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

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 0-25837

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**36-2681268**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303
(Address of principal executive offices) (Zip Code)
(312) 496-1200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, $.01 par value	**The Nasdaq Stock Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act. Yes ☐ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K Yes x No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	x
Non-Accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The aggregate market value of the registrant's Common Stock held by non-affiliates (excludes shares held by executive officers, directors and beneficial owners of 10% or more of the registrant's outstanding Common Stock) on June 30, 2015 was approximately $478,001,725 based upon the closing market price of $26.08 on that date of a share of Common Stock as reported on the Nasdaq Global Stock Market. As of March 3, 2016, there were 18,452,247 shares of the Company's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 19, 2016, are incorporated by reference into Part III of this Form 10-K.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

Overview

Heidrick & Struggles International, Inc. ("Heidrick & Struggles") is a leadership advisory firm providing executive search, culture shaping and leadership consulting services to businesses and business leaders worldwide. When we use the terms "Heidrick & Struggles," "The Company," "we," "us" and "our," in this Form 10-K, we mean Heidrick & Struggles International, Inc. a Delaware corporation, and its consolidated subsidiaries. We provide our services to a broad range of clients through the expertise of over 300 consultants located in major cities around the world. Heidrick & Struggles and its predecessors have been a leadership advisor for more than 60 years. Heidrick & Struggles was formed as a Delaware corporation in 1999 when two of our predecessors merged to form Heidrick & Struggles.

Our service offerings include the following:

Executive Search. We partner with respected organizations globally to build and sustain the best leadership teams in the world, with a specialized focus on the placement of top-level senior executives. We believe focusing on top-level senior executives provides the opportunity for several advantages including access to and influence with key decision makers, increased potential for recurring search and consulting engagements, higher fees per search, enhanced brand visibility, and a leveraged global footprint. Working at the top of client organizations also facilitates the attraction and retention of high-caliber consultants who desire to serve top industry executives and their leadership needs. Our executive search services derive revenue through the fees generated for each search engagement, which generally are based on the annual compensation for the placed executive. We provide our executive search services on a retained basis, recruiting senior executives whose first year base salary and bonus averaged approximately $346,000 in 2015 on a worldwide basis.

The executive search industry is highly fragmented, consisting of several thousand executive search firms worldwide. Executive search firms are generally separated into two broad categories: retained search and contingency search. Retained executive search firms fulfill their clients' senior leadership needs by identifying potentially qualified candidates and assisting clients in evaluating and assessing these candidates. Retained executive search firms generally are compensated for their services regardless of whether the client employs a candidate identified by the search firm and are generally retained on an exclusive basis. Typically, retained executive search firms are paid a retainer for their services equal to approximately one-third of the estimated first year compensation for the position to be filled. In addition, if the actual compensation of a placed candidate exceeds the estimated compensation, executive search firms often are authorized to bill the client for one-third of the excess. In contrast, contingency search firms are compensated only upon successfully placing a recommended candidate.

We are a retained executive search firm. Our search process typically consists of the following steps:

- Analyzing the client's business needs in order to understand its organizational structure, relationships, and culture; advising the client as to the required set of skills and experiences for the position; and identifying with the client the other characteristics desired of the successful candidate
- Selecting, contacting, interviewing and evaluating candidates on the basis of experience and potential cultural fit with the client organization
- Presenting confidential written reports on the candidates who potentially fit the position specification
- Scheduling a mutually convenient meeting between the client and each candidate
- Completing references on the final candidate selected by the client
- Assisting the client in structuring compensation packages and supporting the successful candidate's integration into the client team

Culture Shaping. On December 31, 2012 we acquired Senn-Delaney Leadership Consulting Group, LLC, a global leader of corporate culture shaping. Chief executive officers seek our guidance through our culture shaping services to create thriving organizational cultures in a variety of business situations, including:

- Shaping the culture to support new strategies and structures

- Aligning executive teams when there are new leaders and/or new roles
- Integrating cultures following mergers and acquisitions
- Helping minimize cultural barriers to change when implementing major organizational systems or processes
- Creating greater organizational agility to meet the challenges of a changing marketplace.

Our culture shaping business uses its proprietary technology to analyze and interpret organizational cultures and drivers, and partner with clients to administer methods that develop alignment on leadership teams and desired organizational outcomes. Our culture shaping services generate revenue through a combination of professional service and license fees related to the engagement.

Leadership Consulting. Our leadership consulting services include succession planning, executive assessment and top team and board effectiveness. On October 1, 2015, we acquired Co Company Limited, an organizational development consulting firm. Leadership Consulting is currently less than 10% of our net revenue. Our leadership consulting services generate revenue primarily through the professional fees generated for each engagement which are generally based on the size of the project and scope of services.

Client base. For many of our clients, our global access to and knowledge of regional and functional markets and candidate talent is an important differentiator of our business. Our clients generally fall into one of the following categories:

- Fortune 1000 companies
- Major U.S. and non-U.S. companies
- Middle market and emerging growth companies
- Governmental, higher education and not-for-profit organizations
- Other leading private and public entities

Available Information

We maintain an Internet website at *http://www.heidrick.com*. We make available free of charge through the investor relations section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934 (Exchange Act), as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). Also posted on our website, and available in print upon request of any shareholder to our Investor Relations Officer, are our certificate of incorporation and by-laws, charters for our Audit and Finance Committee, Human Resources and Compensation Committee, and Nominating and Board Corporate Governance Committee, our Policy Regarding Director Independence Determinations, our Policy on Reporting of Concerns Regarding Accounting and Other Matters, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics governing our directors, officers and employees. Within the time period required by the SEC, we will post on our website any amendment to the Code of Business Conduct and Ethics and any waiver applicable to any executive officer, director or senior financial officer.

In addition, our website includes information concerning purchases and sales of our equity securities by our executive officers and directors, as well as disclosure relating to certain non-GAAP financial measures (as defined in the SEC's Regulation G) that we may make public orally, telephonically, by webcast, by broadcast or by similar means from time to time.

Our Investor Relations Officer can be contacted at Heidrick & Struggles International, Inc., 233 South Wacker Drive, Suite 4900, Chicago, Illinois, 60606, Attn: Investor Relations Officer, telephone: 312-496-1200, e-mail: InvestorRelations@heidrick.com.

Organization

Our organizational structure, which is arranged by geography, service offering and industry and functional practices, is designed to enable us to better understand our clients' cultures, operations, business strategies, industries and regional markets for leadership talent.

Geographic Structure. We provide senior-level executive search, culture shaping and leadership consulting services to our clients worldwide through a network of 48 offices in 26 countries. Each office size varies; however, major locations are staffed with consultants, research associates, administrative assistants and other support staff. Administrative functions are centralized where possible, although certain support and research functions are situated regionally because of variations in local requirements. We face risks associated with political instability, legal requirements and currency fluctuations in our international operations. Examples of such risks include difficulties in managing global operations, social and political instability, regulations and potential adverse tax consequences. For a more complete description of the risks associated with our business please see the Section in this Form 10-K entitled "Risk Factors".

Our worldwide network includes affiliate relationships in Finland, South Africa, Turkey and Portugal. We have no financial investment in these affiliates but receive licensing fees from them for the use of our name and our databases. Licensing fees are less than 1% of our net revenue.

Information by Geography. We operate our executive search and leadership consulting services in three geographic regions: the Americas (which includes the countries in North and South America); Europe (which includes the continents of Europe and Africa); and Asia Pacific (which includes Asia and the region generally known as the Middle East). Our culture shaping segment operates in the Americas and Europe.

Americas. As of December 31, 2015, we had 152 consultants in our Americas segment. The largest offices in this segment, as defined by net revenue, are located in New York, Chicago and San Francisco.

Europe. As of December 31, 2015, we had 90 consultants in our European segment. The largest countries in this segment, as defined by net revenue, are the United Kingdom, France and Germany.

Asia Pacific. As of December 31, 2015, we had 92 consultants in our Asia Pacific segment. The largest countries in this segment, as defined by net revenue, are China (including Hong Kong), Australia and Singapore.

Culture Shaping. As of December 31, 2015, we had 12 consultants in our Culture Shaping segment. The culture shaping consultants are primarily based in Huntington Beach, CA and approximately 83% of the net revenue is generated in the United States.

The relative percentages of net revenue attributable to each segment were as follows:

	Year Ended December 31,		
	2015	**2014**	**2013**
Executive Search and Leadership Consulting			
Americas	56%	53%	56%
Europe	19%	22%	19%
Asia Pacific	18%	18%	20%
Culture Shaping	7%	7%	5%

Due to our recent acquisitions, we are currently reviewing our 2016 segment presentation and disclosure. For financial information relating to each segment, see Note 18, *Segment Information*, in the Notes to Consolidated Financial Statements.

Global Industry Practices. Our executive search and leadership consulting business operates in six broad industry groups listed below. These industry categories and their relative sizes, as measured by billings for 2015 and 2014, are as follows:

Global Industry Practices	Percentage of Billings 2015	2014	2013
Financial Services	27%	26%	25%
Global Technology & Services	22	21	20
Industrial	21	23	25
Consumer Markets	16	18	17
Healthcare & Life Sciences	10	8	9
Education, Non-Profit & Social Enterprise	4	4	4
	100%	100%	100%

Within each broad industry group are a number of industry sub-sectors. Consultants often specialize in one or more sub sectors to provide clients with market intelligence and candidate knowledge specific to their industry. For example, within the Financial Services sector our business is diversified amongst a number of industry sub sectors including Asset & Wealth Management, Consumer & Commercial Finance, Commodities, Corporate and Transaction Banking, Global Markets, Hedge Fund, Infrastructure, Investment Banking, Insurance, Private Equity Investment Professionals and Real Estate.

We service our clients with global industry interests and needs through unified global executive search teams who specialize in industry practices. This go-to-market strategy allows us to leverage our global diversity and market intelligence and is designed to provide better client service. Each client is served by one global account team, which we believe is a key differentiator from our competition.

Global Functional Practices. Our executive search consultants also specialize in searches for specific "C-level" functional positions, which are roles that generally report directly to the chief executive officer.

Our Global Functional Practices include Chief Executive Officer & Board of Directors; Human Resources Officers; Financial Officers; Information and Technology Officers; Legal, Risk, Compliance & Government Affairs; Marketing, Sales and Strategy Officers and Supply Chain and Operations.

Our team of executive search consultants may service clients from any one of our offices around the world. For example, an executive search for a chief financial officer of an industrial company located in the United Kingdom may involve a consultant in the United Kingdom with an existing relationship with the client, another executive search consultant in the United States with expertise in our Industrial practice and a third executive search consultant with expertise in recruiting chief financial officers. This same industrial client may also engage us to perform skill-based assessments for each of its senior managers, which could require the expertise of one of our leadership advisory consultants trained in this service.

Seasonality

There is no discernible seasonality in our business, although as a percentage of total annual net revenue, the first quarter is typically the lowest. Revenue and operating income have historically varied by quarter and are hard to predict from quarter to quarter. In addition, the volatility in the global economy and business cycles can impact our quarterly revenue and operating income.

Clients and Marketing

Our consultants market the firm's executive search, culture shaping and leadership consulting services through two principal means: targeted client calling and industry networking with clients and referral sources. These efforts are supported by proprietary databases, which provide our consultants with information as to contacts made by their colleagues with particular referral sources, candidates and clients. In addition, we benefit from a significant number of referrals generated by our reputation for high quality service and successfully completed assignments, as well as repeat business resulting from our ongoing client relationships.

In support of client calling and networking, the practice teams as well as individual consultants also author and publish articles and white papers on a variety of leadership and talent topics and trends around the world. Our consultants often present research findings and talent insights at notable conferences and events as well. Our insights are sometimes acknowledged by major media outlets and trade journalists. These efforts aid in the marketing of our services as well.

Either by agreement with the clients or to maintain strong client relationships, we may refrain from recruiting employees of a client, or possibly other entities affiliated with that client, for a specified period of time but typically not more than one year from the commencement of a search. We seek to mitigate any adverse effects of these off-limits arrangements by strengthening our long-term relationships, allowing us to communicate our belief to prospective clients that we can conduct searches without these off-limits arrangements impeding the quality of our work.

No single client accounted for more than 1% of our net revenue in 2015, 2014 or 2013. As a percentage of total revenue, our top ten clients in aggregate accounted for approximately 7% in 2015, 2014 and 2013.

Information Management Systems

We rely on technology to support our consultants and staff in the search process. Our technology infrastructure consists of internally developed databases containing candidate profiles and client records, coupled with online services, industry reference sources, and Leadership Signature, an internally developed assessment tool. We use technology to manage and share information on current and potential clients and candidates, to communicate to both internal and external constituencies and to support administrative functions.

Our culture shaping business' proprietary Web-based system, SD Connect™ is integral to the culture-shaping process. This technology platform enables our consultants to administer, analyze and interpret online Corporate Culture Profiles™ (CCP) surveys to develop clarity around team and organizational need and desired outcomes. In addition, we gather data using our online Culture Impact Survey™ (CIS) to determine which culture-shaping concepts are being utilized by individuals and the team as a whole.

Professional Staff and Employees

Our professionals are generally categorized either as consultants or associates. Associates assist consultants by providing research support, coordinating candidate contact and performing other engagement-related functions. As of December 31, 2015, we had head count (including contractors) of 1,659, consisting of 346 consultants with 334 consultants related to executive search and leadership consulting and 12 consultants related to culture shaping, 482 associates and 831 other search, support and Global Operations Support staff.

We promote our associates to consultants during the annual consultant promotion process and we recruit our consultants from other executive search or human capital firms, or in the case of executive search, consultants new to search who have worked in industries or functions represented by our practices. In the latter case, these are often seasoned executives with extensive contacts and outstanding reputations who are entering the search profession as a second career and whom we train in our techniques and methodologies. Our culture shaping consultants are recruited for their executive business experience as well as their skills in consulting and leadership advisory and often are former clients who are familiar with our culture shaping methodology. We are not a party to any U.S. based collective bargaining agreement, and we consider relations with our employees to be good.

Competition

The executive search industry is highly competitive. While we face competition to some degree from all firms in the industry, we believe our most direct competition comes from four established global retained executive search firms that conduct searches primarily for the most senior-level positions within an organization. In particular, our competitors include Egon Zehnder International, Korn Ferry International, Russell Reynolds Associates, Inc. and Spencer Stuart & Associates. To a lesser extent, we also face competition from smaller boutique firms that specialize in certain regional markets or industry segments and Internet-based firms. Each firm with which we compete is also a competitor in the marketplace for effective search consultants.

Overall, the search industry has relatively few barriers to entry; however, there are higher barriers to entry to compete with global retained executive search firms that can provide leadership consulting services at the senior executive level. At this level, clients rely more heavily on a search firm's reputation, global access and the experience level of its consultants. We believe that the segment of executive search in which we compete is more quality-sensitive than price-sensitive. As a result, we compete on the level of service we offer, reflected by our client services specialties and, ultimately, by the quality of our search results. We believe that our emphasis on senior-level executive search, the depth of experience of our search consultants and our global presence enable us to compete favorably with other executive search firms.

Competition in the leadership consulting services and culture shaping markets in which we operate is highly fragmented, with no universally recognized market leaders.

Regulation

We are subject to the U.S. securities laws and general corporate and commercial laws and regulations of the locations which we serve. These include regulations regarding anti-bribery, privacy and data protection, intellectual property, data security, data retention, personal information, economic or other trade prohibitions or sanctions. In particular, we are subject to federal, state, and foreign laws regarding privacy and protection of people's data. Foreign data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. U.S. federal and state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to change.

EXECUTIVE OFFICERS

Below is the name, age, present title, principal occupation and certain biographical information for each of our executive officers as of the date of this report. All of our executive officers have been appointed by and serve at the pleasure of our board of directors. There are no family relationships between any executive officer or director.

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 his retirement in 2010, Mr. Wolstencroft served as a partner for Goldman Sachs & Co. ("Goldman"), concluding a twenty-five year career with the firm. During his service to 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 the firm's strategy in China. Mr. Wolstencroft also served as an Advisory Director for Goldman and as Chairman of the firm's Clean Technology and Renewables business. He currently serves as a Trustee of the Brookings Institution, the National Geographic Society and the International Rescue Committee.

Richard W. Pehlke (62) Mr. Pehlke has been our Executive Vice President and Chief Financial Officer since August 2011 after serving as interim Chief Financial Officer since May 2011. Previously, Mr. Pehlke was Executive Vice President and Chief Financial Officer at Grubb & Ellis Company, a commercial real estate firm, from 2007 to 2010. During his extensive career, he also has held senior financial positions in the business services, telecommunications, financial services, food and consumer products and executive search and staffing industries. Mr. Pehlke currently serves on the board of directors of Ideal Industries.

Stephen W. Beard (44) Mr. Beard has been our Executive Vice President, General Counsel and Chief Administrative Officer since January 1, 2013. During his more than 10 years with the Company he has served in several senior leadership capacities, including serving as our General Counsel and Corporate Secretary (November 2010 to January 2013) and Deputy General Counsel and Chief Compliance Officer (2008 through November 2010).

Colin Price (57) Mr. Price has been our Executive Vice President and Managing Partner - Leadership Consulting since December 2015 and became a member of our Executive Committee on January 1, 2016. Previously, Mr. Price served as Chairman of Co Company Limited, an organizational development consulting firm acquired by Heidrick & Struggles in 2015. He previously was a Director in McKinsey & Company's London office and led McKinsey's Global Organisation Practice (1999 through July 2014.)

Krishnan Rajagopalan (55) Mr. Rajagopalan joined the firm in 2001 in executive search and has served as Global Head of Practices since April 2014 and was appointed an Executive Vice President on January 1, 2015. He has served in other leadership roles including Global Practice Managing Partner, Technology and Services (2010 to 2014) and Global Practice Managing Partner, Business/Professional Services (2007 to 2010).

Richard W. Greene (52) Mr. Greene has been our Executive Vice President and Chief Human Resources Officer since January 1, 2015. Previously, Mr. Greene was the global Head of Talent Management and a global segment HR executive at Bunge, an agribusiness and food production company (2011 to 2014). Mr. Greene previously managed Heidrick & Struggles' Leadership Consulting and Human Resources practices in the Americas (2006 to 2011).

ITEM 1A. RISK FACTORS

In addition to other information in this Form 10-K, the following risk factors should be carefully considered in evaluating our business because such factors may have a material impact on our business, operating results, cash flows and financial condition. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business.

We depend on attracting, integrating, managing, and retaining qualified consultants and senior leaders.

Our success depends upon our ability to attract, develop, manage and retain quality consultants with the skills and experience necessary to fulfill our clients' needs and achieve our operational and financial goals. Our ability to hire and retain qualified consultants could be impaired by any diminution of our reputation, disparity in compensation relative to our competitors, modifications to our total compensation philosophy or competitor hiring programs. If we cannot attract, hire, develop and retain qualified consultants, our business, financial condition and results of operations may suffer. Our future success also depends upon our ability to complete the integration of newly-hired consultants successfully into our operations and to manage the performance of our consultants. Failure to successfully integrate newly-hired consultants or to manage the performance of our consultants could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income. There is also a risk that unanticipated turnover in senior leadership coupled with an inadequate succession plan stalls company activity, interrupts strategic vision or lowers productive output which may adversely impact our financial condition and results of operations.

We may not be able to prevent our consultants from taking our clients with them to another firm.

Our success depends upon our ability to develop and maintain strong, long-term relationships with our clients. Although we work on building these relationships between our firm and our clients, in many cases, one or two consultants have primary responsibility for a client relationship. When a consultant leaves one executive search firm and joins another, clients who have established relationships with the departing consultant may move their business to the consultant's new employer. We may also lose clients if the departing consultant has widespread name recognition or a reputation as a specialist in executing searches in a specific industry or management function. If we fail to retain important client relationships when a consultant departs our firm, our business, financial condition and results of operations may be adversely affected.

Our success depends on our ability to maintain our professional reputation and brand name.

We depend on our overall professional reputation and brand name recognition to secure new engagements and hire qualified consultants. Our success also depends on the individual reputations of our consultants. We obtain many of our new engagements from existing clients or from referrals by those clients. A client who is dissatisfied with our work can adversely affect our ability to secure new engagements. If any factor, including poor performance, hurts our reputation we may experience difficulties in competing successfully for both new engagements and qualified consultants. Failure to maintain our professional reputation and brand name could seriously harm our business, financial condition and results of operations.

Our net revenue may be affected by adverse economic conditions.

Demand for our services is affected by global economic conditions and the general level of economic activity in the geographic regions in which we operate. During periods of slowed economic activity many companies hire fewer permanent employees, and our financial condition and results of operations can be adversely affected. If unfavorable changes in economic conditions occur, our business, financial condition and results of operations could suffer.

Because our clients may restrict us from recruiting their employees, we may be unable to fill or obtain new executive search assignments.

Clients frequently require us to refrain from recruiting certain of their employees when conducting executive searches on behalf of other clients. These restrictions generally remain in effect for no more than one year following the commencement of an engagement. However, the specific duration and scope of the off-limits arrangements depend on the length of the client relationship, the frequency with which the client engages us to perform searches, the number of assignments we have performed for the client and the potential for future business with the client.

Client restrictions on recruiting their employees could hinder us from fulfilling executive searches. Additionally, if a prospective client believes that we are overly restricted by these off-limits arrangements from recruiting the employees of our existing clients, these prospective clients may not engage us to perform their executive searches. As a result, our business, financial condition and results of operations may suffer.

We face aggressive competition.

The global executive search industry is highly competitive and fragmented. We compete with other large global executive search firms, smaller specialty firms, and more recently with Internet-based firms and social media. Specialty firms can focus on regional or functional markets or on particular industries. Some of our competitors may possess greater resources, greater name recognition and longer operating histories than we do in particular markets or practice areas, or be willing to reduce their fees or agree to alternative pricing practices in order to attract clients and increase market share.

There are limited barriers to entry into the search industry and new search firms continue to enter the market. Many executive search firms that have a smaller client base may be subject to fewer off-limits arrangements. In addition, our clients or prospective clients may decide to perform executive searches using in-house personnel. Also, as internet-based firms continue to evolve, they may develop offerings similar to or more expansive than ours, thereby increasing competition for our services or more broadly causing market disruption in the executive search industry. We may not be able to continue to compete effectively with existing or potential competitors and we may not be able to implement our leadership strategy effectively. Our inability to meet these competitive challenges could have an adverse impact on our business, financial condition and results of operations.

We rely heavily on information management systems.

Our success depends upon our ability to store, retrieve, process and manage substantial amounts of information. To achieve our goals, we must continue to improve and upgrade our information management systems. We may be unable to license, design and implement, in a cost-effective and timely manner, improved information systems that allow us to compete effectively. In addition, business process reengineering efforts may result in a change in software platforms and programs. Such efforts may result in an acceleration of depreciation expense over the shortened expected remaining life of the software and present transitional problems. Problems or issues with our proprietary search system or other factors may result in interruptions or loss in our information processing capabilities which may cause our business, financial condition and results of operations to suffer.

We face the risk of liability in the services we perform.

We are exposed to potential claims with respect to the executive search process. A client could assert a claim for violations of off-limits arrangements, breaches of confidentiality agreements or professional malpractice. The growth and development of our culture shaping and other leadership advisory services brings with it the potential for new types of claims. In addition, candidates and client employees could assert claims against us. Possible claims include failure to maintain the confidentiality of the candidate's employment search or for discrimination or other violations of the employment laws or malpractice. In various countries, we are subject to data protection laws impacting the processing of candidate information. We maintain professional liability insurance in amounts and coverage that we believe are adequate; however, we cannot guarantee that our insurance will cover all claims or that coverage will always be available. Significant uninsured liabilities could have a negative impact on our business, financial condition and results of operations.

Our multinational operations may be adversely affected by social, political, regulatory, legal and economic risks.

