intended to comply with the requirements of the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act.
<i>No Evergreen Provisions in Employment Agreements.</i>	