We generate substantial revenue outside the United States. We offer our services through a network of offices in 26 countries around the world. Our ability to effectively serve our clients is dependent upon our ability to successfully leverage our operating model across all of these and any future locations, maintain effective management controls over all of our locations to ensure, among other things, compliance with applicable laws, rules and regulations, and instill our core values in all of our personnel at each of these and any future locations. We are exposed to the risk of changes in social, political, legal and economic conditions inherent in international operations, which could have a significant impact on our business, financial condition and results of operations. Beginning in 2011, several countries within the European Union experienced sovereign debt and credit issues. This has caused more volatility in the economic environment throughout the European Union. In addition, we conduct business in countries where the legal systems, local laws and trade practices are unsettled and evolving. Commercial laws in these countries are sometimes vague, arbitrary and inconsistently applied. Under these circumstances, it is difficult for us to determine at all times the exact requirements of such local laws. If we fail to comply with local laws, our business, financial condition and results of operations could suffer. In addition, the global nature of our operations poses challenges to our management, and financial and accounting systems. Failure to meet these challenges could seriously harm our business, financial condition and results of operations.

A significant currency fluctuation between the U.S. dollar and other currencies could adversely impact our operating income.

With our operations in the Americas, Europe and Asia Pacific, we conduct business using various currencies. In 2015, approximately 40% of our net revenue was generated outside the United States. As we typically transact business in the local currency of our subsidiaries, our profitability may be impacted by the translation of foreign currency financial statements into U.S. dollars. Significant long-term fluctuations in relative currency values, in particular an increase in the value of the U.S. dollar against foreign currencies, could have an adverse effect on our profitability and financial condition.

We may not be able to align our cost structure with net revenue.

We must ensure that our costs and workforce continue to be in proportion to demand for our services. Failure to align our cost structure and headcount with net revenue could adversely affect our business, financial condition, and results of operations.

Unfavorable tax law changes and tax authority rulings may adversely affect results.

We are subject to income taxes in the United States and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates, or changes in the valuation allowance of deferred tax assets or tax laws. The amount of income taxes and other taxes are subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. authorities. If these audits result in assessments different from amounts recorded, future financial results may include unfavorable tax adjustments.

We may not be able to generate sufficient profits to realize the benefit of our net deferred tax assets.

We establish valuation allowances against deferred tax assets when there is insufficient evidence that we will be able to realize the benefit of these deferred tax assets. We reassess our ability to realize deferred tax assets as facts and circumstances dictate. If after future assessments of our ability to realize the deferred tax assets, we determine that a lesser or greater allowance is required, we record a reduction or increase to the income tax expense and the valuation allowance in the period of such determination. The uncertainty surrounding the future realization of our net deferred tax assets could adversely impact our results of operations.

We may experience impairment of our goodwill and other intangible assets.

In accordance with generally accepted accounting principles, we perform assessments of the carrying value of our goodwill at least annually and we review our goodwill and other intangible assets for impairment whenever events occur or circumstances indicate that a carrying amount of these assets may not be recoverable. These events and circumstances include a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in our stock price and market capitalization, competition, and other factors. In performing these assessments, we must make assumptions regarding the estimated fair value of our goodwill and other intangible assets. These assumptions include estimates of future market growth and trends, forecasted revenue and costs, capital investments, discount rates, and other variables. If the fair market value of one of our reporting units or other long term assets is less than the carrying amount of the related assets, we would be required to record an impairment charge. Due to continual changes in market and general business conditions, we cannot predict whether, and to what extent, our goodwill and long-lived intangible assets may be impaired in future periods. Any resulting impairment loss could have an adverse impact on our business, financial condition and results of operations.

Our ability to integrate future acquisitions, if any, could negatively affect our business and profitability.

Our future success may depend in part on our ability to complete the integration of acquisition targets successfully into our operations. The process of integrating an acquired business may subject us to a number of risks, including:

- diversion of management attention;
- amortization of intangible assets, adversely affecting our reported results of operations;
- inability to retain and/or integrate the management, key personnel and other employees of the acquired business;
- inability to properly integrate businesses resulting in operating inefficiencies;

- inability to establish uniform standards, disclosure controls and procedures, internal control over financial reporting and other systems, procedures and policies in a timely manner;
- inability to retain the acquired company's clients;
- exposure to legal claims for activities of the acquired business prior to acquisition; and
- incurrence of additional expenses in connection with the integration process.

If our acquisitions are not successfully integrated, our business, financial condition and results of operations, as well as our professional reputation, could be adversely affected.

We have anti-takeover provisions that make an acquisition of us difficult and expensive.

Anti-takeover provisions in our Certificate of Incorporation, our Bylaws and the Delaware laws make it difficult and expensive for someone to acquire us in a transaction which is not approved by our Board of Directors. Some of the provisions in our Certificate of Incorporation and Bylaws include:

- limitations on the removal of directors
- limitations on stockholder actions
- the ability to issue one or more series of preferred stock by action of our Board of Directors

These provisions could discourage an acquisition attempt or other transaction in which stockholders could receive a premium over the current market price for the common stock.

Our ability to access additional credit could be limited.

Banks can be expected to strictly enforce the terms of our credit agreement. Although we are currently in compliance with the financial covenants of our revolving credit facility, a deterioration of economic conditions may negatively impact our

business resulting in our failure to comply with these covenants, which could limit our ability to borrow funds under our credit facility or from other borrowing facilities in the future. In such circumstances, we may not be able to secure alternative financing or may only be able to do so at significantly higher costs.

Increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to our systems, networks, solutions, services and data.

Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber-related attacks pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. We have a program in place to detect and respond to data security incidents. However, we remain potentially vulnerable to additional known or unknown threats. We also have access to sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations and client-imposed controls. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, lost data, employee errors and/or malfeasance that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems or networks, unauthorized access, use, disclosure, modification or destruction of information. In addition, a cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action which could result in a negative impact to our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Chicago, Illinois. We have leased office space in 48 cities in 26 countries around the world. All of our offices are leased. We do not own any real estate. The aggregate square footage of office space under lease was 465,306 as of December 31, 2015. Our office leases call for future minimum lease payments of approximately $143.4 million and have terms that expire between 2016 and 2026, exclusive of renewal options that we can exercise. Approximately 13,000 square feet of office space has been sublet to third parties.

Our office space by geographic segment as of December 31, 2015 is as follows:

	Square Footage
Americas	242,048
Asia Pacific	123,715
Europe	99,543
Total	465,306

ITEM 3. LEGAL PROCEEDINGS

We have contingent liabilities from various pending claims and litigation matters arising in the ordinary course of our business, some of which involve claims for damages that may be substantial in amount. Some of these matters are covered by insurance. Based upon information currently available, we believe the ultimate resolution of such claims and litigation, including the "*UK Employee Benefits Trust*" matter discussed below, will not have a material adverse effect on our financial condition, results of operations or liquidity.

UK Employee Benefits Trust

On January 27, 2010, HM Revenue & Customs ("HMRC") in the United Kingdom notified us that it was challenging the tax treatment of certain of our contributions in the United Kingdom to an Employee Benefits Trust between 2002 and 2008. HMRC alleges that these contributions should have been subject to Pay As You Earn tax and Class 1 National Insurance Contributions in the United Kingdom; and HMRC is proposing an adjustment to our payroll tax liability for the affected years. The aggregate amount of HMRC's proposed adjustment is approximately £3.9 million (equivalent to $5.7 million at December 31, 2015). We have appealed the proposed adjustment. At this time, we believe that the likelihood of an unfavorable outcome with respect to the proposed adjustment is not probable and the potential amount of any loss cannot be reasonably estimated. We also believe that the amount of a final adjustment, if any, would not be material to our financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Registrant's Common Equity

Our common stock is listed on the Nasdaq Global Stock Market under the symbol "HSII." The following table sets forth the high and low stock price per share of the common stock for the periods indicated, as reported on the Nasdaq Global Stock Market.

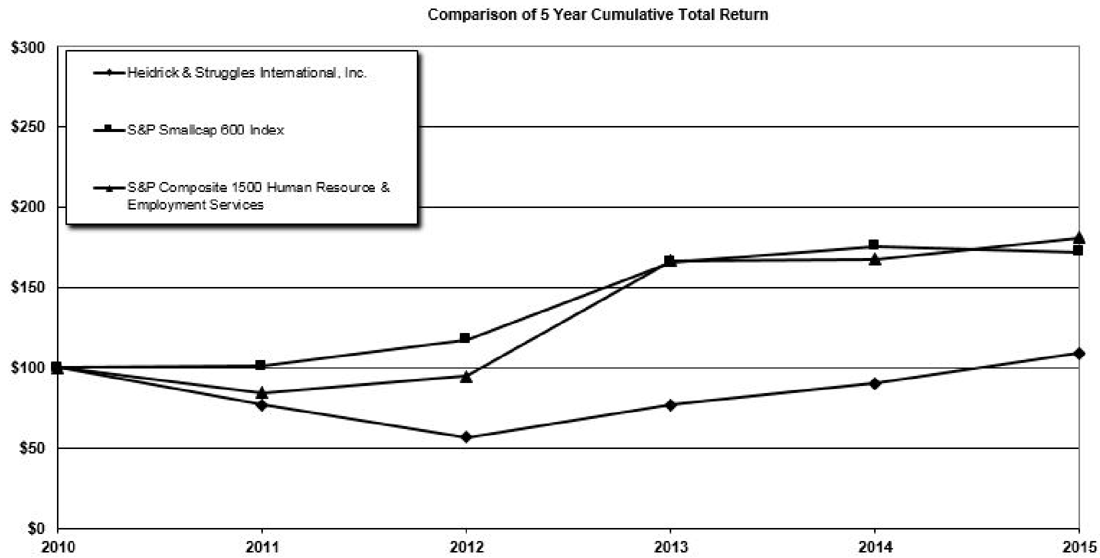
Year Ended December 31, 2015	High	Low
First Quarter	$ 24.78	$ 22.16
Second Quarter	26.59	23.13
Third Quarter	26.26	19.16
Fourth Quarter	29.77	19.43
Year Ended December 31, 2014		
First Quarter	$ 20.52	$ 15.97
Second Quarter	20.34	17.52
Third Quarter	23.68	17.85
Fourth Quarter	23.16	19.75

Table of Contents

Performance Graph

We have presented below a graph which compares the cumulative total stockholder return on our common shares with the cumulative total stockholder return of the Standard & Poor's SmallCap 600 Index and the Standard & Poor's Composite 1500 Human Resource and Employment Services Index. The S&P Composite 1500 Human Resource & Employment Services Index includes 11 companies in related businesses, including Heidrick & Struggles. Cumulative total return for each of the periods shown in the performance graph is measured assuming an initial investment of $100 on December 31, 2010.

The stock price performance depicted in this graph is not necessarily indicative of future price performance. This graph will not be deemed to be filed as part of this Form 10-K and will not be deemed to be incorporated by reference by any general statement incorporating this Form 10-K into any filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this information by reference.



* Assuming $100 invested on 12/31/10 in HSII or index, including reinvestment of dividends.
Prepared by: Zacks Investment Research, Inc.
Copyright: Standard and Poor's, Inc.

Dividends

Since September 2007, we have paid a quarterly cash dividend of $0.13 per share as approved by our Board of Directors. In 2015, the total cash dividend paid was $0.52 per share.

The following table outlines the record date, payment date and amount of quarterly cash dividends paid during 2014 and 2015:

Quarter	Record Date	Payment Date	Dividends (in millions)
Q1 2014	February 7, 2014	February 21, 2014	$2.4
Q2 2014	May 2, 2014	May 16, 2014	2.4
Q3 2014	August 1, 2014	August 15, 2014	2.4
Q4 2014	November 7, 2014	November 21, 2014	2.4
Q1 2015	February 6, 2015	February 20, 2015	2.4
Q2 2015	May 1, 2015	May 15, 2015	2.4
Q3 2015	August 7, 2015	August 21, 2015	2.4
Q4 2015	November 6, 2015	November 20, 2015	2.4

In December 2015, our Board of Directors declared a quarterly dividend of $0.13 per share on our common stock which was paid on February 19, 2016 to shareholders of record as of February 5, 2016. Cash dividends payable of $2.4 million related to the fourth quarter 2015 cash dividend, which was paid in the first quarter of 2016, is accrued in the Consolidated Balance Sheets as of December 31, 2015. Cash dividends payable of $2.4 million related to the fourth quarter 2014 cash dividend, was paid in the first quarter of 2015.

In connection with the quarterly cash dividend, we also pay a dividend equivalent on outstanding restricted stock units. The amounts related to the dividend equivalent payments for restricted stock units are accrued over the vesting period and paid upon vesting. In 2015 and 2014 we paid $0.2 million and $0.1 million, respectively, in dividend equivalent payments.

Issuer Purchases of Equity Securities

On February 11, 2008, we announced that our Board of Directors authorized management to repurchase shares of our common stock with an aggregate purchase price up to $50 million. We intend from time to time and as business conditions warrant, to purchase shares of our common stock on the open market or in negotiated or block trades. No time limit has been set for completion of this program. We did not repurchase any shares of our common stock in 2015. As of December 31, 2015 and December 31, 2014, we have purchased 1,038,670 shares of our common stock for a total of $28.3 million and $21.7 million remains available for future purchases under the authorization. For further information of our share repurchase activity, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.”

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data presented below have been derived from our audited consolidated financial statements. The data as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are derived from the audited current and historical consolidated financial statements, which are included elsewhere in this Form 10-K. Other than noted below, the data as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2012 and 2011 are derived from audited historical consolidated financial statements, which are not included in this report. The data set forth is qualified in its entirety by, and should be read in conjunction with, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the audited consolidated financial statements, the notes thereto, and the other financial data and statistical information included in this Form 10-K.

	Year Ended December 31,						
	2015	2014	2013	2012		2011	
	(in thousands, except per share and other operating data)						
Statements of Operations Data:							
Revenue:							
Revenue before reimbursements (net revenue)	$ 531,139	$ 494,292	$ 461,995	$ 443,777		$ 527,793	
Reimbursements	17,172	18,947	18,998	21,304		26,187	
Total revenue	548,311	513,239	480,993	465,081		553,980	
Operating expenses:							
Salaries and employee benefits	369,385	337,448	319,499	309,502		372,406	
General and administrative expenses	127,692	130,191	126,931	113,826		123,592	
Reimbursed expenses	17,172	18,947	18,998	21,304		26,187	
Restructuring charges	—	—	—	810	(2)	16,344	(3)
Impairment charges	—	—	—	—		26,366	(4)
Total operating expenses	514,249	486,586	465,428	445,442		564,895	
Operating income (loss)	34,062	26,653	15,565	19,639		(10,915)	
Non-operating (expense) income:							
Interest, net	(122)	(358)	(175)	1,118		1,402	
Other, net	(2,386)	(2,108)	(2,002)	(495)		(5,262)	(5)
Net non-operating (expense) income	(2,508)	(2,466)	(2,177)	623		(3,860)	
Income (loss) before income taxes	31,554	24,187	13,388	20,262		(14,775)	
Provision for income taxes	14,422	17,390	7,041	14,022		18,947	
Net income (loss)	$ 17,132	$ 6,797	$ 6,347	$ 6,240		$ (33,722)	
Basic weighted average common shares outstanding	18,334	18,210	18,077	17,971		17,780	
Diluted weighted average common shares outstanding	18,715	18,432	18,232	18,120		17,780	
Basic earnings (loss) per common share	$ 0.93	$ 0.37	$ 0.35	$ 0.35		$ (1.90)	
Diluted earnings (loss) per common share	$ 0.92	$ 0.37	$ 0.35	$ 0.34		$ (1.90)	
Cash dividends paid per share	$ 0.52	$ 0.52	$ 0.39	$ 0.65		$ 0.52	
Balance Sheet Data (at end of period):							
Working capital (1)	$ 79,533	$ 112,387	$ 107,177	$ 66,030		$ 117,030	
Total assets (1)	572,718	568,621	552,937	494,890		515,522	
Long-term debt, less current maturities	—	23,500	29,500	—		—	
Stockholders’ equity	254,802	244,664	247,873	248,347		251,295	
Other Operating Data:							
Average number of consultants during the period	326	313	341	342		376	

Notes to Selected Financial Data:

(1) As Adjusted for the adoption of ASU 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*. See Note 2, *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements.

(2) In 2012, we recorded restructuring charges of $0.8 million in Europe related to adjustments associated with our 2011 restructuring plan. These charges consist of $1.1 million of employee-related costs associated with severance arrangements, partially offset by $0.3 million of adjustments to premise-related costs.

(3) In 2011, we recorded restructuring charges of $16.3 million in connection with initiatives to reduce overall costs and improve operational efficiencies. These charges consist of employee-related costs, including severance associated with reductions in our workforce of 139 employees globally, and expenses associated with consolidating and closing 11 of our smaller office locations, predominately in Europe. By segment, the restructuring charges recorded in 2011 were $8.3 million in Europe, $5.1 million in the Americas, $0.7 million in Asia Pacific and $2.2 million in Global Operations Support.

(4) In 2011, as a result of our restructuring initiatives, primarily in Europe, and the volatility associated with the economic outlook for Europe, including political and economic uncertainty in the region, we performed a goodwill and intangible asset impairment evaluation. Based on the evaluation, we recorded a goodwill and intangible asset impairment charge in Europe of $26.0 million, resulting in a write-off of all the goodwill in Europe, and an intangible asset impairment of $0.4 million in the Americas. See Note 9, *Goodwill and Other Intangible Assets* in the Notes to Consolidated Financial Statements.

(5) In 2011, we wrote-off our $1.8 million investment in JobKoo and our $1.0 million loan to JobKoo made in the first quarter of 2011. JobKoo was a joint venture in which we held an equity method investment.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management’s Discussion and Analysis of Financial Condition and Results of Operations as well as other sections of this annual report on Form 10-K contain forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Forward-looking statements are not historical facts, but instead represent only our beliefs, assumptions, expectations, estimates, forecasts and projections regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These statements include statements other than historical information or statements of current condition and may relate to our future plans and objectives and results. By identifying these statements for you in this manner, we are alerting you to the possibility that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in the forward-looking statements include, among others, those discussed under the Section heading “Risk Factors” in Part I, Item 1A of this Form 10-K.

Factors that may affect the outcome of the forward-looking statements include, among other things, leadership changes, our ability to attract, integrate, manage and retain qualified consultants and senior leaders; our ability to develop and maintain strong, long-term relationships with our clients; fluctuations in the global economy and our ability to execute successfully our leadership advisory strategy through business cycles; the timing, speed or robustness of any future economic recovery; social or political instability in markets where we operate, the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; price competition; the ability to forecast, on a quarterly basis, variable compensation accruals that ultimately are determined based on the achievement of annual results; our ability to realize our tax losses; the timing of the establishment or reversal of valuation allowance on deferred tax assets; the mix of profit and loss by country; our reliance on information management systems; any impairment of our goodwill and other intangible assets; and the ability to align our cost structure and headcount with net revenue. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Overview

Our Business

We are a leadership advisory firm providing executive search, leadership consulting and culture shaping services. We help our clients build leadership teams by facilitating the recruitment, management and development of senior executives. We believe focusing on top-level services offers us several advantages that include access to and influence with key decision makers, increased potential for recurring search consulting engagements, higher fees per search, enhanced brand visibility, and a leveraged global footprint, which create added barriers to entry for potential competitors. Working at the top of client organizations also allows us to attract and retain high-caliber consultants.

In addition to executive search, we provide culture shaping services and leadership consulting expertise including executive leadership assessment; leadership, team and board development; succession planning; talent strategy; people performance; inter-team collaboration; and organizational transformation. On October 1, 2015, we acquired Co Company Limited ("Co Company"), an organizational development consulting firm.

We provide our services to a broad range of clients through the expertise of over 300 consultants located in major cities around the world. Our executive search services are provided on a retained basis. Revenue before reimbursements of out-of-pocket expenses (“net revenue”) consists of retainers and indirect expenses billed to clients. Typically, we are paid a retainer for our executive search services equal to approximately one-third of the estimated first year compensation for the position to be filled. In addition, if the actual compensation of a placed candidate exceeds the estimated compensation, we often are authorized to bill the client for one-third of the excess. Indirect expenses are calculated as a percentage of the retainer with certain dollar limits per search.

Key Performance Indicators

We manage and assess Heidrick & Struggles’ performance through various means, with the primary financial and operational measures including net revenue, operating income, operating margin, Adjusted EBITDA (non-GAAP), and Adjusted EBITDA margin (non-GAAP). Executive Search and Leadership Consulting performance is also measured using consultant headcount and consultant productivity. Specific to Executive Search, confirmation trends and average revenue per search are used to measure performance.

Revenue is driven by market conditions and a combination of the number of executive search engagements and leadership consulting and culture shaping projects and the average revenue per search or project. With the exception of compensation expense, incremental increases in revenue do not necessarily result in proportionate increases in costs, particularly operating and administrative expenses, thus potentially improving operating margins.

The number of consultants, confirmation trends, number of searches or projects completed, productivity levels and the average revenue per search or project will vary from quarter to quarter, affecting net revenue and operating margin.

Our Compensation Model

At the Executive Search consultant level there are fixed and variable components of compensation. Individuals are rewarded for their performance based on a system that directly ties a portion of their compensation to the amount of net revenue for which they are responsible. A portion of the reward may be based upon individual performance against a series of non-financial measures. Credit towards the variable portion of an executive search consultant's compensation is earned by generating net revenue for winning and executing work. Each quarter, we review and update the expected annual performance of all Executive Search consultants and accrue variable compensation accordingly. The amount of variable compensation that is accrued for each Executive Search consultant is based on a tiered payout model. Overall Company performance determines the amount available for total variable compensation. The more net revenue that is generated by the consultant, the higher the percentage credited towards the consultant's variable compensation and thus accrued by our Company as expense. The mix of individual consultants who generate the revenue can significantly affect the total amount of compensation expense recorded, which directly impacts operating margin. As a result, the variable portion of the compensation expense may fluctuate significantly from quarter to quarter. The total variable compensation is discretionary and is based on Company-wide financial targets approved by the Human Resources and Compensation Committee of the Board of Directors.

A portion of our Executive Search consultants' and management cash bonuses is deferred and paid over a three-year vesting period. The compensation expense related to the amounts being deferred is recognized on a graded vesting attribution method over the requisite service period. This service period begins on January 1 of the respective fiscal year and continues through the deferral date, which coincides with our bonus payments in the first quarter of the following year, and for an additional three year vesting period. The deferrals are recorded in *Accrued salaries and employee benefits* and *Other non-current liabilities* in the Consolidated Balance Sheets.

2015 Overview

Consolidated net revenue was $531.1 million for the year ended December 31, 2015, a increase of $36.8 million or 7.5% compared to December 31, 2014. Consultant productivity measured by net executive search and leadership consulting revenue per consultant was $1.5 million for the year ended December 31, 2015 and 2014. Average revenue per executive search was $115,300 for the year ended December 31, 2015 compared to $116,000 for the year ended December 31, 2014.

Operating income as a percentage of net revenue was 6.4% in 2015 compared to 5.4% in 2014. Operating income was driven by an increase in net revenue of $36.8 million and a decrease in general and administrative expense of $2.6 million, partially offset by an increase in salaries and employee benefits expense of $32.0 million. Salaries and employee benefits expense as a percentage of net revenue was 69.5% in 2015 and 68.3% in 2014. General and administrative expense as a percentage of net revenue was 24.0% in 2015 and 26.3% in 2014.

We ended the year with combined cash and cash equivalents of $190.5 million, a decrease of $20.9 million compared to $211.4 million at December 31, 2014. The decrease is primarily due to bonus payments, the repayment of our Term Loan, capital expenditures, tax extension payments, payment for the Co Company acquisition, cash dividend payments and earnout payments, partially offset by cash collections and a decline in our Days Sales Outstanding. We pay the majority of bonuses in the first quarter following the year in which they were earned. Employee bonuses are accrued throughout the year and are based on the Company's performance and the performance of the individual employee. We expect to pay approximately $129.7 million in bonuses related to 2015 performance in March and April 2016. In February 2016, we paid approximately $9.9 million in cash bonuses deferred in prior years.

2016 Outlook

We are currently forecasting 2016 first quarter net revenue of between $120 million and $130 million. Our 2016 first quarter guidance is based upon, among other things, management's assumptions for the anticipated volume of new executive search confirmations and leadership consulting and culture shaping projects, the current backlog, consultant productivity, consultant retention, the seasonality of our business and average currency rates from December 2015.

Our 2016 first quarter guidance is subject to a number of risks and uncertainties, including those disclosed under Risk Factors (See Item 1A. *Risk Factors*) and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-K. As such, actual results could vary from these projections.

Results of Operations

The following table summarizes, for the periods indicated, the results of operations (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Revenue:			
Revenue before reimbursements (net revenue)	$ 531,139	$ 494,292	$ 461,995
Reimbursements	17,172	18,947	18,998
Total revenue	548,311	513,239	480,993
Operating expenses:			
Salaries and employee benefits	369,385	337,448	319,499
General and administrative expenses	127,692	130,191	126,931
Reimbursed expenses	17,172	18,947	18,998
Total operating expenses	514,249	486,586	465,428
Operating income	34,062	26,653	15,565
Non-operating expense			
Interest, net	(122)	(358)	(175)
Other, net	(2,386)	(2,108)	(2,002)
Net non-operating expense	(2,508)	(2,466)	(2,177)
Income before income taxes	31,554	24,187	13,388
Provision for income taxes	14,422	17,390	7,041
Net income	$ 17,132	$ 6,797	$ 6,347
Basic weighted average common shares outstanding	18,334	18,210	18,077
Diluted weighted average common shares outstanding	18,715	18,432	18,232
Basic net income per common share	$ 0.93	$ 0.37	$ 0.35
Diluted net income per common share	$ 0.92	$ 0.37	$ 0.35
Cash dividends paid per share	$ 0.52	$ 0.52	$ 0.39

The following table summarizes, for the periods indicated, our results of operations as a percentage of revenue before reimbursements (net revenue):

	Year Ended December 31,		
	2015	2014	2013
Revenue:			
Revenue before reimbursements (net revenue)	100.0 %	100.0 %	100.0 %
Reimbursements	3.2	3.8	4.1
Total revenue	103.2	103.8	104.1
Operating expenses:			
Salaries and employee benefits	69.5	68.3	69.2
General and administrative expenses	24.0	26.3	27.5
Reimbursed expenses	3.2	3.8	4.1
Total operating expenses	96.8	98.4	100.7
Operating income	6.4	5.4	3.4
Non-operating expense			
Interest, net	— %	— %	— %
Other, net	(0.4)	(0.4)	(0.4)
Net non-operating expense	(0.5)	(0.5)	(0.5)
Income before income taxes	5.9	4.9	2.9
Provision for income taxes	2.7	3.5	1.5
Net income	3.2 %	1.4 %	1.4 %

Note: Totals and subtotals may not equal the sum of individual line items due to rounding.

We operate our executive search and leadership consulting services in the Americas; Europe (which includes Africa); and Asia Pacific (which includes the Middle East) and operate our culture shaping business as a separate segment (See Note 18, *Segment Information*). Due to our recent acquisitions, we are currently reviewing our 2016 segment presentation and disclosure.

The following table sets forth, for the periods indicated, our revenue and operating income by segment (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Revenue:			
Executive Search and Leadership Consulting			
Americas	$ 300,473	$ 260,830	$ 256,706
Europe	100,606	108,979	90,081
Asia Pacific	93,733	89,732	90,418
Total Executive Search and Leadership Consulting	494,812	459,541	437,205
Culture Shaping	36,327	34,751	24,790
Revenue before reimbursements (net revenue)	531,139	494,292	461,995
Reimbursements	17,172	18,947	18,998
Total	$ 548,311	$ 513,239	$ 480,993
Operating income:			
Executive Search and Leadership Consulting			
Americas	$ 67,672	$ 57,682	$ 60,171
Europe	2,234	4,806	(6,513)
Asia Pacific	5,843	4,886	3,678
Total Executive Search and Leadership Consulting	75,749	67,374	57,336
Culture Shaping	4,913	4,621	(4,215)
Total Segments	80,662	71,995	53,121
Global Operations Support	(46,600)	(45,342)	(37,556)
Total	$ 34,062	$ 26,653	$ 15,565

2015 Compared to 2014

Total revenue. Consolidated total revenue increased $35.1 million, or 6.8%, to $548.3 million in 2015 from $513.2 million in 2014. The increase in total revenue was primarily due to the increase in revenue before reimbursements (net revenue).

Revenue before reimbursements (net revenue). Consolidated net revenue increased $36.8 million or 7.5%, to $531.1 million in 2015 from $494.3 million in 2014. Foreign exchange rate fluctuations decreased revenue by $24.2 million, or 4.9%. Executive Search and Leadership Consulting net revenue was $494.8 million in 2015, an increase of $35.3 million compared to 2014. Strong growth in Healthcare & Life Sciences, Global Technology & Services and Financial Services practice groups were the primary drivers for the increase in consolidated net revenue, partially offset by a decrease in the Consumer Markets practice group. Culture Shaping net revenue was $36.3 million in 2015, an increase of $1.5 million compared to 2014.

The number of Executive Search and Leadership Consulting consultants was 334 as of December 31, 2015 compared to 307 as of December 31, 2014. Productivity, as measured by annualized net Executive Search and Leadership Consulting revenue per consultant was $1.5 million for the year ended December 31, 2015 and 2014, respectively. Specific to Executive Search, our primary business, the number of confirmed searches increased 7.3% compared to 2014. The average revenue per executive search decreased to $115,300 for the year ended December 31, 2015 compared to $116,000 for the year ended December 31, 2014.

Salaries and employee benefits. Consolidated salaries and employee benefits expense increased $32.0 million or 9.5%, to $369.4 million in 2015 from $337.4 million in 2014. Variable compensation increased $18.0 million due to increased production, partially offset by foreign exchange rate fluctuations of $4.5 million. Fixed compensation increased $13.9 million due to higher average headcount and minimum guarantees for new consultant hires. The increase in fixed compensation was partially offset by foreign exchange rate fluctuations of $12.4 million and lower severance costs. Foreign exchange rate fluctuations decreased total salaries and employee benefits by $16.9 million or 5.0%.

In 2015, we had an average of 1,538 employees, compared to an average of 1,477 employees in 2014. As a percentage of net revenue, salaries and employee benefits expense was 69.5% in 2015, compared to 68.3% in 2014.

General and administrative expenses. Consolidated general and administrative expenses decreased $2.6 million, or 1.9%, to $127.6 million for the year ended December 31, 2015 from $130.2 million for the year ended December 31, 2014. The decrease was primarily due to the impact of foreign exchange rates of $5.0 million, lower amortization and accretion expense of $1.2 million and the 2014 state franchise tax matter of $1.3 million, which occurred in 2014 and did not reoccur in 2015. These decreases were partially offset by expenses related to our newly acquired company, higher IT-related costs of $1.4 million, higher legal fees of $1.1 million and higher training costs.

As a percentage of net revenue, general and administrative expenses were 24.0% in 2015, compared to 26.3% in 2014.

Operating income. Our consolidated operating income was $34.1 million in 2015 compared to $26.7 million in 2014. The impacts of foreign exchange rate fluctuations reduced operating income by $2.2 million.

Net non-operating expense. Net non-operating expense was $2.5 million for 2015 and 2014.

Net interest expense was $0.1 million and $0.4 million in 2015 and 2014, respectively. Interest expense of $0.5 million associated with the Term Loan was partially offset by interest income of $0.4 million for the year ended December 31, 2015.
Interest expense of $0.9 million associated with the Term Loan was partially offset by interest income of $0.5 million for the year ended December 31, 2014.

Other, net expense was $2.4 million and $2.1 million in 2015 and 2014. For the year ended December 31, 2015, net other non-operating expense consists primarily of $1.2 million exchange losses from balances which are denominated in non-functional currencies and are not considered permanent in nature, $0.8 million of losses on disposals of fixed assets and $0.6 million of minority interest. For the year ended December 31, 2014, net other non-operating expense consisted primarily of exchange losses from balances which were denominated in non-functional currencies and not considered permanent in nature.

Income taxes. See Note 17, *Income Taxes*.

Executive Search and Leadership Consulting

Americas

The Americas segment reported net revenue of $300.5 million in 2015, an increase of 15.2% from $260.8 million in 2014. The increase in net revenue was due to higher Executive Search confirmations and higher average revenue per Executive Search. The Financial Services, Healthcare & Life Sciences, Global Technology & Services and Industrial practice groups contributed to the increased net revenue, partially offset by the Consumer Markets practice group. The number of consultants was 152 as of December 31, 2015, compared to 140 as of December 31, 2014.

Salaries and employee benefits expense increased $27.0 million from 2014. Fixed compensation increased $14.7 million due to higher average headcount and minimum guarantees for new consultants hires. Variable compensation increased $12.3 million primarily due to higher production.

General and administrative expenses increased $2.7 million primarily due to higher IT-related costs of $0.9 million, regional conference expenses of $0.7 million, and higher other professional service fees.

Operating income was $67.7 million in 2015, an increase of $10.0 million compared to $57.7 million in 2014.

Europe

Europe reported net revenue of $100.6 million in 2015, a decrease of 7.7% from $109.0 million in 2014. The decrease in revenue was due to foreign exchange rate fluctuations which decreased revenue by $12.6 million, or 11.6%, partially offset by revenue generated by the acquisition of Co Company in the fourth quarter of 2015. The decrease in net revenue was across all industry practice groups except the Global Technology & Services practice group. The number of consultants was 90 as of December 31, 2015 and 89 as of December 31, 2014, with Co Company contributing four consultants.

Salaries and employee benefits expense decreased $3.7 million from 2014 primarily due to the impact of foreign exchange rate fluctuations of $8.7 million. Fixed compensation decreased $2.2 million due to foreign exchange impacts of $7.0 million, partially offset by higher average headcount, minimum guarantees for new consultant hires, and the salaries and employee benefits cost related to the employees of Co Company, our fourth quarter 2015 acquisition. Variable compensation decreased $1.5 million due foreign exchange fluctuations.

General and administrative expense decreased $2.1 million from 2014 due to a $2.7 million benefit of foreign currency fluctuations, lower hiring fees and bad debt expense and the non-recurring benefit from 2014 related to the value added tax charge of $0.5 million, partially offset by Co Company expenses and $0.6 million of costs associated with the regional conference in 2015.

The Europe segment reported operating income of $2.2 million in 2015, a decrease of $2.6 million compared to $4.8 million in 2014.

Asia Pacific

Asia Pacific reported net revenue of $93.7 million in 2015, an increase of 4.5% compared to $89.7 million in 2014. The increase in net revenue was partially offset by the impact of foreign exchange rate fluctuations which lowered net revenue by $7.4 million in 2015. The increase in net revenue was due to higher average revenue per Executive Search. The Global Technology & Services, Healthcare & Life Sciences and Financial Services practice groups increased net revenue, partially offset by the Consumer Markets practice group. The number of consultants was 92 as of December 31, 2015, compared to 78 as of December 31, 2014.

Salaries and employee benefits expense increased $4.0 million. The impact of foreign exchange rate fluctuations lowered salaries and employee benefits expense by $4.7 million. Variable compensation increased $6.2 million due to higher production, partially offset by foreign exchange rate fluctuations of $1.7 million. Fixed compensation decreased $2.2 million due to foreign exchange rate fluctuations of $3.0 million and lower separation costs, partially offset by the cost of higher headcount and minimum guarantees for new consultant hires.

General and administrative expenses decreased $1.0 million primarily due to the benefit of foreign currency fluctuations of $1.3 million, partially offset by $0.5 million of costs associated with the regional conference in 2015.

The Asia Pacific segment reported operating income of $5.8 million in 2015, an increase of $1.0 million compared to 2014.

Culture Shaping

The Culture Shaping segment reported net revenue of $36.3 million in 2015, an increase of 4.5% compared to $34.8 million in 2014. Net revenue increased due to additional projects. Net revenue in 2014 excluded $0.4 million of pre-acquisition deferred revenue that we were unable to recognize as a result of purchase accounting.

Salaries and employee benefits expense increased $2.2 million due to higher average headcount and variable compensation.

General and administrative expenses decreased $0.9 million due to lower amortization and accretion expense of $1.4 million, partially offset by internal meeting costs.

The Culture Shaping segment reported operating income of $4.9 million in 2015, a increase of $0.3 million compared to $4.6 million in 2014.

Global Operations Support

Global Operations Support expenses in 2015 increased $1.2 million or 2.8% to $46.5 million from $45.3 million in 2014.

Salaries and employee benefits expense increased $2.3 million. The increase in salaries and employee benefits expense was due to increases in fixed compensation of $2.2 million from higher support staff headcount and from higher stock-based compensation expense, which increased due to higher performance share unit compensation and a prior year forfeiture of equity awards.

General and administrative expense decreased $1.1 million. The decrease in general and administrative expense was primarily due to the prior year expense for the global partner meeting of $1.8 million and the state franchise tax matter of $1.3 million, partially offset by higher legal costs of $1.3 million and higher training costs of $1.1 million in 2015.

2014 Compared to 2013

Total revenue. Consolidated total revenue increased $32.2 million, or 6.7%, to $513.2 million in 2014 from $481.0 million in 2013. The increase in total revenue was primarily due to the increase in revenue before reimbursements (net revenue).

Revenue before reimbursements (net revenue). Consolidated net revenue increased $32.3 million, or 7.0%, to $494.3 million in 2014 from $462.0 million in 2013. Executive Search and Leadership Consulting net revenue was $459.5 million in 2014, an increase of $22.3 million, compared to 2013. Increases in the Financial Services, Global Technology & Services, and Consumer Markets search practices were the primary drivers of the increase in consolidated net revenue; however, these increases were partially offset by declines in net revenue from the Healthcare & Life Sciences and Industrial practices. Culture Shaping net revenue was $34.8 million, an increase of $10.0 million compared to 2013. The number of Executive Search and Leadership Consulting consultants was 307 as of December 31, 2014 compared to 293 as of December 31, 2013. Productivity, as measured by annualized net Executive Search and Leadership Consulting revenue per average consultant was $1.5 million for the year ended December 31, 2014 compared to $1.4 million for the year ended December 31, 2013. Specific to Executive Search, our primary business, the number of confirmed searches increased 5% compared to 2013, and average revenue per executive search was $116,000 for the year ended December 31, 2014 compared to $113,400 for the year ended December 31, 2013.

For Executive Search and Leadership Consulting, net revenue in the Americas segment was $260.8 million in 2014, an increase of $4.1 million, or 1.6%, from $256.7 million in 2013. Net revenue in the Europe segment was $109.0 million in 2014, an increase of $18.9 million, or 21.0%, from $90.1 million in 2013. Exchange rate fluctuations contributed approximately three percentage points of the increase in the Europe segment net revenue. Net revenue in the Asia Pacific segment was $89.7 million, a decrease of $0.7 million, or less than one percent, from $90.4 million in 2013. Exchange rate fluctuations contributed three percentage points to the decline in net revenue in the Asia Pacific segment.

Salaries and employee benefits. Consolidated salaries and employee benefits expense increased $17.9 million, or 5.6%, to $337.4 million in 2014 from $319.5 million in 2013. The increase reflects higher performance related compensation of $20.7 million resulting from increases in production and net revenue, partially offset by a decrease in fixed compensation of $2.7 million due to lower severance expense primarily from an executive departure in the prior year. In 2014, we had on average 1,477 employees, compared to an average of 1,480 in 2013.

Exchange rate fluctuations increased salaries and employee benefits expense by $0.7 million or less than one percentage point.

As a percentage of net revenue, salaries and employee benefits expense was 68.3% in 2014, compared to 69.2% in 2013.

General and administrative expenses. Consolidated general and administrative expenses increased $3.3 million, or 2.6%, to $130.2 million in 2014 from $126.9 million in 2013. The increase was primarily due to $2.1 million for new information technology system contracts, $1.8 million for hiring and staffing fees, and $1.3 million for a state franchise tax matter. The increase was partially offset by a $1.5 million reduction in legal, strategy, and other professional consulting fees and $0.7 million in office occupancy expenses.

Exchange rate fluctuations increased general and administrative expenses by $0.6 million or less than one percentage point.

As a percentage of net revenue, general and administrative expenses were 26.3% in 2014, compared to 27.5% in 2013.

Operating income. Our consolidated operating income was $26.7 million in 2014 compared to $15.6 million in 2013.

Net non-operating expense. Net non-operating expense was $2.5 million for 2014 compared to $2.2 million in 2013.

Net interest expense was $0.4 million and $0.2 million in 2014 and 2013, respectively. Interest income was $0.5 million for the year ended December 31, 2014 offset by $0.9 million of interest expense associated with the Term Loan. Interest income was $0.7 million, offset by $0.9 million of interest expense associated with the Term Loan for the year ended December 31, 2013.

Net other non-operating expense was $2.1 million in 2014 compared to $2.0 million in 2013. Net other non-operating expense consists of exchange gains and losses from balances which are denominated in currencies other than the functional currency and are not considered permanent in nature.

Income taxes. See Note 17, *Income Taxes*.

Executive Search and Leadership Consulting

Americas

The Americas segment reported operating income of $57.7 million in 2014, a decrease of $2.5 million compared to $60.2 million in 2013. The decrease in operating income was due to an increase in salaries and employee benefits of $6.8 million, which was partially offset by an increase in net revenue of $4.1 million and a decrease in general and administrative expense of $0.2 million.

The increase in salaries and employee benefits expense was due to a $8.8 million increase in performance-related compensation partially offset by a decline of $2.0 million in fixed compensation. Performance-related compensation increased primarily due to increased production and higher global net revenue. The increase in net revenue was primarily within the Consumer Markets, Global Technology & Services and Financial Services practices, but was partially offset by declines in the Industrial, Healthcare & Life Sciences and Education, Nonprofit & Social Enterprise practices. Fixed compensation declined due to lower average headcount during the year. The decrease in general and administrative expense was primarily due to lower internal travel expenses, partially offset by increased hiring and staffing fees. The number of consultants was 140 as of December 31, 2014, compared to 126 as of December 31, 2013.

Europe

The Europe segment reported operating income of $4.8 million in 2014, an increase of $11.3 million compared to a $6.5 million operating loss in 2013. The increase in operating income was due to an increase in net revenue of $18.9 million, partially offset by increases in salaries and employee benefits expense of $6.6 million and general and administrative expense of $1.0 million. The increase in net revenue was across all industry practices, except the Education, Nonprofit & Social Enterprise practice. The number of consultants was 89 and 83 as of December 31, 2014 and 2013, respectively.

The increase in salaries and employee benefits expense was due to a $8.1 million increase in performance-related compensation associated with increases in production and net revenue and a $1.5 million decrease in fixed compensation. The decrease in fixed costs was due to $0.9 million of lower severance costs and pension benefits, partially offset by impacts of exchange rate fluctuations. The increase in general and administrative expense of $1.0 million was due to $0.6 million of hiring and staffing fees and $0.5 million related to a value added tax charge.

Asia Pacific

Asia Pacific reported operating income of $4.9 million in 2014, an increase of $1.2 million compared to operating income of $3.7 million in 2013. The improvement is due to a decrease of $1.9 million in salaries and employee benefits, partially offset by a decline in net revenue of $0.7 million. The decrease in salaries and employee benefits expense reflects a $1.1 million decrease in performance-related compensation due primarily to declines in average consultant headcount and productivity, partially offset by Company performance. The decrease in net revenue was primarily due to a decline in the Industrial practice, partially offset by increases in the Financial Services, Global Technology & Services, and Education, Nonprofit & Social Enterprise practices. The number of Executive Search and Leadership Consulting consultants was 78 as of December 31, 2014 and 84 as of December 31, 2013. General and administrative expense was $25.3 million in 2014 and 2013.

Culture Shaping

The Culture shaping segment reported operating income of $4.6 million in 2014, an improvement of $8.8 million compared to an operating loss of $4.2 million in 2013. The improvement was due to an increase in net revenue of $10.0 million and a decrease in general and administrative expense of $0.8 million, partially offset by an increase in salary and employee benefits expense of $2.0 million.

Net revenue increased due to higher volumes of client work. Net revenue in the prior year excluded $4.1 million of pre-acquisition deferred revenue that we were unable to recognize as a result of purchase accounting. The decrease in general and administrative costs was due to lower amortization and accretion expense. The increase in salary and benefit expenses was due to higher consultant costs for additional staffing related to increased projects.

Global Operations Support

Global Operations Support expenses in 2014 increased $7.8 million or 20.9% to $45.3 million from $37.5 million in 2013. Salaries and employee benefits expense increased $4.4 million and general and administrative expense increased $3.4 million.

The increase in general and administrative expense was primarily due to $1.8 million related to a global partners meeting, a state franchise tax matter of $1.3 million and higher IT systems contracts, partially offset by lower professional legal fees. The increase in salaries and employee benefits expense was due to a $4.4 million increase in performance-related compensation associated with higher net revenue and more participants in the bonus plan. Fixed compensation remained flat due to a $3.3 million decrease for an executive severance in the prior year, offset by an increase in support staff headcount.

Liquidity and Capital Resources

General. We continually evaluate our liquidity requirements, capital needs and availability of capital resources based on our operating needs. We believe that our available cash balances together with the funds expected to be generated from operations and funds available under our committed revolving credit facility will be sufficient to finance our operations for the foreseeable future, as well as to finance the cash payments associated with our cash dividends and stock repurchase program.

We pay the non-deferred portion of annual bonuses in the first quarter following the year in which they are earned. Employee bonuses are accrued throughout the year and are based on our performance and the performance of the individual employee.

Lines of Credit. On June 30, 2015, we entered into a Second Amended and Restated Credit Agreement (the “Restated Credit Agreement”) (See Note 12, *Line of Credit* in the Notes to Consolidated Financial Statements), and replaced our revolving facility and term facility (“Existing Facility”) with a single senior unsecured revolving line of credit. The Restated Credit Agreement has an aggregate commitment of up to $100 million, which includes a sublimit of $25 million for letters of credit, and a $50 million expansion feature. On the amendment date, an aggregate of $26.5 million of term loans outstanding under the Existing Facility remained outstanding as revolving borrowings under the Replacement Facility. On September 30, 2015, the Company repaid the full outstanding $26.5 million balance of the revolver, in order to reduce the Company's interest expense. As of December 31, 2014, there was $29.5 million outstanding under the Term Facility.

There were no other borrowings made during the years ended 2015 and 2014. During 2015 and 2014 we were in compliance with the financial and other covenants under the Restated Credit Agreement, respectively, and no event of default existed.

Cash and cash equivalents. Cash and cash equivalents at December 31, 2015 were $190.5 million, a decrease of $20.9 million compared to $211.4 million at December 31, 2014. The $190.5 million of cash and cash equivalents at December 31, 2015 includes $73.8 million held by our foreign subsidiaries. A portion of the $73.8 million is considered permanently reinvested in these foreign subsidiaries. If these funds were required to satisfy obligations in the U.S., the repatriation of these funds could cause us to incur additional U.S. income taxes or foreign withholding taxes. Any additional taxes could be offset, in part or in whole, by foreign tax credits. The amount of such taxes and application of tax credits would be dependent on the income tax laws and other circumstances at the time these amounts are repatriated. Based on these variables, it is not practicable to determine the income tax liability that might be incurred if these earnings were to be repatriated. We expect to pay approximately $129.7 million in variable compensation related to 2015 performance in March and April 2016. In February 2016, we paid approximately $9.9 million in variable compensation that was deferred in prior years.

Cash flows provided from operating activities. In 2015, cash provided by operating activities was $57.6 million, principally reflecting an increase in accrued expenses of $37.2 million, higher net income of $17.1 million and depreciation and amortization expense of $13.7 million, partially offset by an increase in accounts receivable of $8.7 million. The accrued expense increase reflects approximately $113 million of bonus payments for 2014 and prior year cash deferrals partially offset by 2015 bonus accruals of $148 million. The accounts receivable increase reflects higher revenue in the fourth quarter of 2015 compared to the fourth quarter of 2014.

In 2014, cash provided by operating activities was $56.8 million, principally reflecting an increase in accrued expenses of $30.0 million, net income of $6.8 million and a valuation adjustment to our German pension plan, partially offset by a decrease in other assets and liabilities of $8.2 million. The accrued expense increase reflects approximately $108 million of bonus accruals for 2014 partially offset by bonus payments of $86 million.

In 2013, cash provided by operating activities was $44.0 million, principally reflecting income net of non-cash charges, an increase in bonus, severance and retention accruals, and an increase in income tax payable, net of the increase in income tax receivable partially offset by bonus payments of approximately $87 million in 2013 related to 2012 performance.

Cash flows used in investing activities. Cash used in investing activities was $27.5 million in 2015 primarily due to capital expenditures of $16.4 million, the acquisition of Co Company for $10.3 million, and net purchases of available for sale securities of $0.8 million. Capital expenditures primarily related to office build outs or renovations for eight offices, of which $4.3 million was reimbursed as tenant improvement allowances and reflected as an operating activity. Our capital expenditures consist mostly of office build outs and investments in technology.

Cash used in investing activities was $3.3 million in 2014 primarily due to capital expenditures of $3.4 million.

Cash used in investing activities was $5.2 million in 2013 primarily due to capital expenditures of $3.7 million and the acquisition of Scambler MacGregor for $1.0 million.

Cash flows used in (provided by) financing activities. Cash used in financing activities in 2015 was $46.3 million primarily due to debt repayments of $29.5 million, quarterly cash dividend payments to shareholders of $10.0 million and earnout payments of $5.5 million related to the Senn Delaney and Scambler MacGregor acquisitions.

Cash used in financing activities in 2014 was $19.7 million primarily due quarterly cash dividend payments to shareholders of $9.9 million, debt repayments of $6.0 million, an earnout payment of $3.4 million related to the Senn Delaney acquisition and employee tax withholdings on equity transactions of $0.4 million.

Cash provided by financing activities in 2013 was $27.2 million primarily due proceeds from our debt issuance, net of repayments of $35.5 million, partially offset by cash dividend payments of $7.3 million, payments for employee tax withholdings on equity transactions of $0.7 million and an earnout payment of a $0.4 million related to the Bell McCaw Bampfylde Limited acquisition.

On February 11, 2008, we announced that our Board of Directors authorized management to repurchase shares of our common stock with an aggregate total amount up to $50 million. We intend from time to time and as business conditions warrant, to purchase shares of our common stock on the open market or in negotiated or block trades. No time limit has been set for completion of this program. We did not repurchase any shares of our common stock in 2015. As of December 31, 2015 and December 31, 2014, we have purchased 1,038,670 shares of our common stock for a total of $28.3 million and $21.7 million remains available for future purchases under the authorization. Unless terminated or extended earlier by resolution of the board of directors, the program will expire when the amount authorized for repurchases has been spent.

Off-Balance Sheet Arrangements. We do not have material off-balance sheet arrangements, special purpose entities, trading activities of non-exchange traded contracts or transactions with related parties.

Contractual obligations. The following table presents our known contractual obligations as of December 31, 2015 and the expected timing of cash payments related to these contractual obligations (in millions):

	Payments due for the years ended December 31,						
	2016	2017	2018	2019	2020	Thereafter	Total
Contractual obligations:							
Office space and equipment lease obligations	$ 28.7	$ 22.2	$ 20.6	$ 20.2	$ 13.1	$ 39.9	$ 144.7
Asset retirement obligations (1)	1.0	0.3	0.2	0.8	—	—	2.3
Total	$ 29.7	$ 22.5	$ 20.8	$ 21.0	$ 13.1	$ 39.9	$ 147.0

(1) Represents the fair value of the obligation associated with the retirement of tangible long-lived assets, primarily related to our obligation at the end of the lease term to return office space to the landlord in its original condition.

In addition to the contractual obligations included in the above table, we have liabilities related to certain employee benefit plans. These liabilities are recorded in our Consolidated Balance Sheet at December 31, 2015. The obligations related to these employee benefit plans are described in Note 13, *Employee Benefit Plans*, and Note 14, *Pension Plan and Life Insurance Contract*, in the Notes to Consolidated Financial Statements. As the timing of cash disbursements related to these employee benefit plans is uncertain, we have not included these obligations in the above table. The table excludes our liability for uncertain tax positions including accrued interest and penalties, which totaled $0.1 million as of December 31, 2015, since we cannot predict with reasonable reliability the timing of cash settlements to the respective taxing authorities.

Application of Critical Accounting Policies and Estimates

General. Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Consolidated Financial Statements, which have been prepared using accounting principles generally accepted in the United States of America. Our significant accounting policies are discussed in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. If actual amounts are ultimately different from previous estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates that reasonably could have been used, or if changes in the accounting estimates that are reasonably likely to occur periodically, that could materially impact the financial statements. Management believes the following critical accounting policies reflect its more significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Revenue recognition. Revenue before reimbursements of out-of-pocket expenses ("net revenue") consists of retainers and indirect expenses billed to clients. For each assignment, we and our client enter into a contract that outlines the general terms and conditions of the assignment. Typically, we are paid a retainer for our executive search services equal to approximately one-third of the estimated first year compensation for the position to be filled. In addition, generally, if the actual compensation of a placed candidate exceeds the estimated compensation, we often are authorized to bill the client for one-third of the excess. Indirect expenses are calculated as a percentage of the retainer with certain dollar limits per search. We generally bill our clients for our retainer and indirect expenses in one-third increments over a three-month period commencing in the month of a client's acceptance of the contract.

Net revenue is recognized when earned and realizable and therefore when the following criteria have been met: (a) persuasive evidence of an arrangement exists, (b) services have been rendered, (c) the fee to our client is fixed or determinable, and (d) collectability is reasonably assured. Taxes collected from clients and remitted to governmental authorities are presented on a net basis. Typically, net revenue from standard executive search engagements is recognized over the expected average period of performance, in proportion to the estimated personnel time incurred to fulfill our obligations under the arrangements. Net revenue in excess of the retainer, resulting from actual compensation of the placed candidate exceeding the estimated compensation, is recognized upon completion of the executive search when the amount of the additional fee is known.

Net revenue associated with culture shaping consulting is recognized proportionally as services are performed. Net revenue associated with licenses to use our culture shaping proprietary materials is typically recognized over the term of the arrangement.

Depending on the terms of that agreement, net revenue from certain leadership consulting and non-standard executive search engagements is either recognized proportionally as services are performed or in accordance with the completion of the engagement deliverables.

Income taxes. Determining the consolidated provision for income tax expense, income tax liabilities and deferred tax assets and liabilities involves judgment. As a global company, we calculate and provide for income taxes in each of the tax jurisdictions in which we operate. This involves estimating current tax exposures in each jurisdiction as well as making judgments regarding the recoverability of deferred tax assets. Tax exposures can involve complex issues and may require an extended period to resolve. Changes in the geographic mix or estimated level of annual income before taxes can affect the overall effective tax rate.

We apply an estimated annual effective tax rate to our cumulative quarterly operating results to determine the provision for income tax expense. In the event there are significant unusual or infrequent items recognized in our quarterly operating results, the tax attributable to that item is recorded in the interim period in which it occurs.

The recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefits associated with temporary differences, net operating loss carryforwards and tax credits will be utilized. We assess the recoverability of the deferred tax assets on an ongoing basis. In making this assessment, we consider all positive and negative evidence, and all potential sources of taxable income including scheduled reversals of deferred tax liabilities, tax-planning strategies, projected future taxable income and recent financial performance.

Deferred taxes have been recorded for U.S. income taxes and foreign withholding taxes related to undistributed foreign earnings that are not permanently reinvested. Annually, we assess material changes in estimates of cash, working capital and long-term investment requirements in order to determine whether these earnings should be distributed. If so, an additional provision for taxes may apply, which could materially affect our future effective tax rate.

Goodwill and other intangible assets. We review goodwill for impairment annually. We also review goodwill and long-lived assets; including identifiable intangible assets for impairment whenever events or changes in circumstances indicate that it is more-likely-than-not that the fair value has fallen below the carrying amount of an asset. We review factors such as a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in our stock price and market capitalization, competition, and other factors to determine if an impairment test is necessary. Our annual impairment test begins with a qualitative assessment to determine whether it is necessary to perform the first step of the two-step, fair value based goodwill impairment test. The qualitative assessment includes evaluating whether events and circumstances indicate that it is more-likely-than-not that fair values of reporting units are greater than the carrying values. If the qualitative factors do not indicate that it is more-likely-than-not that the fair values of the reporting units are greater than the carrying values then we perform step 1 of the two-step test. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill. The second step measures the impairment charge and is performed only if the carrying amount of a reporting unit exceeds its fair value as determined in step one. To measure the amount of the impairment loss, the implied fair value of a reporting unit's goodwill is compared to the carrying amount of that goodwill. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination.

The impairment test is considered for each of our reporting units as defined in the accounting standard for goodwill and intangible assets. We operate our executive search and leadership consulting services in three segments: the Americas, which includes North America and Latin America; Europe, which includes Africa; and Asia Pacific, which includes the Middle East. We operate our culture shaping business as a separate segment.

During the first step, the fair value of each of our reporting units is determined using a combination of valuation techniques, including a discounted cash flow methodology and comparable public company methodology.

The discounted cash flow approach is dependent on a number of factors including estimates of future market growth and trends, forecasted revenue and costs, capital investments, appropriate discount rates, certain assumptions to allocate shared assets and liabilities, historical and projected performance of our reporting units, the outlook for the executive search industry, and the macroeconomic conditions affecting each of our reporting units. We base our fair value estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. The fair value of our reporting units is also impacted by our overall market capitalization and may be impacted by volatility in our stock price and assumed control premium, among other factors. As a result, actual future results may differ from those estimates and may result in a future impairment charge. These assumptions are updated annually, at a minimum, to reflect information concerning our reportable segments.

Additionally, we review long-lived assets, such as property, equipment, and purchased intangibles subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge, equal to the amount by which the carrying amount of the asset exceeds the fair value of the asset, is recognized.

We believe that the accounting estimate related to goodwill and other intangible asset impairment is a critical accounting estimate because the assumptions used are highly susceptible to changes in the operating results and cash flows of our reportable segments.

Recently Adopted Financial Accounting Standards

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*. The ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company has early adopted this standard and has applied the requirements retrospectively to all periods presented as denoted by *As Adjusted* captions within the Consolidated Financial Statements and related footnotes. The adoption of this standard resulted in the reclassification $15.1 million and $12.1 million of current deferred income tax assets as of December 31, 2015 and 2014, respectively, to noncurrent deferred income tax assets and $0.2 million and $0.1 million from current deferred income tax liabilities as of December 31, 2015 and 2014, respectively, to noncurrent deferred income tax liabilities.

Recent Financial Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* intended to improve financial reporting about leasing transactions. The new guidance will require entities that lease assets to recognize on their balance sheets the assets and liabilities for the rights and obligations created by those leases and to disclose key information about the leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018 with early adoption permitted. The guidance requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact of this accounting guidance.

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers.* The ASU requires that an entity recognizes revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for these goods or services. The effective date has been deferred for one year to the interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted as of the original effective date, which was interim and annual reporting periods beginning after December 15, 2016. The guidance permits the use of either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients or (ii) a retrospective approach with the cumulative effect upon initial adoption recognized at the date of adoption. The Company is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures. The effect is not known or reasonably estimable at this time.

Table of Contents

Quarterly Financial Information (Unaudited)

The following table sets forth certain financial information for each quarter of 2015 and 2014. The information is derived from our quarterly consolidated financial statements which are unaudited but which, in the opinion of management, have been prepared on the same basis as the audited annual consolidated financial statements included in this document. The consolidated financial data shown below should be read in conjunction with the consolidated financial statements and notes thereto. The operating results for any quarter are not necessarily indicative of results for any future period.

	Quarter Ended							
	2015				2014			
	Mar. 31	Jun. 30	Sept. 30	Dec. 31	Mar. 31	Jun. 30	Sept. 30	Dec. 31
Revenue before reimbursements (net revenue)	$ 115,153	$ 133,045	$ 138,421	$ 144,520	$ 111,121	$ 136,080	$ 125,829	$ 121,262
Operating income	6,672	9,172	12,933	5,285	780	12,512	9,557	3,804
Income before income taxes	6,526	9,118	11,137	4,773	512	12,744	8,917	2,014
Provision for income taxes	3,100	4,162	3,647	3,513	1,256	8,957	5,925	1,252
Net income (loss)	3,426	4,956	7,490	1,260	(744)	3,787	2,992	762
Basic earnings (loss) per common share	0.19	0.27	0.41	0.07	(0.04)	0.21	0.16	0.04
Diluted earnings (loss) per common share	0.18	0.27	0.40	0.07	(0.04)	0.21	0.16	0.04
Cash dividends paid per share	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency market risk. With our operations in the Americas, Europe and Asia Pacific, we conduct business using various currencies. Revenue earned in each country is generally matched with the associated expenses incurred, thereby reducing currency risk to earnings. However, because certain assets and liabilities are denominated in currencies other than the U.S. dollar, changes in currency rates may cause fluctuations in the valuation of such assets and liabilities. As the local currency of our subsidiaries has generally been designated as the functional currency, we are affected by the translation of foreign currency financial statements into U.S. dollars. A 10% change in the average exchange rate for currencies of all foreign countries in which we operate would have increased or decreased our 2015 net income by approximately $0.1 million. For financial information by segment, see Note 18, *Segment Information*, in the Notes to Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Heidrick & Struggles International, Inc.:

We have audited the accompanying consolidated balance sheets of Heidrick & Struggles International, Inc. and subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in stockholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2015. We also have audited the Company’s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company’s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Heidrick & Struggles International, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/S/ KPMG LLP
Chicago, Illinois
March 10, 2016

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31, 2015	As Adjusted December 31, 2014
Current assets:		
Cash and cash equivalents	$ 190,452	$ 211,352
Restricted cash	7,197	6,501
Accounts receivable, net	76,058	68,353
Prepaid expenses	19,197	14,536
Other current assets	11,250	12,205
Income taxes recoverable	4,809	5,288
Total current assets	308,963	318,235
Non-current assets:		
Property and equipment, net	36,498	30,417
Assets designated for retirement and pension plans	16,857	19,426
Investments	14,145	13,709
Other non-current assets	11,115	8,292
Goodwill	131,122	122,176
Other intangible assets, net	18,687	20,939
Deferred income taxes	35,331	35,427
Total non-current assets	263,755	250,386
Total assets	$ 572,718	$ 568,621
Current liabilities:		
Current portion of debt	$ —	$ 6,000
Accounts payable	6,150	5,493
Accrued salaries and employee benefits	158,875	130,434
Deferred revenue, net	29,724	30,452
Other current liabilities	31,239	26,785
Income taxes payable	3,442	6,684
Total current liabilities	229,430	205,848
Non-current liabilities:		
Non-current term debt, less current maturities	—	23,500
Retirement and pension plans	35,949	39,892
Other non-current liabilities	52,537	54,717
Total non-current liabilities	88,486	118,109
Total liabilities	317,916	323,957
Commitments and contingencies (Note 20)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, no shares issued at December 31, 2015 and December 31, 2014	—	—
Common stock, $0.01 par value, 100,000,000 shares authorized, 19,585,777 shares issued, 18,379,398 and 18,239,939 shares outstanding at December 31, 2015 and December 31, 2014, respectively	196	196
Treasury stock at cost, 1,206,379 and 1,345,838 shares at December 31, 2015 and December 31, 2014, respectively	(39,583)	(44,261)
Additional paid in capital	232,358	232,075
Retained earnings	52,572	45,431
Accumulated other comprehensive income	9,259	11,223
Total stockholders' equity	254,802	244,664
Total liabilities and stockholders' equity	$ 572,718	$ 568,621

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share amounts)

	December 31,		
	2015	2014	2013
Revenue:			
Revenue before reimbursements (net revenue)	$ 531,139	$ 494,292	$ 461,995
Reimbursements	17,172	18,947	18,998
Total revenue	548,311	513,239	480,993
Operating expenses:			
Salaries and employee benefits	369,385	337,448	319,499
General and administrative expenses	127,692	130,191	126,931
Reimbursed expenses	17,172	18,947	18,998
Total operating expenses	514,249	486,586	465,428
Operating income	34,062	26,653	15,565
Non-operating expense			
Interest, net	(122)	(358)	(175)
Other, net	(2,386)	(2,108)	(2,002)
Net non-operating expense	(2,508)	(2,466)	(2,177)
Income before income taxes	31,554	24,187	13,388
Provision for income taxes	14,422	17,390	7,041
Net income	17,132	6,797	6,347
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustment	(1,811)	(1,235)	(1,999)
Net unrealized (loss) gain on available-for-sale investments	(789)	262	1,265
Pension gain (loss) adjustment	714	(2,736)	628
Unrealized (loss) gain on cash flow hedge	(78)	(37)	115
Other comprehensive (loss) income, net of tax	(1,964)	(3,746)	9
Comprehensive income	$ 15,168	$ 3,051	$ 6,356
Basic weighted average common shares outstanding	18,334	18,210	18,077
Diluted weighted average common shares outstanding	18,715	18,432	18,232
Basic net income per common share	$ 0.93	$ 0.37	$ 0.35
Diluted net income per common share	$ 0.92	$ 0.37	$ 0.35
Cash dividends paid per share	$ 0.52	$ 0.52	$ 0.39

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2012	**19,586**	**$ 196**	**1,592**	**$ (52,523)**	**$ 234,010**	**$ 51,704**	**$ 14,960**	**$ 248,347**
Net income	—	—	—	—	—	6,347	—	6,347
Other comprehensive income, net of tax	—	—	—	—	—	—	9	9
Treasury and common stock transactions:								
Stock-based compensation	—	—	—	—	3,747	—	—	3,747
Vesting of equity, net of tax withholdings	—	—	(120)	4,038	(4,752)	—	—	(714)
Re-issuance of treasury stock	—	—	(20)	674	(374)	—	—	300
Cash dividends declared ($0.52 per share)	—	—	—	—	—	(9,415)	—	(9,415)
Dividend equivalents on restricted stock units	—	—	—	—	—	(125)	—	(125)
Tax deficit related to stock-based compensation	—	—	—	—	(623)	—	—	(623)
Balance at December 31, 2013	**19,586**	**196**	**1,452**	**(47,811)**	**232,008**	**48,511**	**14,969**	**247,873**
Net income	—	—	—	—	—	6,797	—	6,797
Other comprehensive loss, net of tax	—	—	—	—	—	—	(3,746)	(3,746)
Treasury and common stock transactions:								
Stock-based compensation	—	—	—	—	3,579	—	—	3,579
Vesting of equity, net of tax withholdings	—	—	(82)	2,737	(3,142)	—	—	(405)
Re-issuance of treasury stock	—	—	(24)	813	(363)	—	—	450
Cash dividends declared ($0.52 per share)	—	—	—	—	—	(9,481)	—	(9,481)
Dividend equivalents on restricted stock units	—	—	—	—	—	(396)	—	(396)
Tax deficit related to stock-based compensation	—	—	—	—	(7)	—	—	(7)
Balance at December 31, 2014	**19,586**	**196**	**1,346**	**(44,261)**	**232,075**	**45,431**	**11,223**	**244,664**
Net income	—	—	—	—	—	17,132	—	17,132
Other comprehensive loss, net of tax	—	—	—	—	—	—	(1,964)	(1,964)
Treasury and common stock transactions:								
Stock-based compensation	—	—	—	—	5,066	—	—	5,066
Vesting of equity, net of tax withholdings	—	—	(123)	4,094	(4,972)	—	—	(878)
Re-issuance of treasury stock	—	—	(17)	584	(135)	—	—	449
Cash dividends declared ($0.52 per share)	—	—	—	—	—	(9,550)	—	(9,550)
Dividend equivalents on restricted stock units	—	—	—	—	—	(441)	—	(441)
Tax surplus related to stock-based compensation	—	—	—	—	324	—	—	324
Balance at December 31, 2015	**19,586**	**$ 196**	**1,206**	**$ (39,583)**	**$ 232,358**	**$ 52,572**	**$ 9,259**	**$ 254,802**

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows - operating activities:			
Net income	$ 17,132	$ 6,797	$ 6,347
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,696	15,312	16,275
Deferred income taxes	(1,166)	237	(3,749)
Stock-based compensation expense	5,066	3,579	3,747
Accretion expense related to earnout payments	1,294	1,854	2,082
Cash paid for restructuring charges	—	(142)	(999)
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivables	(8,714)	217	(3,161)
Accounts payable	810	(2,113)	(504)
Accrued expenses	37,207	29,979	12,888
Deferred revenue	(236)	3,486	2,735
Income taxes (payable) recoverable, net	(3,257)	1,482	4,292
Retirement and pension plan assets and liabilities	(1,142)	4,477	1,201
Prepaid expenses	(4,388)	(207)	(625)
Other assets and liabilities, net	1,281	(8,194)	3,504
Net cash provided by operating activities	57,583	56,764	44,033
Cash flows - investing activities:			
Restricted cash	—	(53)	26
Acquisition of business and earnout payments, net of cash acquired	(10,312)	—	(1,023)
Capital expenditures	(16,427)	(3,359)	(3,731)
Purchases of available for sale investments	(1,526)	(963)	(749)
Proceeds from sale of available for sale investments	758	1,084	252
Net cash used in investing activities	(27,507)	(3,291)	(5,225)
Cash flows - financing activities:			
Proceeds from debt issuance	—	—	40,000
Debt repayment	(29,500)	(6,000)	(4,500)
Debt issuance costs	(473)	—	—
Cash dividends paid	(9,991)	(9,864)	(7,260)
Payment of employee tax withholdings on equity transactions	(878)	(406)	(713)
Acquisition earnout payments	(5,496)	(3,390)	(357)
Net cash (used in) provided by financing activities	(46,338)	(19,660)	27,170
Effect of exchange rates fluctuations on cash and cash equivalents	(4,638)	(4,107)	(1,937)
Net (decrease) increase in cash and cash equivalents	(20,900)	29,706	64,041
Cash and cash equivalents at beginning of period	211,352	181,646	117,605
Cash and cash equivalents at end of period	$ 190,452	$ 211,352	$ 181,646
Supplemental Schedule of Non-cash Financing Activities:			
Term loan facility retirement (Note 12)	$ (26,500)	$ —	$ —
Subsequent drawing on line of credit (Note 12)	$ 26,500	$ —	$ —
Supplemental disclosures of cash flow information			
Cash paid for			
Gross income taxes	$ 16,936	$ 14,175	$ 6,650
Interest	$ 442	$ 861	$ 879

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All tables in thousands, except share and per share figures)

1. Basis of Presentation

Heidrick & Struggles International, Inc. and Subsidiaries (the “Company”) is engaged in providing executive search, culture shaping and leadership consulting services to clients on a retained basis. The Company operates in the Americas, Europe and Asia Pacific regions.

The consolidated financial statements include Heidrick & Struggles International, Inc. and its wholly-owned subsidiaries and have been prepared using accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Significant items subject to estimates and assumptions include revenue recognition, allowances for deferred tax assets and liabilities, and assessment of goodwill and other intangible assets for impairment. Estimates are subject to a degree of uncertainty and actual results could differ from these estimates.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Risk

The Company is potentially exposed to concentrations of risk associated with its accounts receivable. However, this risk is limited due to the Company’s large number of clients and their dispersion across many different industries and geographies. At December 31, 2015, the Company had no significant concentrations of risk.

Accounts Receivable

The Company’s accounts receivable consist of trade receivables. The allowance for doubtful accounts is developed based upon several factors including the age of the Company’s accounts receivable, historical write-off experience and specific account analysis. These factors may change over time, impacting the allowance level.

Fair Value of Financial Instruments

Cash and cash equivalents are stated at cost, which approximates fair market value. The carrying value for receivables from clients, accounts payable, deferred revenue and other accrued liabilities reasonably approximate fair market value due to the nature of the financial instruments and the short term nature of the items.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset or, for leasehold improvements, the shorter of the lease term or the estimated useful life of the asset, as follows:

Office furniture, fixtures and equipment	5–10 years
Computer equipment and software	3–8 years

Depreciation is calculated for tax purposes using accelerated methods, where applicable.

Long-lived Assets

The Company reviews its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge, equal to the amount by which the carrying amount of the asset exceeds the fair value of the asset, is recognized.

Investments

The Company’s investments consist primarily of available-for-sale investments within the U.S. non-qualified deferred compensation plan (the “Plan”).

Available-for-sale investments are reported at fair value with changes in unrealized gains (losses) recorded as a separate component of *Accumulated other comprehensive income* in the Consolidated Balance Sheets until realized. Realized gains (losses) resulting from an employee’s termination from the Plan are recorded as a non-operating expense in the Consolidated Statements of Comprehensive Income.

Goodwill and Other Intangible Assets

Goodwill represents the difference between the purchase price of acquired companies and the related fair value of the net assets acquired, which is accounted for by the acquisition method of accounting. Other intangible assets include client relationships, trade name, software, employee non-compete agreements and technology. The Company performs assessments of the carrying value of goodwill at least annually and of its goodwill and other intangible assets whenever events occur or circumstances indicate that a carrying amount of these assets may not be recoverable. These circumstances include a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in the Company’s stock price and market capitalization, competition, and other factors.

The goodwill impairment test compares the fair value of a reporting unit to its carrying amount, including goodwill. The Company’s reporting units include Americas, Europe, Asia Pacific and Culture Shaping. If the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit would be considered impaired. To measure the amount of the impairment loss, the implied fair value of a reporting unit’s goodwill is compared to the carrying amount of that goodwill. If the carrying amount of a reporting unit’s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined. The fair value of each of the Company’s reporting units is determined using a discounted cash flow methodology.

The other intangible asset impairment review compares the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge, equal to the amount by which the carrying amount of the asset exceeds the fair value, is recognized.

Other intangible assets acquired are amortized either using the straight-line method over their estimated useful lives or based on the projected cash flow associated with the respective intangible assets.

Revenue Recognition

Revenue before reimbursements of out-of-pocket expenses (“net revenue”) consists of retainers and indirect expenses billed to clients. For each assignment, the Company and its client enter into a contract that outlines the general terms and conditions of the assignment. Typically, the Company is paid a retainer for its executive search services equal to approximately one-third of the estimated first year compensation for the position to be filled. In addition, generally, if the actual compensation of a placed candidate exceeds the estimated compensation, the Company often is authorized to bill the client for one-third of the excess. Indirect expenses are calculated as a percentage of the retainer with certain dollar limits per search. The Company generally bills its clients for its retainer and indirect expenses in one-third increments over a three-month period commencing in the month of a client’s acceptance of the contract.

Net revenue is recognized when earned and realizable and therefore when the following criteria have been met: (a) persuasive evidence of an arrangement exists, (b) services have been rendered, (c) the fee to our client is fixed or determinable, and (d) collectability is reasonably assured. Taxes collected from clients and remitted to governmental authorities are presented on a net basis. Typically, net revenue from standard executive search engagements is recognized over the expected average period of performance, in proportion to the estimated personnel time incurred to fulfill our obligations under the arrangements. Net revenue in excess of the retainer, resulting from actual compensation of the placed candidate exceeding the estimated compensation, is recognized upon completion of the executive search when the amount of the additional fee is known.

Net revenue associated with culture shaping consulting is recognized proportionally as services are performed. Net revenue associated with licenses to use our culture shaping proprietary materials is typically recognized over the term of the arrangement.

Depending on the terms of that agreement, net revenue from certain leadership consulting and non-standard executive search engagements is either recognized proportionally as services are performed or in accordance with the completion of the engagement deliverables.

Reimbursements

The Company incurs certain out-of-pocket expenses that are reimbursed by its clients, which are accounted for as revenue and expense in its Consolidated Statements of Comprehensive Income.

Salaries and Employee Benefits

Salaries and employee benefits consist of compensation and benefits paid to consultants, executive officers, and administrative and support personnel, of which the most significant elements are salaries and annual performance-related bonuses. Other items in this category are expenses related to sign-on bonuses, forgivable employee loans and minimum guaranteed bonuses (often incurred in connection with the hiring of new consultants), restricted stock unit and performance share unit amortization, payroll taxes, profit sharing and retirement benefits, and employee insurance benefits.

Salaries and employee benefits are recognized on an accrual basis. Certain sign-on bonuses, retention awards, and minimum guaranteed compensation are capitalized and amortized in accordance with the terms of the respective agreements.

A portion of the Company’s consultants’ and management cash bonuses are deferred and paid over a three-year vesting period. The portion of the bonus is approximately 15% depending on the employee’s level or position. The compensation expense related to the amounts being deferred is recognized on a graded vesting attribution method over the requisite service period. This service period begins on January 1 of the respective fiscal year and continues through the deferral date, which coincides with the Company’s bonus payments in the first quarter of the following year, and for an additional three year vesting period. The deferrals are recorded in *Accrued salaries and employee benefits* and *Other non-current liabilities* in the Consolidated Balance Sheets.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities, applying enacted statutory tax rates in effect for the year in which the tax differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings per Common Share

Basic earnings per common share is computed by dividing net income by weighted average common shares outstanding for the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted. Common equivalent shares are excluded from the determination of diluted earnings per share in periods in which they have an anti-dilutive effect.

Translation of Foreign Currencies

The Company generally designates the local currency for all its subsidiaries as the functional currency. The Company translates the assets and liabilities of its subsidiaries into U.S. dollars at the current rate of exchange prevailing at the balance sheet date. Revenue and expenses are translated at a monthly average exchange rate for the period. Translation adjustments are reported as a component of *Accumulated other comprehensive income*.

Recently Issued Financial Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* intended to improve financial reporting about leasing transactions. The new guidance will require entities that lease assets to recognize on their balance sheets the assets and liabilities for the rights and obligations created by those leases and to disclose key information about the leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018 with early adoption permitted. The guidance requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact of this accounting guidance.

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers.* The ASU requires that an entity recognizes revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for these goods or services. The effective date has been deferred for one year to the interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted as of the original effective date, which was interim and annual reporting periods beginning after December 15, 2016. The guidance permits the use of either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients or (ii) a retrospective approach with the cumulative effect upon initial adoption recognized at the date of adoption. The Company is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures. The effect is not known or reasonably estimable at this time.

Recently Adopted Financial Accounting Standards

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*. The ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company has early adopted this standard and has applied the requirements retrospectively to all periods presented as denoted by *As Adjusted* captions within the Consolidated Financial Statements and related footnotes. The adoption of this standard resulted in the reclassification $15.1 million and $12.1 million of current deferred income tax assets as of December 31, 2015 and 2014, respectively, to noncurrent deferred income tax assets and $0.2 million and $0.1 million from current deferred income tax liabilities as of December 31, 2015 and 2014, respectively, to noncurrent deferred income tax liabilities.

3. Allowance for Doubtful Accounts

The activity of the allowance for doubtful accounts for the years ended:

	December 31,		
	2015	**2014**	**2013**
Balance at January 1,	$ 3,942	$ 4,709	$ 4,798
Provision charged to income	2,772	241	851
Write-offs	(1,140)	(772)	(870)
Currency	(198)	(236)	(70)
Balance at December 31,	$ 5,376	$ 3,942	$ 4,709

4. Property and Equipment, net

The components of the Company's property and equipment are as follows:

	December 31,	
	2015	2014
Leasehold improvements	$ 40,583	$ 43,930
Office furniture, fixtures and equipment	16,234	18,693
Computer equipment and software	28,648	30,751
Property and equipment, gross	85,465	93,374
Accumulated depreciation	(48,967)	(62,957)
Property and equipment, net	$ 36,498	$ 30,417

Depreciation expense for the years ended December 31, 2015, 2014, and 2013 was $8.8 million, $9.8 million, and $10.4 million, respectively.

5. Restricted Cash

The components of the Company's restricted cash are as follows

	December 31,	
	2015	2014
Current restricted cash		
Retention escrow	$ 6,501	$ 6,501
Lease guarantees	696	—
Total current restricted cash	$ 7,197	$ 6,501
Non-current restricted cash		
Lease guarantees	$ 478	$ 1,316
Business licenses	91	95
Total non-current restricted cash	$ 569	$ 1,411

The retention escrow is associated with the Senn Delaney acquisition and was paid to certain key executives of Senn Delaney in January 2016 for remaining with the Company for three years subsequent to the acquisition (See Note 8, *Acquisitions*). The Company has lease agreements and business licenses with terms that require the Company to restrict cash through the termination dates of the agreements, which extend through 2018. Non-current restricted cash is included in *Other non-current assets* on the Consolidated Balance Sheet.

6. Investments

The Company has a U.S. non-qualified deferred compensation plan that consists primarily of U.S. marketable securities and mutual funds, all of which are valued using Level 1 inputs (See Note 7, *Fair Value Measurements*). The fair value for these investments was $14.1 million and $13.7 million as of December 31, 2015 and 2014, respectively. The aggregate cost basis for these investments was $11.1 million and $10.1 million as of December 31, 2015 and 2014, respectively.

7. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At December 31, 2015				
U.S. non-qualified deferred compensation plan	$ 14,145	$ —	$ —	$ 14,145
Assets designated for retirement and pension plans	—	18,164	—	18,164
Acquisition earnout accruals	—	—	(12,033)	(12,033)
	$ 14,145	$ 18,164	$ (12,033)	$ 20,276

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At December 31, 2014				
U.S. non-qualified deferred compensation plan	$ 13,709	$ —	$ —	$ 13,709
Assets designated for retirement and pension plans	—	20,880	—	20,880
Derivatives designated as cash flow hedge	—	125	—	125
Acquisition earnout accruals	—	—	(12,944)	(12,944)
	$ 13,709	$ 21,005	$ (12,944)	$ 21,770

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets and liabilities for the year ended December 31, 2015.

	Acquisition Earnout Accruals
Balance at December 31, 2014	$ (12,944)
Unrealized losses	—
Acquisition earnout (Note 8)	(4,231)
Earnout accretion	(1,294)
Earnout payments	5,496
Foreign currency translation	276
Other	664
Balance at December 31, 2015	$ (12,033)

The Level 2 assets above are fair valued using a market approach. The Level 3 liabilities are accruals for future earnout payments related to current year and prior acquisitions, the values of which are determined based on discounted cash flow models. The Company considers the recorded value of its financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable, and accounts payable, to approximate the fair value of the respective assets and liabilities at December 31, 2015 and December 31, 2014 based upon the short-term nature of the assets and liabilities.

8. Acquisitions

Co Company Limited

On October 1, 2015, the Company acquired Co Company, a UK-based management consulting firm that specializes in Organizational Development for £7.1 million (equivalent to $10.4 million at December 31, 2015) of initial consideration, pursuant to a stock purchase, which was funded from existing cash. The former owners of Co Company are eligible to receive additional cash consideration upon the realization of specific revenue and EBITDA Margin milestones achieved over the period October 1, 2015 through December 2018. When estimating the fair value of future cash consideration, the Company has accrued £2.8 million (equivalent to $4.2 million) as of December 31, 2015. The Company has recognized $0.1 million of accretion expense included in *General and administrative expenses* in December 31, 2015. The Company recorded $2.9 million of intangible assets and $10.7 million of goodwill. The goodwill is primarily related to the acquired workforce and strategic fit. The fair value estimate of assets acquired and liabilities assumed is pending completion of income and non-income related taxes.

Scambler MacGregor Executive Search Pty Limited

In November 2013, the Company acquired Scambler MacGregor, an Australian-based retained Executive Search boutique in the financial services industry for 1.1 million Australian dollars (equivalent to $0.8 million at December 31, 2015 and $0.9 million at December 31, 2014) of initial consideration, pursuant to a stock purchase, which was funded from existing cash. In December 2013, the Company paid an additional $0.1 million related to the final working capital settlement. The former owners of Scambler MacGregor are eligible to receive earnout payments of up to 2.8 million Australian dollars based on the achievement of certain revenue metrics over the period November 2013 through December 2018, of which $0.7 million was paid during the first quarter of 2015. When estimating the fair value of future earnout payments, the Company has accrued 1.6 million Australian dollars and 2.4 million Australian dollars (equivalent to $1.2 million and $2.0 million, respectively) as of December 31, 2015 and 2014, respectively. The Company also recorded $0.4 million of intangible assets and $2.7 million of goodwill. The goodwill is primarily related to the acquired workforce and strategic fit.

Senn-Delaney Leadership Consulting Group, LLC

In December 2012, the Company acquired Senn-Delaney Leadership Consulting Group, LLC, a global leader of corporate culture shaping. Under the terms of the purchase agreement, the Company paid $53.5 million at closing for 100 percent of the equity of Senn Delaney. The agreement also included additional cash consideration up to $15.0 million based on the realization of specific earnings milestones achieved over the period December 2012 through December 2015, of which $4.8 million and $3.4 million was paid during the second quarter of 2015 and 2014, respectively. The Company has accrued $6.6 million and $10.9 million at December 31, 2015 and December 31, 2014, respectively, for the remaining cash consideration. The Company has recognized $1.1 million and $1.7 million of accretion expense included in *General and administrative expenses* in December 31, 2015 and 2014, respectively. The Company also held $6.5 million in a retention escrow at December 31, 2015 that was paid to certain key executives of Senn Delaney in January 2016 for remaining with the Company for three years subsequent to the acquisition. The Company recognized $2.1 million and $2.0 million of compensation expense included in *Salaries and employee benefits* in December 31, 2015 and 2014, respectively, related to the retention awards.

9. Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by segment for the years ended December 31, 2015, 2014 and 2013 were as follows:

	Executive Search and Leadership Consulting-Americas	Executive Search and Leadership Consulting-Europe	Executive Search and Leadership Consulting-Asia Pacific	Culture Shaping	Total
Balance at December 31, 2012	$ 82,941	$ —	$ 8,292	$ 29,707	$ 120,940
Scambler MacGregor acquisition	—	—	2,729	—	2,729
Exchange rate fluctuations	(301)	—	(167)	73	(395)
Balance at December 31, 2013	82,640	—	10,854	29,780	123,274
Exchange rate fluctuations	(370)	—	(599)	(129)	(1,098)
Balance at December 31, 2014	82,270	—	10,255	29,651	122,176
Co Company acquisition	—	10,745	—	—	10,745
Exchange rate fluctuations	(644)	—	(1,044)	(111)	(1,799)
Balance at December 31, 2015	$ 81,626	$ 10,745	$ 9,211	$ 29,540	$ 131,122

During the 2015 fourth quarter, the Company conducted its annual goodwill impairment evaluation as of October 31, 2015. The goodwill impairment evaluation is performed using a two-step, fair value based test. The first step compares the fair value of a reporting unit with its carrying amount, including goodwill. The second step measures the impairment charge and is performed only if the carrying amount of a reporting unit exceeds its fair value as determined in step 1. To measure the amount of the impairment loss, the implied fair value of a reporting unit's goodwill is compared to the carrying amount of that goodwill. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination.

The impairment test is considered for each of the Company's reporting units that have goodwill as defined in the accounting standard for goodwill and intangible assets. The Company operates four reporting units: the Americas; Europe, which includes Africa; Asia Pacific, which includes the Middle East, and Culture Shaping. On October 1, 2015, the Company acquired Co Company and included the fair value of the acquired assets and liabilities as of the acquisition date on the Consolidated Balance Sheet. The Company also included $10.7 million of goodwill in the Europe reporting unit. The Company determined that no events or changes in circumstances indicated that it was more-likely-than-not that the fair value of Co Company was less than its carrying values since the acquisition date. Due to this determination, the Company did not include the goodwill related to the Co Company acquisition in its annual goodwill impairment evaluation as of October 31, 2015.

During the impairment evaluation process, the Company used a discounted cash flow methodology to estimate the fair value of its reporting units. The discounted cash flow approach is dependent on a number of factors, including estimates of future market growth and trends, forecasted revenue and costs, capital investments, appropriate discount rates, certain assumptions to allocate shared assets and liabilities, historical and projected performance of the Company's reporting units, the outlook for the executive search industry, and the macroeconomic conditions affecting each of the Company's reporting units.

The assumptions used in the determination of fair value were (1) a forecast of growth in the near term; (2) the discount rate; (3) working capital investments; and (4) other factors. Based on the result of the first step of this goodwill impairment analysis, the fair values of the Americas, Asia Pacific, and Culture Shaping reporting units exceeded their carrying values by 151%, 19%, and 34%, respectively. The fair value of a reporting unit may deteriorate and could result in the need to record an impairment charge in future periods. The Company continues to monitor potential triggering events including changes in the business climate in which it operates, the Company's market capitalization compared to its book value, and the Company's recent operating performance. Any changes in these factors could result in an impairment charge. Since the fair value of the reporting units exceeded their carrying values, the second step of the goodwill impairment test was not necessary.

Other Intangible Assets, net

The Company's other intangible assets, net by segment, are as follows:

	December 31, 2015	December 31, 2014
Executive Search and Leadership Consulting		
Americas	$ 764	$ 1,044
Europe	2,548	—
Asia Pacific	209	383
Total Executive Search and Leadership Consulting	3,521	1,427
Culture Shaping	15,166	19,512
Total other intangible assets, net	$ 18,687	$ 20,939

The carrying amount of amortizable intangible assets and the related accumulated amortization were as follows:

		December 31, 2015			December 31, 2014		
	Weighted Average Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Client relationships	7.5	$ 25,414	$ (17,550)	$ 7,864	$ 23,316	$ (14,999)	$ 8,317
Trade name	15.0	9,251	(3,416)	5,835	9,334	(2,358)	6,976
Software	7.0	7,200	(3,086)	4,114	7,200	(2,057)	5,143
Non-compete	5.0	586	(117)	469	593	(90)	503
Technology	3.0	442	(37)	405	—	—	—
Total intangible assets	9.5	$ 42,893	$ (24,206)	$ 18,687	$ 40,443	$ (19,504)	$ 20,939

Intangible asset amortization expense for the years ended December 31, 2015, 2014 and 2013 was $4.9 million, $5.5 million and $5.8 million, respectively. The estimated intangible amortization expense is $5.6 million for fiscal year 2016, $4.3 million for fiscal year 2017, $3.2 million for fiscal year 2018, $2.4 million for fiscal year 2019 and $1.0 million for fiscal year 2020. These amounts are based on intangible assets recorded as of December 31, 2015, and actual amortization expense could differ from these estimates as a result of future acquisitions and other factors.

10. Derivative Financial Instruments

In the third quarter of 2015, the Company terminated its interest rate swap. The Company realized a negligible gain on this transaction.

11. Other Non-Current Liabilities

The components of other non-current liabilities are as follows:

	December 31, 2015	December 31, 2014
Accrued salaries and employee benefits	$ 32,690	$ 31,605
Premise related costs	17,790	15,058
Accrued earnout payments	788	7,567
Other (1)	1,269	487
Total other non-current liabilities	$ 52,537	$ 54,717

(1) As Adjusted for the adoption of ASU 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*. See Note 2.

12. Line of Credit

On June 30, 2015, the Company entered into a Second Amended and Restated Credit Agreement (the “Restated Credit Agreement”). The Restated Credit agreement amended and restated the Credit Agreement executed on June 22, 2011 (the “Credit Agreement”). Pursuant to the Restated Credit Agreement, the Company replaced its Revolving Facility and Term Facility (“Existing Facility”) with a single senior unsecured revolving line of credit with an aggregate commitment of up to $100 million, which includes a sublimit of $25 million for letters of credit, and a $50 million expansion feature (the “Replacement Facility”). The Replacement Facility will mature on June 30, 2020. Borrowings under the Restated Credit Agreement bear interest at the Company’s election at the existing Alternate Base Rate (as defined in the Credit Agreement) or Adjusted LIBOR Rate (as defined in the Credit Agreement) plus a spread as determined by the Company’s leverage ratio.

On the amendment date, an aggregate of $26.5 million of term loans outstanding under the Existing Facility remained outstanding as revolving borrowings under the Replacement Facility. On September 30, 2015, the Company repaid the full outstanding $26.5 million balance of the revolver, in order to reduce the Company's interest expense. As of December 31, 2014 there was $29.5 million outstanding under the Term Facility.

Borrowings under the Replacement Facility may be used for working capital, capital expenditures, Permitted Acquisitions (as defined in the Agreement) and for other general corporate purposes of the Company and its subsidiaries. The obligations under the Replacement Facility are guaranteed by certain of the Company’s subsidiaries.

13. Employee Benefit Plans

Qualified Retirement Plan

The Company has a defined contribution retirement plan (the "Plan") for all eligible employees in the United States. Eligible employees may begin participating in the Plan upon their hire date. The Plan contains a 401(k) provision, which provides for employee pre-tax and/or after-tax contributions, from 1% to 50% of their eligible compensation up to a combined maximum permitted by law. The Company matched employee contributions on a dollar for dollar basis per participant up to the greater of $5,500, or 5.5%, of eligible compensation for the year ended December 31, 2015. The Company matched employee contributions up to the greater of $5,000, or 5.0%, of eligible compensation for the year ended December 31, 2014, and up to the greater of $5,000, or 4.5%, of eligible compensation for the year ended December 31, 2013. Employees are eligible for the Company match after satisfying a one year service requirement provided that they are working on the last day of the Plan year in which the match is made. The Plan also provides for employees who retire, die or become disabled during the Plan year to receive the Company match for that Plan year. The Plan provides that forfeitures will be used to reduce the Company's contributions. Forfeitures are created annually by participants who terminate employment before becoming entitled to the Company's matching contribution under the Plan. The Company also has the option of making discretionary contributions. There were no discretionary contributions made for the years ended December 31, 2015, 2014 and 2013. The expense that the Company incurred for matching employee contributions for the years ended December 31, 2015, 2014 and 2013 was $3.3 million, $2.8 million and $2.4 million, respectively.

The Company maintains additional retirement plans in the Americas, Europe and Asia Pacific regions which the Company does not consider as material, and, therefore additional disclosure has not been presented. The balances associated with these plans have been reported in the Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013 and in the Consolidated Balance Sheets as of December 31, 2015 and 2014.

Deferred Compensation Plans

The Company has a deferred compensation plan for certain U.S. employees (the "U.S. Plan") that became effective on January 1, 2006. The U.S. Plan allows participants to defer up to 25% of their base compensation and up to the lesser of $500,000 or 25% of their eligible bonus compensation into several different investment vehicles. These deferrals are immediately vested and are not subject to a risk of forfeiture. In 2015 and 2014, all deferrals in the U.S. Plan were funded. The compensation deferred in the U.S. Plan was $12.0 million and $11.4 million, at December 31, 2015 and 2014, respectively. The assets of the U.S. Plan are included in *Investments* and the liabilities of the U.S. Plan are included in *Retirement and pension plans* in the Consolidated Balance Sheets as of December 31, 2015 and 2014.

The Company has a Non-Employee Directors Voluntary Deferred Compensation Plan whereby non-employee members of the Company's Board of Directors may elect to defer up to 100% of the cash component of their directors' fees into several different investment vehicles. As of December 31, 2015 and 2014, the total amounts deferred under the plan were $2.1 million and $2.3 million, respectively, all of which was funded. The assets of the plan are included in *Investments* and the liabilities of the plan are included in *Retirement and pension plans* in the Consolidated Balance Sheets at December 31, 2015 and 2014.

The U.S. and Non-Employee Directors Voluntary Deferred Compensation Plans consist primarily of marketable securities and mutual funds, all of which are valued using Level 1 inputs (See Note 7, *Fair Value Measurements*).

14. Pension Plan and Life Insurance Contract

The Company maintains a pension plan for certain current and former employees in Germany. The pensions are individually fixed euro amounts that vary depending on the function and the eligible years of service of the employee.

	2015	2014
Benefit obligation at January 1,	$ 26,985	$ 26,398
Service cost	—	—
Interest cost	436	799
Actuarial (gain) loss	(1,052)	4,794
Benefits paid	(1,244)	(1,502)
Cumulative translation adjustment	(2,737)	(3,504)
Benefit obligation at December 31,	$ 22,388	$ 26,985

The benefit obligation amounts recognized in the Consolidated Balance Sheets are as follows:

	December 31,	
	2015	2014
Current liabilities	$ 1,307	$ 1,457
Noncurrent liabilities	21,081	25,528
Total	$ 22,388	$ 26,985

The accumulated benefit obligation amounts at December 31, 2015 and 2014 are $22.4 million and $27.0 million, respectively.

The components of and assumptions used to determine the net periodic benefit cost are as follows:

	December 31,		
	2015	2014	2013
Net period benefit cost:			
Service cost	$ —	$ —	$ 173
Interest cost	436	799	820
Amortization of net loss	72	—	—
Net periodic benefit cost	$ 508	$ 799	$ 993
Weighted average assumptions			
Discount rate (1)	1.82%	3.25%	3.15%
Rate of compensation increase	1.75%	1.75%	1.75%

Assumptions to determine the Company’s benefit obligation are as follows:

	December 31,		
	2015	2014	2013
Discount rate (1)	2.15%	1.82%	3.25%
Rate of compensation increase	—%	1.75%	1.75%
Measurement Date	12/31/2015	12/31/2014	12/31/2013

(1) The discount rates are based on long-term bond indices adjusted to reflect the longer duration of the benefit obligation.

The amounts in *Accumulated other comprehensive income* as of December 31, 2015 and 2014 that had not yet been recognized as components of net periodic benefit cost were $2.5 million and $4.0 million, respectively. As of December 31, 2015, an insignificant amount of the accumulated other comprehensive income is expected to be recognized as a component of net periodic benefit cost in 2016.

The Company’s investment strategy is to support its pension obligations through reinsurance contracts. The BaFin—German Federal Financial Supervisory Authority—supervises the insurance companies and the reinsurance contracts. The BaFin requires each reinsurance contract to guarantee a fixed minimum return. The Company’s pension benefits are fully reinsured by group insurance contracts with ERGO Lebensversicherung AG, and the group insurance contracts are measured in accordance with BaFin guidelines (including mortality tables and discount rates) which are considered Level 2 inputs (See Note 7, *Fair Value Measurements*). The fair value at December 31, 2015 and 2014 was $18.2 million and $20.9 million, respectively. The expected contribution to be paid into the plan in 2016 is $1.3 million.

Since the pension assets are not segregated in trust from the Company's other assets, the pension assets are not shown as an offset against the pension liabilities in the Consolidated Balance Sheets. These assets are included in the Consolidated Balance Sheets at December 31, 2015 and 2014, as a component of *Other current assets* and *Assets designated for retirement and pension plans*.

The benefits expected to be paid in each of the next five years, and in the aggregate for the five years thereafter are as follows:

Year ending December 31,	
2016	$ 1,306
2017	1,305
2018	1,302
2019	1,296
2020	1,288
2021 through 2025	6,202

15. Stock-Based Compensation

GlobalShare Program

The Company's 2007 Heidrick & Struggles GlobalShare Program (the "Prior Program") provided for grants of stock options, stock appreciation rights, and other stock-based awards to directors, selected employees, and independent contractors. The Prior Program expired on May 24, 2012. Outstanding awards granted under the Prior Program remain outstanding and subject to the terms of the Prior Program and award agreements until such awards vest, are exercised, terminate or expire pursuant to their terms. As of December 31, 2015, there were 43,338 awards outstanding under the Prior Program, consisting of 8,877 stock options and 34,461 restricted stock units.

On May 24, 2012, the stockholders of the Company approved the 2012 Heidrick & Struggles GlobalShare Program (the "2012 Program") at the Company's Annual Meeting of Stockholders. The 2012 Program provides for grants of stock options, stock appreciation rights, and other stock-based awards that are valued based upon the grant date fair value of shares. These awards may be granted to directors, selected employees and independent contractors.

The total number of shares authorized or reserved for issuance under the 2012 Program is 1,300,000 shares (consisting of a number of shares not previously authorized for issuance under any plan, and the number of shares not subject to awards and remaining available for issuance under the Prior Program, as amended on April 2, 2012), plus any shares subject to the 671,528 outstanding awards as of April 2, 2012 under the Prior Program that on or after the effective date cease for any reason to be subject to such awards. Stock awards forfeited or cancelled under the Prior Program and the 2012 Program are eligible for reissuance under the 2012 Program.

On May 22, 2014, the stockholders of the Company approved an amendment to the 2012 Program to increase the number of shares of Common Stock reserved for issuance under the 2012 Program by 700,000 shares. As of December 31, 2015, 1,033,847 awards have been issued under the 2012 Program and 1,342,179 shares remain available for future awards, which includes 376,026 forfeited awards. The 2012 Program provides that no awards can be granted after May 24, 2022.

The Company measures its stock-based compensation costs based on the grant date fair value of the awards and recognizes these costs in the financial statements over the requisite service period.

A summary of information with respect to stock-based compensation is as follows:

	December 31,		
	2015	2014	2013
Salaries and employee benefits	$ 4,616	$ 3,128	$ 3,447
General and administrative expenses	450	451	300
Income tax benefit related to stock-based compensation included in net income	1,856	1,444	1,468

Restricted Stock Units

Restricted stock units are generally subject to ratable vesting over a three year period. Compensation expense related to service-based restricted stock units is recognized on a straight-line basis over the vesting period. For awards requiring satisfaction of service and performance conditions, compensation expense is recognized using a graded vesting attribution method.

Restricted stock unit activity as of December 31, 2015, 2014 and 2013:

	Number of Restricted Stock Units	Weighted-Average Grant-date Fair Value
Outstanding on December 31, 2012	361,778	$ 23.43
Granted	174,508	14.01
Vested and converted to common stock	(167,955)	24.70
Forfeited	(97,876)	17.69
Outstanding on December 31, 2013	270,455	18.64
Granted	295,733	18.02
Vested and converted to common stock	(93,159)	19.65
Forfeited	(10,312)	17.45
Outstanding on December 31, 2014	462,717	18.07
Granted	184,541	23.94
Vested and converted to common stock	(146,307)	18.80
Forfeited	(27,016)	20.74
Outstanding on December 31, 2015	473,935	19.98

As of December 31, 2015, there was $3.9 million of pre-tax unrecognized compensation expense related to unvested restricted stock units, which is expected to be recognized over a weighted average of 2.2 years.

Performance Stock Units

The Company grants performance stock units to certain of its senior executives. The performance stock units are generally subject to a cliff vesting at the end of a three year period. The vesting will vary between 0% - 200% based on the attainment of operating income goals over the 3 year vesting period. The performance stock units are expensed on a straight-line basis over the 3 year vesting period.

In 2014, the Company granted market-based performance stock units to the Chief Executive Officer as part of his initial compensation package. The market-based awards vest after a two-year service period and if the price of the Company’s common stock exceeds specified targets. The fair value of the market-based awards was determined using the Monte-Carlo simulation model. A Monte Carlo simulation model uses stock price volatility and other variables to estimate the probability of satisfying the market conditions and the resulting fair value of the award. Compensation costs related to the market-based awards are recognized regardless of whether the market condition is satisfied, as long as the requisite service has been provided.

Performance share unit activity as of December 31, 2015, 2014 and 2013:

	Number of Performance Stock Units	Weighted-Average Grant-date Fair Value
Outstanding on December 31, 2012	80,000	$ 23.75
Granted	63,895	13.89
Vested and converted to common stock	—	—
Forfeited	(82,574)	19.07
Outstanding on December 31, 2013	61,321	19.77
Granted	186,705	17.19
Vested and converted to common stock	(9,429)	27.18
Forfeited	(9,427)	27.18
Outstanding on December 31, 2014	229,170	17.06
Granted	59,221	23.64
Vested and converted to common stock	(13,397)	20.62
Forfeited	(2,970)	20.62
Outstanding on December 31, 2015	272,024	18.28

As of December 31, 2015, there was $1.8 million of pre-tax unrecognized compensation expense related to unvested performance stock units, which is expected to be recognized over a weighted average of 1.7 years.

16. Changes in Accumulated Other Comprehensive Income

The changes in *Accumulated other comprehensive income* ("AOCI") by component for the year ended December 31, 2015 is summarized below:

	Cash Flow Hedge	Available-for-Sale Securities	Foreign Currency Translation	Pension	AOCI
Balance at December 31, 2014	$ 78	$ 3,183	$ 10,372	$ (2,410)	$ 11,223
Other comprehensive income (loss) before classification, net of tax	—	(1,444)	(1,811)	786	(2,469)
Amount reclassified from AOCI (1)	(78)	655	—	(72)	505
Net current period other comprehensive loss (income)	(78)	(789)	(1,811)	714	(1,964)
Balance at December 31, 2015	$ —	$ 2,394	$ 8,561	$ (1,696)	$ 9,259

(1) Cash Flow Hedge, Available-for-Sale Securities and Pension reclassifications from AOCI are included in *Interest, net, Other, net* and *Salaries and employee benefits*, respectively, in the Consolidated Statement of Comprehensive Income.

17. Income Taxes

The sources of income before income taxes are as follows:

	December 31, 2015	2014	2013
United States	$ 26,550	$ 25,956	$ 29,334
Foreign	5,004	(1,769)	(15,946)
Income before income taxes	$ 31,554	$ 24,187	$ 13,388

The provision for (benefit from) income taxes are as follows:

	December 31,		
	2015	2014	2013
Current			
Federal	$ 8,598	$ 10,997	$ 6,954
State and local	1,697	3,141	2,575
Foreign	4,911	2,537	1,430
Current provision for income taxes	15,206	16,675	10,959
Deferred			
Federal	$ (1,551)	$ (2,845)	$ 1,026
State and local	(180)	(242)	(16)
Foreign	947	3,802	(4,928)
Deferred provision (benefit) for income taxes	(784)	715	(3,918)
Total provision for income taxes	$ 14,422	$ 17,390	$ 7,041

A reconciliation of the provision for income taxes to income taxes at the statutory U.S. federal income tax rate of 35% is as follows:

	December 31,		
	2015	2014	2013
Income tax provision at the statutory U.S. federal rate	$ 11,044	$ 8,466	$ 4,686
State income tax provision, net of federal tax benefit	1,272	1,423	1,618
Nondeductible/(Nontaxable) expenses/(income)	262	1,747	(109)
Foreign taxes (includes rate differential and changes in foreign valuation allowance)	368	1,396	2,816
Establishment (release) of valuation allowance	—	4,708	(1,615)
U.S. tax on foreign dividends	1,120	722	1,838
Current/deferred true-up	241	(1,499)	(1,786)
Other, net	115	427	(407)
Total provision for income taxes	$ 14,422	$ 17,390	$ 7,041

The deferred tax assets and liabilities are attributable to the following components:

	December 31,	
	2015	2014
Deferred tax assets attributable to:		
Foreign net operating loss carryforwards	$ 26,265	$ 29,030
Accrued compensation & employee benefits	21,022	19,178
Deferred compensation	15,434	15,356
Foreign tax credit carryforwards	16,290	15,213
Accrued rent	5,285	4,180
Other accrued expenses	2,629	2,260
Deferred tax assets, before valuation allowance	86,925	85,217
Valuation allowance	(25,216)	(28,738)
Deferred tax assets, after valuation allowance	61,709	56,479
Deferred tax liabilities attributable to:		
Goodwill	16,893	14,973
Taxes provided on unremitted earnings	4,406	3,431
Depreciation on property and equipment	4,562	2,563
Other	600	87
Deferred tax liabilities	26,461	21,054
Net deferred tax assets	$ 35,248	$ 35,425

The recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefits associated with temporary differences, net operating loss carryforwards and tax credits will be utilized. The Company assesses the recoverability of the deferred tax assets on an ongoing basis. In making this assessment, the Company considers all positive and negative evidence, and all potential sources of taxable income including scheduled reversals of deferred tax liabilities, tax-planning strategies, projected future taxable income and recent financial performance.

The valuation allowance decreased from $28.7 million at December 31, 2014 to $25.2 million at December 31, 2015. The valuation allowance at December 31, 2015 was related to foreign net operating loss carryforwards and certain foreign deferred tax assets. The Company intends to maintain these valuation allowances until sufficient evidence exists to support their reversal.

At December 31, 2015, the Company had a net operating loss carryforward of $97.0 million related to its foreign filings and $1.1 million related to its U.S. state tax filings. Of the $97.0 million net operating loss carryforward, $75.6 million is subject to a valuation allowance. Depending on the tax rules of the tax jurisdictions, the losses can be carried forward indefinitely or for periods ranging from five to twenty years. The Company also had a foreign tax credit carryforward of $16.3 million, expiring in 2017 through 2025.

As of December 31, 2015, the Company had unremitted earnings held in its foreign subsidiaries of approximately $72.9 million, of which the company has provided $4.4 million of tax on $18.2 million of earnings that are intended to be remitted. The Company did not recognize a deferred tax liability for U.S. income taxes and foreign withholding taxes related to the unremitted earnings of its foreign operations because the Company intends to reinvest those earnings indefinitely. If a distribution of these earnings were to be made, the Company might be subject to both foreign withholding taxes and U.S. income taxes, net of any allowable foreign tax credits or deductions. An estimate of these taxes; however, is not practicable. A deferred tax liability will be recognized if and when the Company is no longer able to demonstrate that it plans to permanently reinvest unremitted earnings.

As of January 1, 2015, the Company had $0.1 million of unrecognized tax benefits. As of December 31, 2015 the Company had $0.1 million of unrecognized tax benefits of which, if recognized, it would be fully offset by a federal tax benefit, as a component of income tax expense.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	December 31,		
	2015	2014	2013
Gross unrecognized tax benefits at January 1,	$ 143	$ 362	$ 534
Gross increases for tax positions of prior years	22	151	—
Gross decreases for tax positions of prior years	(15)	(191)	—
Settlements	(20)	(143)	(7)
Lapse of statute of limitations	—	(36)	(165)
Gross unrecognized tax benefits at December 31,	$ 130	$ 143	$ 362

In many cases the Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant taxable authorities. Years 2009 through 2013 are subject to examination by the state taxing authorities. The year 2014 and 2013 are subject to examination by the federal taxing authority. There are certain foreign jurisdictions that are subject to examination for years prior to 2009.

The Company is currently under audit by some foreign jurisdictions. It is likely that the examination phase of several of these audits will conclude in the next 12 months. No significant increases or decreases in unrecognized tax benefits are expected to occur by December 31, 2016.

Estimated interest and penalties related to the underpayment of income taxes are classified as a component of the provision for income taxes in the Consolidated Statements of Comprehensive Income. Accrued interest and penalties are $0.1 million as of December 31, 2015.

18. Segment Information

The Company operates its executive search and leadership consulting services in the Americas; Europe (which includes Africa); and Asia Pacific (which includes the Middle East) and operates its culture shaping business as a separate segment.

For segment purposes, reimbursements of out-of-pocket expenses classified as revenue and other operating income are reported separately and, therefore, are not included in the results of each segment. The Company believes that analyzing trends in revenue before reimbursements (net revenue), analyzing operating expenses as a percentage of net revenue, and analyzing operating income (loss) more appropriately reflects its core operations.

The revenue, operating income, depreciation and amortization, and capital expenditures, by segment, are as follows:

	December 31,		
	2015	2014	2013
Revenue:			
Executive Search and Leadership Consulting			
Americas	$ 300,473	$ 260,830	$ 256,706
Europe	100,606	108,979	90,081
Asia Pacific	93,733	89,732	90,418
Total Executive Search and Leadership Consulting	494,812	459,541	437,205
Culture Shaping	36,327	34,751	24,790
Revenue before reimbursements (net revenue)	531,139	494,292	461,995
Reimbursements	17,172	18,947	18,998
Total	$ 548,311	$ 513,239	$ 480,993
Operating income:			
Executive Search and Leadership Consulting			
Americas	$ 67,672	$ 57,682	$ 60,171
Europe	2,234	4,806	(6,513)
Asia Pacific	5,843	4,886	3,678
Total Executive Search and Leadership Consulting	75,749	67,374	57,336
Culture Shaping	4,913	4,621	(4,215)
Total Segments	80,662	71,995	53,121
Global Operations Support	(46,600)	(45,342)	(37,556)
Total	$ 34,062	$ 26,653	$ 15,565
Depreciation and amortization			
Executive Search and Leadership Consulting			
Americas	$ 3,896	$ 2,942	$ 3,672
Europe	1,845	3,279	2,853
Asia Pacific	1,423	1,856	2,281
Total Executive Search and Leadership Consulting	7,164	8,077	8,806
Culture Shaping	4,520	5,325	5,738
Total segments	11,684	13,402	14,544
Global Operations Support	2,012	1,910	1,731
Total	$ 13,696	$ 15,312	$ 16,275
Capital expenditures:			
Executive Search and Leadership Consulting			
Americas	$ 7,500	$ 2,858	$ 1,411
Europe	999	478	822
Asia Pacific	1,086	512	1,053
Total Executive Search and Leadership Consulting	9,585	3,848	3,286
Culture Shaping	95	53	13
Total segments	9,680	3,901	3,286
Global Operations Support	6,183	1,934	445
Total	$ 15,863	$ 5,835	$ 3,731

Identifiable assets, and goodwill and other intangible assets, net, by segment, are as follows:

	As Adjusted	
	December 31,	
	2015	2014
Current assets:		
Executive Search and Leadership Consulting		
Americas	$ 160,327	$ 185,300
Europe	52,768	48,594
Asia Pacific	58,339	51,793
Total Executive Search and Leadership Consulting	271,434	285,687
Culture Shaping	36,209	32,157
Total segments	307,643	317,844
Global Operations Support	1,320	391
Total allocated current assets	308,963	318,235
Unallocated non-current assets:	113,946	107,271
Goodwill and other intangible assets, net:		
Executive Search and Leadership Consulting		
Americas	$ 82,390	$ 83,314
Europe	13,293	—
Asia Pacific	9,420	10,638
Total Executive Search and Leadership Consulting	105,103	93,952
Culture Shaping	44,706	49,163
Total goodwill and other intangible assets, net	149,809	143,115
Total assets:	$ 572,718	$ 568,621

19. Guarantees

The Company has issued cash collateralized bank guarantees and letter of credit backed bank guarantees supporting certain obligations, primarily the payment of office lease obligations and business license requirements for certain of its subsidiaries in Europe and Asia Pacific. The bank guarantees were made to secure the respective agreements and are for the terms of the agreements, which extend through 2018. For each bank guarantee issued, the Company would have to perform under the guarantee if the subsidiary defaults on a lease payment. The maximum amount of undiscounted payments the Company would be required to make in the event of default on all outstanding bank guarantees is approximately $3.4 million as of December 31, 2015. The Company has not accrued for these arrangements as no event of default exists or is expected to exist.

20. Commitments and Contingencies

Operating Leases

The Company leases office space in 48 cities in 26 countries. The terms of these office-related leases provide that the Company pay base rent and a share of operating expenses and real estate taxes in excess of defined amounts. These leases expire at various dates through 2026. The Company also leases certain computer equipment and cars, the terms of which are accounted for as operating leases. Rent expense, which includes the base rent, operating expenses and real estate taxes, and the costs of equipment leases for the years ended December 31, 2015, 2014 and 2013 was $22.3 million, $24.1 million, and $27.1 million, respectively. The Company broadened the definition of rent expense in 2013 to also include maintenance costs. Under the broader definition, total expense was $29.6 million, $32.3 million, and $32.4 million in the years ended December 31, 2015, 2014 and 2013, respectively.

Minimum future office space and equipment lease payments due in each of the next five years and thereafter are as follows:

	Office Leases	Equipment Leases	Total
Year ending December 31,			
2016	28,032	655	28,687
2017	21,845	359	22,204
2018	20,372	211	20,583
2019	20,101	61	20,162
2020	13,114	16	13,130
Thereafter	39,894	—	39,894
Total	143,358	1,302	144,660

The aggregate minimum future payments on office leases are $143.4 million. The Company has contractual arrangements to receive aggregate sublease income of $2.0 million related to certain leases that expire at various dates through 2016. This sublease income primarily relates to properties that were part of prior office consolidations and closings.

Certain leases provide for renewal options and payments of real estate taxes and other occupancy costs. In addition, certain leases contain rent escalation clauses that require additional rental amounts in later years of the term. Rent expense for leases with rent escalation clauses is recognized on a straight-line basis over the minimum lease term.

The Company has an obligation at the end of the lease term to return the office to the landlord in its original condition, which is recorded at fair value at the time the liability is incurred. The Company had $2.3 million and $1.9 million of asset retirement obligations as of December 31, 2015 and 2014, respectively.

Litigation

The Company has contingent liabilities from various pending claims and litigation matters arising in the ordinary course of the Company's business, some of which involve claims for damages that are substantial in amount. Some of these matters are covered by insurance. Based upon information currently available, the Company believes the ultimate resolution of such claims and litigation, including the "*UK Employee Benefits Trust*" matter discussed below, will not have a material adverse effect on its financial condition, results of operations or liquidity.

UK Employee Benefits Trust

On January 27, 2010, HM Revenue & Customs ("HMRC") in the United Kingdom notified the Company that it was challenging the tax treatment of certain of the Company's contributions in the United Kingdom to an Employee Benefits Trust between 2002 and 2008. HMRC alleges that these contributions should have been subject to Pay As You Earn tax and Class 1 National Insurance Contributions in the United Kingdom; and HMRC is proposing an adjustment to the Company's payroll tax liability for the affected years. The aggregate amount of HMRC's proposed adjustment is approximately £3.9 million (equivalent to $5.7 million at December 31, 2015). The Company has appealed the proposed adjustment. At this time, the Company believes that the likelihood of an unfavorable outcome with respect to the proposed adjustment is not probable and the potential amount of any loss cannot be reasonably estimated. The Company also believes that the amount of any final adjustment would not be material to the Company's financial condition.

21. Subsequent Event

On February 29, 2016, the Company acquired substantially all assets of Decision Strategies International, Inc. ("DSI"), a Pennsylvania-based business consulting firm and its wholly owned subsidiary, Decision Strategies International (UK) Limited, a private company limited by shares in the United Kingdom. DSI specializes in advising organizations and institutions on strategic planning and decision making in uncertain operating environments, leadership development, and talent strategy. The Company paid the sellers $9.2 million at closing. The former owners of Decision Strategies International, Inc are also eligible to receive additional earnout payments upon the realization of specific revenue targets to be achieved in 2017 and 2018.

PART II (continued)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Securities Exchange Act of 1934, as amended, (the "Exchange Act") Rules 13a-15(e) and 15d-15(e), that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission (the "SEC") rules and forms, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Management of the Company, with the participation of the principal executive officer and the principal financial officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2015. Based on the evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015.

(b) Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013. Based on this evaluation, management concluded that the Company's system of internal control over financial reporting was effective as of December 31, 2015.

The Company's independent registered public accounting firm, KPMG LLP, has issued a report on the Company's internal control over financial reporting. The report on the audit of internal control over financial reporting appears in this Form 10-K.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-K as of December 31, 2015, that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our executive officers is included in the Section entitled "Executive Officers" in Part I of this Form 10-K. Information relating to our directors, including our audit committee and audit committee financial experts and the procedures by which shareholders can recommend director nominees, and our executive officers will be in our definitive Proxy Statement for our 2016 Annual Meeting of Shareholders, which will be filed within 120 days of the end of 2015 (2016 Proxy Statement) and is incorporated herein by reference. Information relating to our Code of Business Conduct and Ethics, which applies to our directors and executive officers, including senior financial officers, is included under "Available Information" in Part I, Item 1 of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to our executive officer and director compensation and the compensation committee of the Board will be in the 2016 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to security ownership of certain beneficial owners of our common stock and information relating to the security ownership of our management will be in the 2016 Proxy Statement and is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth additional information as of December 31, 2015, about shares of our common stock that may be issued upon the vesting of restricted stock units and performance stock units and the exercise of options under our existing equity compensation plans and arrangements, divided between plans approved by our stockholders and plans or arrangements not submitted to the stockholders for approval. For a description of the types of securities that may be issued under our 2012 Heidrick & Struggles GlobalShare Program (See Note 15, *Stock-Based Compensation*).

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options		(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders	754,836	(1)	$ —	1,033,847
Equity compensation plans not approved stockholders	—		—	—
Total equity compensation plans	754,836		$ —	1,033,847

(1) Includes 473,935 restricted stock units, 272,024 performance stock units at their target levels and 8,877 options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions and director independence will be in the 2016 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference to the discussion under the caption "Audit Fees" in our 2016 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) THE FOLLOWING DOCUMENTS ARE FILED AS PART OF THIS REPORT:

1. Index to Consolidated Financial Statements:

   See Consolidated Financial Statements included as part of this Form 10-K beginning on page 35.

2. Exhibits:

Exhibit No.	Description
3.01	Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.02 of this Registrant's Registration Statement on Form S-4 (File No. 333-61023))
3.02	Amended and Restated By-laws of the Registrant (Incorporated by reference to Exhibit 3.02 of the Registrant's Form 10-K filed March 26, 2003)
3.03	Amended and Restated By-laws of the Registrant *
4.01	Specimen Stock Certificate (Incorporated by reference to Exhibit 4.01 of this Registrant's Registration Statement on Form S-4 (File No. 333-61023))
10.01	Credit Agreement among Heidrick & Struggles International, Inc., certain foreign subsidiary borrowers thereto, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent, dated June, 2011 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K, dated June 22, 2011, filed on June 27, 2011)
10.02	Amendment and Restatement Agreement among Heidrick & Struggles International, Inc., certain foreign subsidiary borrowers thereto, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent, dated January 31, 2013 (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K, dated January 31, 2013)
10.03	The Second Amended and Restated Credit Agreement among Heidrick & Struggles International, Inc., the Foreign Subsidiary Borrowers from time to time parties thereto, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agent parties thereto, dated June 30, 2015 (Incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K, dated July 1, 2015)
10.04	Eighth Lease Amendment between 233 S. WACKER LLC and Heidrick & Struggles International, Inc. dated October 1, 2014 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on October 9, 2014)
10.05	Lease between 1114 6th Avenue Co., LLC and Heidrick & Struggles International, Inc., and Heidrick & Struggles, Inc., dated August 31, 2007 (Incorporated by reference to Exhibit 10.04 of the Registrant's Form 10-K filed on February 28, 2008)
10.06	Employment Agreement of Richard W. Pehlke dated August 15, 2011 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K, dated August 15, 2011, filed August 16, 2011) **
10.07	Employment Agreement of Stephen Beard (Incorporated by reference to Exhibit 10.2 of the Registrant's Form 10-Q filed on August 1, 2011)**
10.08	Employment Agreement of Tracy R. Wolstencroft (Incorporated by reference to exhibit 99.1 of the Registrant's Form 8-K filed February 6, 2014)**
10.09	Employment Agreement of Richard W. Greene (Incorporated by reference to Exhibit 99.1 of the Registrant's Form 8-K filed March 27, 2015) **
10.10	Employment Agreement of Krishnan Rajagopalan (Incorporated by reference to Exhibit 99.1 of the Registrant's Form 8-K filed April 20, 2015) **
10.11	Restricted Stock Unit Agreement issued to Tracy R. Wolstencroft (Incorporated by reference to exhibit 99.2 of the Registrant's Form 8-K filed February 6, 2014)**
10.12	Performance Stock Unit Agreement issued to Tracy R. Wolstencroft (Incorporated by reference to exhibit 99.3 of the Registrant's Form 8-K filed February 6, 2014)**
10.13	Employment Agreement of Colin Price**

10.14	Membership Interest Purchase Agreement, dated as of December 31, 2012, among Heidrick & Struggles International, Inc., Senn-Delaney Leadership Consulting Group, LLC and the members of Senn-Delaney Leadership Consulting Group, LLC (Incorporated by reference to exhibit 2.1 of the Registrant's Form 8-K filed January 4, 2013).
10.15	Asset Purchase Agreement, dated October 1, 2015, by and among Heidrick & Struggles International, Inc. and Heidrick & Struggles (UK) Limited and Sharon Lee Toye, Tammy Ann Mitchell-Fisher, Catherine Elizabeth Powell and Colin Price (Incorporated by reference to exhibit 2.1 of the Registrant's Form 8-K filed October 6, 2015).
10.16	Asset Purchase Agreement, dated as of February 29, 2016, by and among Heidrick & Struggles International, Inc. and Decision Strategies International, Inc. (Incorporated by reference to exhibit 2.1 of the Registrant's Form 8-K filed February 11, 2016).
10.17	Heidrick & Struggles International, Inc. Management Severance Pay Plan and Summary Plan Description as Amended and Restated Effective December 31, 2010 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K dated, October 25, 2011, filed on October 25, 2011) **
10.18	2007 Heidrick & Struggles GlobalShare Plan (Incorporated by reference to Appendix A to the Registrant's Proxy Statement dated April 25, 2011)**
10.19	The Heidrick & Struggles Incentive Plan, as Amended and Restated Effective January 1, 2008 (Incorporated by reference to Exhibit 10.20 of the Registrant's From 10-K filed on February 27, 2009)**
10.20	Form of Non-Qualified Stock Option Agreement (Incorporated by reference to Exhibit 10.5 of the Registrant's Form 8-K dated December 29, 2011, filed on January 5, 2012)**
10.21	Form of Restricted Stock Unit Participation Agreement (Incorporated by reference to Exhibit 10.3 of the Registrant's Form 8-K dated December 29, 2011, filed on January 5, 2012)**
10.22	Form of Performance Stock Unit Participation Agreement (Incorporated by reference to Exhibit 10.4 of the Registrant's Form 8-K dated December 29, 2011, filed on January 5, 2012)**
10.23	Form of Non-Employee Director Restricted Stock Unit Participation Agreement (Incorporated by reference to Exhibit 10.19 of the Registrant's 10-K dated March 14, 2012)**
10.24	Heidrick & Struggles International, Inc. U.S. Employees Deferred Compensation Plan (Incorporated by reference to Exhibit 10.10 of the Registrant's Form 10-K for the year ended December 31, 2005, filed on March 10, 2006)**
10.25	Heidrick & Struggles International, Inc. Deferred Compensation Plan for UK Employees (Incorporated by reference to Exhibit 4.1 of this Registrant's Registration Statement on Form S-8 (File No. 333-82424))**
10.26	First Amendment to the Heidrick & Struggles International, Inc. U.S. Employees Deferred Compensation Plan (Incorporated by reference to Exhibit 10.25 of the Registrant's Form 10-K for the year ended December 31, 2008, filed on February 27, 2009)**
10.27	Heidrick & Struggles Non-Employee Directors' Voluntary Deferred Compensation (Incorporated by reference to Exhibit 10.10 of the Registrant's Form 10-K for the year ended December 31, 2005, filed on March 10, 2006)**
10.28	Heidrick & Struggles International, Inc. Change in Control Severance Plan, as amended and restated effective December 29, 2011 (Incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K dated December 29, 2011, filed on January 5, 2012).**
*21.01	Subsidiaries of the Registrant
*23.01	Consent of Independent Registered Public Accounting Firm
*31.1	Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*101.INS	XBRL Instance document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Denotes a management contract or compensatory plan or arrangement.

(b) SEE EXHIBIT INDEX ABOVE

(c) FINANCIAL STATEMENTS NOT PART OF ANNUAL REPORT

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on.

HEIDRICK & STRUGGLES INTERNATIONAL, INC.

	/S/ Karen K. Pepping
By	Karen K. Pepping
Title	Senior Vice President, Chief Accounting Officer and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 10, 2016.

Signature	Title
/S/ TRACY R. WOLSTENCROFT Tracy R. Wolstencroft (Principal Executive Officer)	Chief Executive Officer
/S/ RICHARD W. PEHLKE Richard W. Pehlke (Principal Financial Officer)	Executive Vice President & Chief Financial Officer
/S/ KAREN K. PEPPING Karen K. Pepping (Principal Accounting Officer)	Senior Vice President, Chief Accounting Officer and Controller
/S/ ELIZABETH L. AXELROD Elizabeth L. Axelrod	Director
/S/ RICHARD I. BEATTIE Richard I. Beattie	Director
/S/ CLARE M. CHAPMAN Clare M. Chapman	Director
/S/ JOHN A. FAZIO John A. Fazio	Director
/S/ MARK FOSTER Mark Foster	Director
/S/ LYLE LOGAN Lyle Logan	Director
/S/ JILL KANIN-LOVERS Jill Kanin-Lovers	Director
/S/ GARY E. KNELL Gary E. Knell	Director
/S/ T. WILLEM MESDAG T. Willem Mesdag	Director
/S/ V. PAUL UNRUH V. Paul Unruh	Director

AMENDED AND RESTATED

BY-LAWS

OF

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
(Effective June 11, 2015)

ARTICLE I.

STOCKHOLDERS

Section 1. The annual meeting of the stockholders of the corporation for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting shall be held on such date, and at such time and place within or without the State of Delaware as may be designated from time to time by the Board of Directors.

Section 2. Special meetings of the stockholders shall be called at any time only by the Chairman of the Board, if there be one, or the President of the Corporation and shall be called by the Chairman of the Board or the President of the Corporation, only at the request in writing of a majority of the Board of Directors, pursuant to a resolution adopted by a majority of the total number of directors. The purpose or purposes of the proposed meeting shall be included in the notice setting forth such call.

Section 3. Except as otherwise provided by law, notice of the time, place and, in the case of a special meeting, the purpose or purposes of the meeting of stockholders shall be delivered personally or mailed not earlier than sixty, nor less than ten days previous thereto, to each stockholder of record entitled to vote at the meeting at such address as appears on the records of the corporation.

Section 4. The holders of a majority in voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Amended and Restated Certificate of Incorporation; but if at any regularly called meeting of stockholders there be less than a quorum present, the stockholders present may adjourn the meeting from time to time without further notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if, after the adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. The Chairman of the Board, or if there be no Chairman or in the Chairman’s absence or at the Chairman’s direction, the President, or in the President’s absence or at the President’s direction, any officer of the corporation shall call all meetings of the stockholders to order and shall act as Chairman of such meeting. The Secretary of the corporation or, in such officer’s absence, an Assistant Secretary shall act as secretary of the meeting. If neither the Secretary nor an Assistant Secretary is present, the Chairman of the meeting shall appoint a secretary of the meeting. Unless otherwise determined by the Board of Directors prior to the meeting, the Chairman of the meeting shall determine the order of business and shall have the authority in his or her discretion to regulate the conduct of any such meeting, including, without limitation, by imposing restrictions on the persons (other than stockholders of the corporation or their duly appointed proxies) who may attend any such meeting, whether any stockholder or stockholders’ proxy may be excluded from any meeting of stockholders based upon any determination by the Chairman, in his or her sole discretion, that any such person has unduly disrupted or is likely to disrupt the proceedings thereat, and the circumstances in which any person may make a statement or ask questions at any meeting of stockholders. The Chairman of the meeting shall have authority to adjourn any meeting of stockholders.

Section 6. At all meetings of stockholders, any stockholder entitled to vote thereat shall be entitled to vote in person or by proxy, but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for the stockholder as proxy pursuant to the General Corporation Law of the State of Delaware, the following shall constitute a valid means by which a stockholder may grant such authority: (1) a stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy, and execution of the writing may be accomplished by the stockholder or the stockholder’s authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (2) a stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the judge or judges of stockholder votes or, if there are no such judges, such other persons making that determination shall specify the information upon which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the preceding paragraph of this Section 6 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Proxies shall be filed with the Secretary of the meeting prior to or at the commencement of the meeting to which they relate.

Section 7. When a quorum is present at any meeting, the vote of the holders of a majority in voting power of the stock present in person or represented by proxy and entitled to vote on the matter shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute or of the Amended and Restated Certificate of Incorporation or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 8. In order that the corporation may determine the stockholders (a) entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or (b) if and to the extent permitted by the Amended and Restated Certificate of Incorporation, entitled to consent to corporate action in writing without a meeting, or (c) entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date (i) in the case of clause (a) above, shall not be more than sixty nor less than ten days before the date of such meeting, (ii) in the case of clause (b) above, shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors, and (iii) in the case of clause (c) above, shall not be more than sixty days prior to such action. If for any reason the Board of Directors shall not have fixed a record date for any such purpose, the record date for such purpose shall be determined as provided by law. Only those stockholders of record on the date so fixed or determined shall be entitled to any of the foregoing rights, notwithstanding the transfer of any such stock on the books of the corporation after any such record date so fixed or determined.

Section 9. The officer who has charge of the stock ledger of the corporation shall prepare and make at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced at the time and kept at the place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 10. The Board of Directors, in advance of all meetings of the stockholders, shall appoint one or more judges of stockholder votes, who may be stockholders or their proxies, but not directors of the corporation or candidates for office. In the event that the Board of Directors fails to so appoint judges of stockholder votes or, in the event that one or more judges of stockholder votes previously designated by the Board of Directors fails to appear or act at the meeting of stockholders, the Chairman of the meeting may appoint one or more judges of stockholder votes to fill such vacancy or vacancies. Judges of stockholder votes appointed to act at any meeting of the stockholders, before entering upon the discharge of their duties, shall be sworn faithfully to execute the duties of judge of stockholder votes with strict impartiality and according to the best of their ability and the oath so taken shall be subscribed by them. Judges of stockholder votes shall, subject to the power of the Chairman of the meeting to open and close the polls, take charge of the polls, and, after the voting, shall make a certificate of the result of the vote taken.

Section 11. (A) *Annual Meetings of Stockholders*. (1) Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the corporation’s notice of meeting delivered pursuant to Article 1, Section 3 of these By-Laws, (b) by or at the direction of the Board of Directors or of the Chairman of the Board or (c) by any stockholder of the corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in subparagraphs (2) and (3) of this paragraph (A) of this By-Law and who was a stockholder of record at the time such notice is delivered to the Secretary of the corporation.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this By-Law, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation, and, in the case of business other than nominations, such other business must be a proper matter for stockholder action. To be timely, a stockholder’s notice shall be delivered to the Secretary at the principal executive offices of the corporation not less than sixty days nor more than ninety days prior to the first anniversary of the preceding year’s annual meeting; *provided*, *however*, that in the event that the date of the annual meeting is advanced by more than thirty days, or delayed by more than sixty days, from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of the sixtieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such stockholder’s notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation’s books, and of such beneficial owner and (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this By-Law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least seventy days prior to the first anniversary of the preceding year’s annual meeting, a stockholder’s notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the corporation.

(B) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation’s notice of meeting pursuant to Article I, Section 2 of these By-Laws. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation’s notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of the corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this By-Law and who is a stockholder of record at the time such notice is delivered to the Secretary of the corporation. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder’s notice as required by paragraph (A)(2) of this

By-Law shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the ninetieth day prior to such special meeting and not later than the close of business on the later of the sixtieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(C) *General.* (1) Only persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-Law. Except as otherwise provided by law, the Amended and Restated Certificate of Incorporation or these By-Laws, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this By-Law and, if any proposed nomination or business is not in compliance with this By-Law, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(2) For purposes of this By-Law, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) For purposes of this By-Law, no adjournment nor notice of adjournment of any meeting shall be deemed to constitute a new notice of such meeting for purposes of this Section 11, and in order for any notification required to be delivered by a stockholder pursuant to this Section 11 to be timely, such notification must be delivered within the periods set forth above with respect to the originally scheduled meeting.

(4) Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE II.

BOARD OF DIRECTORS

Section 1. The Board of Directors of the corporation shall consist of such number of directors, not less than eight directors and not more than fifteen directors, as shall from time to time be fixed exclusively by resolution adopted by affirmative vote of a majority of the total number of Directors that the Corporation would have if there are no vacancies on the Board of Directors. Directors shall (except as hereinafter provided for the filling of vacancies and newly created directorships) be elected by the holders of a plurality of the voting power present in person or represented by proxy and entitled to vote. A majority of the total number of directors then in office (but not less than one-third of the number of directors constituting the entire Board of Directors) shall constitute a quorum for the transaction of business and, except as otherwise provided by law or by the corporation’s Amended and Restated Certificate of Incorporation, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. Directors need not be stockholders.

Section 2. Any newly created directorship on the Board of Directors that results from an increase in the number of directors shall, subject to the rights of holders of any shares of Preferred Stock, be filled only by a majority of the directors then in office, provided that a quorum is present. Any other vacancy may, subject to the rights of holders of any shares of Preferred Stock, be filled only by a majority of the Directors, although less than a quorum, or by a sole remaining director. Any Director appointed to fill a vacancy or a newly created directorship shall hold office until the next annual meeting of stockholders, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. If any applicable provision of the General Corporation Law of the State of Delaware expressly confers power on stockholders to fill such a directorship at a special meeting of stockholders, such a directorship may be filled at such meeting only by the affirmative vote of at least 75 percent in voting power of all shares of the corporation entitled to vote generally in the election of directors, voting as a single class.

Section 3. Meetings of the Board of Directors shall be held at such place within or without the State of Delaware as may from time to time be fixed by resolution of the Board or as may be specified in the notice of any meeting. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by resolution of the Board and special meetings may be held at any time upon the call of the Chairman of the Board or the President, by oral, or written notice including, telegraph, telex or transmission of a telecopy, e-mail or other means of transmission, duly served on or sent or mailed to each director to such director’s address or telecopy number as shown on the books of the corporation not less than one day before the meeting. The notice of any meeting need not specify the purposes thereof. A meeting of the Board may be held without notice immediately after the annual meeting of stockholders at the same place at which such meeting is held. Notice need not be given of regular meetings of the Board held at times fixed by resolution of the Board. Notice of any meeting need not be given to any director who shall attend such meeting in person (except when the director attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened), or who shall waive notice thereof, before or after such meeting, in writing.

Section 4. Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Stock issued by the corporation shall have the right, voting separately by series, to elect directors at an annual or special meeting of stockholders, the election, term of office, removal, filling of vacancies and other features of such directorships shall be governed by the terms of the Amended and Restated Certificate of Incorporation applicable thereto. The number of directors that may be elected by the holders of any such series of Preferred Stock shall be in addition to the number fixed by or pursuant to the By-Laws. Except as otherwise expressly provided in the terms of such series, the number of directors that may be so elected by the holders of any such series of stock shall be elected for terms expiring at the next annual meeting of stockholders and vacancies among directors so elected by the separate vote of the holders of any such series of Preferred Stock shall be filled by the affirmative vote of a majority of the remaining directors elected by such series, or, if there are no such remaining directors, by the holders of such series in the same manner in which such series initially elected a director.

Section 5. If at any meeting for the election of directors, the corporation has outstanding more than one class of stock, and one or more such classes or series thereof are entitled to vote separately as a class, and there shall be a quorum of only one such class or series of stock, that class or series of stock shall be entitled to elect its quota of directors notwithstanding absence of a quorum of the other class or series of stock.

Section 6. The Board of Directors may designate three or more directors to constitute an executive committee, one of whom shall be designated Chairman of such committee. The members of such committee shall hold such office until their successors are elected and qualify. Any vacancy occurring in the committee shall be filled by the Board of Directors. Regular meetings of the committee shall be held at such times and on such notice and at such places as it may from time to time determine. The committee shall act, advise with and aid the officers of the corporation in all matters concerning its interest and the management of its business, and shall generally perform such duties and exercise such powers as may from time to time be delegated to it by the Board of Directors, and shall have authority to exercise all the powers of the Board of Directors, so far as may be permitted by law, in the management of the business and the affairs of the corporation whenever the Board of Directors is not in session or whenever a quorum of the Board of Directors fails to attend any regular or special meeting of such Board. The committee shall have power to authorize the seal of the corporation to be affixed to all papers which are required by the Delaware General Corporation Law to have the seal affixed thereto. The fact that the executive committee has acted shall be conclusive evidence that the Board of Directors was not in session at such time or that a quorum of the Board had failed to attend the regular or special meeting thereof.

The executive committee shall keep regular minutes of its transactions and shall cause them to be recorded in a book kept in the office of the corporation designated for that purpose, and shall report the same to the Board of Directors at their regular meeting. The committee shall make and adopt its own rules for the government thereof and shall elect its own officers.

Section 7. The Board of Directors may from time to time establish such other committees to serve at the pleasure of the Board which shall be comprised of such members of the Board and have such duties as the Board shall from time to time establish. Any director may belong to any number of committees of the Board. The Board may also establish such other committees with such members (whether or not directors) and such duties as the Board may from time to time determine.

Section 8. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 9. The members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such a meeting.

Section 10. The Board of Directors may establish policies for the compensation of directors and for the reimbursement of the expenses of directors, in each case, in connection with services provided by directors to the corporation.

ARTICLE III.

Section 1. The Board of Directors, as soon as may be after each annual meeting of the stockholders, shall elect officers of the corporation, including a Chairman of the Board or President and a Secretary. The Board of Directors may also from time to time elect such other officers (including one or more Vice Presidents, a Treasurer, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) as it may deem proper or may delegate to any elected officer of the corporation the power to appoint and remove any such other officers and to prescribe their respective terms of office, authorities and duties. Any Vice President may be designated Executive, Senior or Corporate, or may be given such other designation or combination of designations as the Board of Directors may determine. Any two or more offices may be held by the same person.

Section 2. All officers of the corporation elected by the Board of Directors shall hold office for such term as may be determined by the Board of Directors or until their respective successors are chosen and qualified. Any officer may be removed from office at any time either with or without cause by the affirmative vote of a majority of the members of the Board then in office, or, in the case of appointed officers, by any elected officer upon whom such power of removal shall have been conferred by the Board of Directors.

Section 3. Each of the officers of the corporation elected by the Board of Directors or appointed by an officer in accordance with these By-laws shall have the powers and duties prescribed by law, by the By-Laws or by the Board of Directors and, in the case of appointed officers, the powers and duties prescribed by the appointing officer, and, unless otherwise prescribed by the By-Laws or by the Board of Directors or such appointing officer, shall have such further powers and duties as ordinarily pertain to that office. The Chairman of the Board or the President, as determined by the Board of Directors, shall be the Chief Executive Officer and shall have the general direction of the affairs of the corporation.

Section 4. Unless otherwise provided in these By-Laws, in the absence or disability of any officer of the corporation, the Board of Directors may, during such period, delegate such officer’s powers and duties to any other officer or to any director and the person to whom such powers and duties are delegated shall, for the time being, hold such office.

ARTICLE IV.

CERTIFICATES OF STOCK

Section 1. The shares of stock of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the corporation’s stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by the Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the corporation, or as otherwise permitted by law, representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile.

Section 2. Transfers of stock shall be made on the books of the corporation by the holder of the shares in person or by such holder’s attorney upon surrender and cancellation of certificates for a like number of shares, or as otherwise provided by law with respect to uncertificated shares.

Section 3. No certificate for shares of stock in the corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed, except upon production of such evidence of such loss, theft or destruction and upon delivery to the corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors in its discretion may require.

ARTICLE V.

CORPORATE BOOKS

The books of the corporation may be kept outside of the State of Delaware at such place or places as the Board of Directors may from time to time determine.

ARTICLE VI.

CHECKS, NOTES, PROXIES, ETC.

All checks and drafts on the corporation’s bank accounts and all bills of exchange and promissory notes, and all acceptances, obligations and other instruments for the payment of money, shall be signed by such officer or officers or agent or agents as shall be hereunto authorized from time to time by the Board of Directors. Proxies to vote and consents with respect to securities of other corporations owned by or standing in the name of the corporation may be executed and delivered from time to time on behalf of the corporation by the Chairman of the Board, the President, or by such officers as the Board of Directors may from time to time determine.

ARTICLE VII.

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January in each year and shall end on the thirty-first day of December following.

ARTICLE VIII.

The corporate seal shall have inscribed thereon the name of the corporation. In lieu of the corporate seal, when so authorized by the Board of Directors or a duly empowered committee thereof, a facsimile thereof may be impressed or affixed or reproduced.

ARTICLE IX.

AUDITS

The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant, and it shall be the duty of the Board of Directors to cause such audit to be made annually.

ARTICLE X.

AMENDMENTS

These By-Laws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting of the stockholders or, in the case of a meeting of the Board of Directors, in a notice given not less than two days prior to the meeting; provided, however, that, notwithstanding any other provisions of these By-Laws or any provision of law which might otherwise permit a lesser vote of the stockholders, the affirmative vote of the holders of at least 75 percent in voting power of all shares of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required in order for the stockholders to alter, amend or repeal Section 2 and Section 11 of Article I, Sections 1 and 2 of Article II or this proviso to this Article X of these By-Laws or to adopt any provision inconsistent with any of such Sections or with this proviso.

TERM SHEET

This Term Sheet must be read in conjunction with the attached Terms and Conditions of Employment ("Terms and Conditions")

1.	Name and address of employer	Co Company Ltd (the "**Company**") 14-15 Belgrave Square London SW1X 8PS
2.	Name and address of employee	Colin Neil Price ("**you**") Avonstone, Bathampton Lane, Bathampton, Bath, Avon BA2 6SW
3.	Start date	1 October 2015
4.	Start date of continuous employment	3 July 2014
5.	Job title	Global Managing Partner – Leadership Consulting
6.	Reports to	CEO of Heidrick & Struggles International Inc.
7.	Basic Salary	£240,000 per annum.
8.	Bonus Scheme	See clause 5 of the Terms and Conditions.
9.	Pension	Company contributions of 10% of your basic salary subject to clause 6 of the Terms and Conditions.
10.	Annual paid holidays	25 days' holiday per holiday year plus Bank and public holidays.
11.	Notice	Six months' notice in writing from either party.

I have read, fully understood and hereby accept the terms and conditions of my employment with the Company as set out in this Term Sheet and attached Terms and Conditions of Employment, the Business Protection Agreement and Section 1 (in its entirety), paragraphs 1.1 to 1.2 (inclusive) of Section 2 and paragraphs 1.1 to 1.8 (inclusive) of Section 3 (and just those aforementioned paragraphs of Sections 2 and 3) of the UK Company Handbook of Heidrick & Struggles (UK) Limited (as amended from time to time and hereinafter referred to as the UK Company Handbook), save that references in that handbook to "the Company" shall be read as references to Co Company Ltd and not Heidrick & Struggles (UK) Limited.

I have also read, fully understood and agree to abide by the non-contractual policies in Sections 4 to 13 (inclusive) of the UK Company Handbook of Heidrick & Struggles (UK) Limited, the Global Guidelines and the Code of Conduct (each as amended from

time to time) of Heidrick & Struggles (UK) Limited, save that references in all of the aforementioned documents in this paragraph to "the Company" shall be read as references to Co Company Ltd and not Heidrick & Struggles (UK) Limited.

This document has been executed as a deed and is delivered and takes effect on October 1, 2015.

Executed as a deed by

CO COMPANY LTD

acting by ______________________ a director, ...

Director

in the presence of:

.... signature of witness

.... name of witness

.... witness address

.... witness address

.... witness address

.... witness occupation

Signed as a deed by

/s/ Colin Neil Price

Colin Neil Price

in the presence of:

.... signature of witness

.... name of witness

.... witness address

.... witness address

.... witness address

.... witness occupation

TERMS AND CONDITIONS OF EMPLOYMENT

1. Appointment

1.1. You warrant that by entering into this Contract of Employment and performing your obligations under it, you shall not be in breach of any terms or obligations under any previous or other agreement relating to your employment or any business agreement with any third party. You hereby undertake to indemnify and hold harmless the Company against all claims, costs, damages, liabilities and expense which the Company may incur in connection with any claim that you are or were not so at liberty.

1.2. You warrant that you are entitled to work in the United Kingdom without any additional approvals and shall notify the company if you cease to be so entitled during your employment.

1.3. You shall report to the person specified in paragraph 6 of the Term Sheet (your "Manager"), or as directed by him/her.

2. Hours of Work

2.1. Your normal hours of work shall be 9.00am to 5.30pm Monday to Friday inclusive with an unpaid lunch break of one hour on each working day. You shall be required to work such additional hours as may be necessary for the proper performance of your duties (without entitlement to additional remuneration for any additional hours worked).

2.2. Due to the autonomous nature of your role the duration of your working time cannot be measured or monitored and, accordingly your employment falls within the scope of regulation 20 of the Working Time Regulations 1998.

3. Place of Work

3.1. Your place of work shall be the Company's London office or such other locations as the Company may require from time to time on a permanent or temporary basis.

3.2. The Company may transfer your employment to another Group Company. You may be asked to work overseas for periods of time. In the event that this is for more than one month at any time, the Company shall confirm the terms of any such assignment to you as may be applicable at such time.

4. Duties and Exclusivity of Service

4.1. In the capacity specified in paragraph 5 of the Term Sheet, you shall, during the continuance of your employment with the Company:

4.1.1. faithfully, diligently and competently exercise and carry out to the best of your ability all such powers and duties in relation to the Company and its business and the respective businesses of the other Group Companies, as may from time to time be conferred on you or vested in you by the Company together with such person or persons as the Company may appoint to act jointly with you;

4.1.2. obey the reasonable and lawful directions of, or under the authority of, the Company;

4.1.3. use your reasonable endeavours to promote and further the business interests of the Company and the other Group Companies;

4.1.4. hold such offices as a director or secretary in the Company or any other Group Company as the Company may from time to time require and, if the Company so requests, immediately resign without claim for compensation from any office held in the Company or any other Group Company;

4.1.5. abide by any statutory, fiduciary or common-law duties to the Company and any other Group Company of which you are a director;

4.1.6. subject as hereinafter provided unless prevented by incapacity, illness or injury or with the prior written agreement of the Company, devote, during normal working hours and such additional times as provided for in clause 2, the whole of your time, attention and skill to your duties and to the furtherance of the businesses and interests of the Company and the other Group Companies;

4.1.7. in pursuance of your duties hereunder perform without additional remuneration such services for any other Group Company as the Company may from time to time require;

4.1.8. comply with any Company rules, policies and procedures in place from time to time, including but not limited to, the UK Company Handbook, the Code of Conduct and the Global Guidelines;

4.1.9. undertake such travel both within the United Kingdom and abroad as the Company may reasonably require for the proper performance of your duties; and

4.1.10. report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of the Company or any Group Company (including without limitation any bribery or corruption) to your Manager immediately on becoming aware of it.

4.2. During the continuance of your employment with the Company you shall not:

4.2.1. do anything which may in the opinion of the Company bring the Company and/or any other Group Company into disrepute or harm the goodwill or the reputation of any Group Company and in particular, without limitation, you shall not make any untrue, misleading or disparaging statement in relation to the Company or any other Group Company (or any of its or their employees or officers);

4.2.2. without the previous written consent of the Company either as principal, employee or agent carry on or be engaged, concerned or interested either directly or indirectly in any other trade, profession, business or occupation (including any public or private activity which in the reasonable opinion of the Company may interfere with the proper performance of your duties) or hold any directorship or other office in any company or other body whether incorporated or unincorporated;

4.2.3. without prejudice to the generality of clause 4.2.2 above, introduce to any other person, firm or corporation, business of a kind in which the Company or any other Group Company is for the time being engaged or capable of becoming engaged or with which the Company or any other Group Company is able to deal in the course of the business for the time being carried on or planned by the Company or any other Group Company to be carried on and you shall not have any financial benefit from contracts made by the Company or any other Group Company with any third party without the Company's prior written consent; and

4.2.4. without the previous written consent of the Company, hold any shares or securities or have any interest of any kind in any company (other than the Company or any other Group Company) or other business organisation, save that you may hold not more than five per cent of the issued shares or other securities of any class of any one company which is not a competitor of the Company or any other Group Company, where such shares or other securities are listed or dealt in on a recognised investment exchange in the United Kingdom or elsewhere, and are to be held by you for investment purposes only.

4.3. You shall avoid situations where your personal interests conflict with the interests of the Company, any Group Company or any of its or their clients or candidates. If you believe that any such conflict of interest may exist, you shall disclose the same to the Company without delay.

4.4. If during the course of your employment with the Company you are made an offer of employment with any firm or company competing with, or intending to compete with, the business of the Company or any Group Company you shall immediately notify the Company and, on request, provide any information that may reasonably be of assistance to the Company in acting promptly to protect its relationships.

5. Remuneration

Base Salary

5.1. During your employment with the Company, the Company shall pay you, as remuneration for your services hereunder, the basic salary set out in paragraph 7 of the Term Sheet, in 12 equal monthly instalments at the end of each month, less deductions required by law. Your basic salary shall normally be reviewed annually but the Company is under no obligation to review your salary or change your salary as a result of any review. Your basic salary is inclusive of any fees to which you may be entitled as a director of the Company or any other Group Company.

5.2. By signing the Term Sheet you agree and authorise the Company to deduct from your salary, or any other sums due to you from the Company, any sums due from you to the Company under your Contract of Employment.

Bonus Scheme

5.3. In respect of each calendar year and subject to the provisions of clauses 5.4 to 5.7 below, the Company may, in its absolute discretion, award you a bonus of such amount and subject to such conditions (including, but not limited to, conditions for and timing of payment) as the Company may in its absolute discretion determine from time to time. The Company in its absolute discretion may modify, amend, suspend or discontinue any award or the bonus arrangements altogether at any time without prior notice. The Company reserves the right to award a nil bonus.

5.4. In respect of each period for which any bonus is to be awarded or paid to you, such award and payment shall, at all times, be subject to and conditional upon the prior approval, by the CEO of Heidrick & Struggles International Inc. or such person as to whom he or she might delegate this power, of:

5.4.1. the amount allocated or to be allocated by the Company, in relation to that period, for the award and/or payment of any bonuses to you and/or any other persons employed by or providing services to the Company or any other Group Company; and

5.4.2. the amount of any bonus to be awarded and/or paid to you; and

5.4.3. any conditions upon which any bonus is to be awarded and/or paid to you.

5.5. Any bonus awarded to you shall be purely discretionary, shall not form part of your contractual remuneration under this Agreement and shall not be pensionable. The making of an award shall not oblige the Company to make any subsequent bonus awards.

5.6. Notwithstanding clause 5.3, you shall have no right to be awarded a bonus or, where an award has been made, paid a bonus (pro rata or otherwise) if at the time when any such bonus would otherwise have been due to be awarded or paid (as appropriate):

5.6.1. you have not been employed throughout the whole of the period to which the bonus relates; or

5.6.2. you are subject to any capability and/or disciplinary procedures; and/or

5.6.3. your employment has terminated (whether lawfully or unlawfully) or you are under notice of termination (whether given by you or the Company).

5.7. If you have been notified that you are under investigation in respect of any disciplinary, capability or performance issue then your eligibility to be considered for a discretionary bonus will be postponed pending the conclusion of any such investigation and any subsequent hearing or meeting.

Long-Term Incentive

5.8. Although the Company's long term incentive arrangements are discretionary and may be varied at any time, it is intended that you will receive consideration for annual long-term incentive grants as part of your performance and compensation review. In all cases, annual long-term incentive awards are subject to the approval of the Human Resources and Compensation Committee of the Board of Directors ("**HRCC"**) of Heidrick & Struggles International Inc.. As Global Managing Partner - Leadership Consulting, your alignment as a shareholder is immensely important to the Company and the Company proposes that, save in exceptional circumstances, your annual grants, if any, will have a grant date target value equal to 50% of your basic salary and are made in the form of restricted stock units (time vesting only), but the actual composition of your long-term incentive grant will be determined by the management and the HRCC at the time of grant. The terms, including lapsing and forfeiture provisions, of such awards, if any, will be contained in the rules of the relevant plan and award agreement.

6. Pension

6.1. During your employment with the Company, the Company shall make a contribution of the percentage set out in paragraph 9 of the Term Sheet to the Company Group Personal Pension Plan, subject to you satisfying certain eligibility criteria.

6.2. No contracting out certificate issued under the Pensions Scheme Act 1993 is in force in respect of your employment under this Contract of Employment.

7. Benefits

7.1. You shall be entitled to participate in such benefit arrangements as the Company may put in place for employees of your seniority from time to time, in accordance with and subject always to the terms of the relevant scheme for the time being in force and as amended from time to time.

7.2. The Company may at any time withdraw any benefit arrangements without providing replacement for it or them. You acknowledge where any benefits provided are insurance arrangements, the payment of any benefit is subject to the discretion of the insurers and subject to the terms and conditions of the respective scheme. The Company has no obligation to assist you in the advancement of any claim you may make, nor any obligation to make any payment to you should the insurer refuse to pay for whatever reason.

7.3. Your eligibility to participate in or receive benefits from any insurance or other benefits scheme shall not prejudice the Company's ability to terminate your employment with the Company.

8. Holiday

8.1. The Company's holiday year runs from 1 January to 31 December each year. Your holiday entitlement is set out in paragraph 10 of the Term Sheet. Please refer to the UK Company Handbook for further details about the procedure for taking holiday and your holiday entitlement.

9. Sickness and Medical Examination

9.1. If you are at any time incapacitated or prevented by sickness, injury, accident or any other circumstances beyond your control (hereinafter referred to as "incapacity") from carrying out in full your duties under your Contract of Employment, you must follow the sickness absence reporting procedure contained in the UK Company Handbook.

9.2. Please refer to the Section 1 of the UK Company Handbook for further details regarding sickness absence, sick pay and medical examinations.

10. Directorship

10.1. In the event that you are required to be a director of the Company or any other Group Company, the conditions in sub-clauses 10.2 and 10.3 shall apply.

10.2. Except with the prior approval of the Company, or as provided in the articles of association of the Company or any other Group Company of which you are a director, you shall not resign as a director of the Company or any Group Company.

10.3. If, during your employment, you cease to be a director of the Company or any other Group Company (otherwise than by reason of your death, resignation or disqualification in accordance with the articles of association of the Company or the relevant Group Company, as amended from time to time, or by statute or court order) your employment shall continue as an employee only and the terms of your Contract of Employment (other than those relating to the holding of the office of director) shall continue in full force and effect and you shall have no claims in respect of such cessation of office.

10.4. On the termination of your employment for any reason and howsoever arising, you shall at the request of the Company, resign from all offices held by you in or as the representative or nominee of the Company or any other Group Company, including but not limited to any appointment as director or company secretary in any of the same. You hereby irrevocably appoint the Company to be your attorney in your name and on your behalf to sign, execute or do any instrument or act and generally to use your name for the purpose of giving to the Company or its nominee the full benefit of the provisions of this clause 10.4.

11. Termination of Employment

11.1. Without prejudice to any clause in your Contract of Employment providing for earlier termination, the minimum period of notice that is required to be given by either party to terminate your employment under this Contract of Employment is set out in paragraph 11 of the Term Sheet.

11.2. Clause 11.1 above is without prejudice to the Company’s right to terminate your employment without notice or payment in lieu of notice for gross misconduct, if you commit any other serious or repeated breach or non-observance of your obligations as an employee or any of the terms and conditions of your employment or if you refuse or neglect to comply with reasonable and lawful directions of the Company or if you cease to be entitled to work in the United Kingdom or if you have become bankrupt or applied for a receiving order or have a receiving order made against you or have entered into any arrangement or composition with your creditors or if you have been prohibited by law from acting as a director of any company or if you have become of unsound mind or a patient within the meaning of any United Kingdom statute relating to mental health. Any delay by the Company in exercising such right to terminate shall not constitute a waiver thereof. Examples of gross misconduct and other circumstances in which the Company has a right to terminate your employment without notice or payment in lieu of notice are set out in Section 4 of the UK Company Handbook.

11.3. The Company may in its absolute discretion put you on garden leave or suspend you in certain circumstances. Please refer to Section 1 of the UK Company Handbook for further details.

12. Payment in lieu of notice

12.1. Without prejudice to clause 11 above, where notice is given to terminate your employment by either party or if either you or the Company otherwise purports to terminate your employment, the Company may (at its sole and absolute discretion) terminate your employment at any time and with immediate effect by notifying you that:

12.1.1. the Company is exercising its right under your Contract of Employment to make a payment in lieu of notice; and

12.1.2. that it shall make a payment in lieu of the notice period (or, if applicable, the remainder of the notice period) to you (or that it shall make the first instalment of such a payment to you).

12.2. Any payment in lieu of notice shall be calculated by reference to your basic salary only (as at the date of termination) for the duration of the notice period (or remainder of the notice period as the case may be).

12.3. The Company may pay any payment in lieu of notice as one lump sum or in instalments over the period until the expiry, if it had been served, of the notice period. Such payments shall be subject to such deductions as are required by law.

12.4. For the avoidance of doubt:

12.4.1. if the Company terminates your employment in breach of your Contract of Employment, any entitlement to damages for breach of contract shall be assessed on the normal common law principles (including your obligation to mitigate your loss); and

12.4.2. the right of the Company to terminate your employment in accordance with clause 12.1 does not give rise to any right for you to receive any payment in lieu of notice as a lump sum, but shall not prejudice your right to receive the monies due for the notice period.

13. UK Company Handbook

13.1. The UK Company Handbook contains additional provisions which relate to your employment, including provisions relating to sickness absence, data protection and monitoring, amongst others. Section 1 (in its entirety), paragraphs 1.1 to 1.2 (inclusive) of Section 2 and paragraphs 1.1 to 1.8 (inclusive) of Section 3 of the UK Company Handbook form part of your Contract of Employment. Section 4 of the UK Company

Handbook onwards does not form part of your Contract of Employment and does not have contractual effect.

13.2. The disciplinary and grievance procedures which apply in relation to your employment can be found in the UK Company Handbook.

13.3. References in your Contract of Employment to the UK Company Handbook are references to the UK Company Handbook as amended from time to time.

13.4. References in the UK Company Handbook to “the Company” shall be read as references to Co Company Ltd.

13.5. In the event of any conflict between the terms and conditions contained in this document and the UK Company Handbook, these terms and conditions shall prevail.

14. Governing Law

14.1. Your Contract of Employment shall be interpreted and enforced in accordance with the laws of England and Wales and the parties hereto submit to the exclusive jurisdiction of Courts in England and Wales.

15. Supersession or Previous Agreements

15.1. Your Contract of Employment supersedes and is in substitution for any subsisting agreements between the Company and you (whether of an employment nature or otherwise) and all such subsisting agreements shall be deemed to have been terminated by mutual consent with effect from the date the Term Sheet is signed by you.

16. Supplemental

16.1. The following provisions shall have effect for the purposes of the Employment Rights Act 1996 as amended:

16.1.1. there is no current requirement for you to work outside the United Kingdom for any consecutive period in excess of one month; and

16.1.2. there are no collective agreements currently in force which affect directly or indirectly the terms and conditions of yours employment.

17. Definitions

17.1. In this Contract of Employment, unless the context otherwise requires,

“**Contract of Employment**” means the terms and conditions of your employment with the Company contained in the Term Sheet, these Terms and Conditions of Employment, the Business Protection Agreement and Section 1 (in its entirety), paragraphs 1.1 to 1.2 (inclusive) of Section 2 and paragraphs 1.1 to 1.8 (inclusive) of Section 3 of the UK Company Handbook (as amended from time to time); and

“**Group**” means the Company, Heidrick & Struggles International Inc., any holding company and any subsidiary company (from time to time) of the Company or Heidrick &

Struggles International Inc. (wherever incorporated or established) and any subsidiary of any such holding company, and "**Group Company**" shall be construed accordingly. The expressions "**holding company**" and "**subsidiary**" in relation to a company mean a "holding company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee.

SUBSIDIARIES OF HEIDRICK & STRUGGLES INTERNATIONAL, INC.

The following are subsidiaries of Heidrick & Struggles International, Inc. as of December 31, 2015.

BEIJING HEIDRICK & STRUGGLES INTERNATIONAL MANAGEMENT CONSULTING COMPANY LIMITED, a China limited partnership (joint venture 90% ownership)

CO COMPANY LIMITED, a UK corporation

H&S HOLDINGS LIMITED, a Thailand corporation

H&S SOFTWARE DEVELOPMENT and KNOWLEDGE MANAGEMENT CENTRE PRIVATE LIMITED, an India corporation

HEIDRICK & STRUGGLES AB, a Sweden corporation

HEIDRICK & STRUGGLES AG, a Switzerland corporation

HEIDRICK & STRUGGLES ARGENTINA S.A., an Argentina corporation

HEIDRICK & STRUGGLES ASIA-PACIFIC, LTD., an Illinois corporation

HEIDRICK & STRUGGLES AUSTRALIA PTY. LTD., an Australia corporation

HEIDRICK & STRUGGLES B.V., a Netherlands corporation

HEIDRICK & STRUGGLES CANADA, INC., a Canada corporation

HEIDRICK & STRUGGLES (CAYMAN ISLANDS), INC., a Cayman Islands corporation

HEIDRICK & STRUGGLES COLOMBIA LTDA, a Colombia corporation

HEIDRICK & STRUGGLES DE CHILE LIMITADA, a Chile corporation

HEIDRICK & STRUGGLES DO BRASIL LTDA, a Brazil corporation

HEIDRICK & STRUGGLES ESPANA, INC., an Illinois corporation

HEIDRICK & STRUGGLES FAR EAST LIMITED, a Hong Kong corporation

HEIDRICK & STRUGGLES (GIBRALTAR) HOLDINGS LIMITED, a Gibraltar corporation

HEIDRICK & STRUGGLES (GIBRALTAR) LIMITED, a Gibraltar corporation

HEIDRICK & STRUGGLES HOLDING B.V., a Netherlands corporation

HEIDRICK & STRUGGLES HOLDING DO BRASIL LTDA, a Brazil corporation

HEIDRICK & STRUGGLES HOLDINGS C.V., a Netherlands limited partnership

HEIDRICK & STRUGGLES HONG KONG, LTD., an Illinois corporation

HEIDRICK & STRUGGLES, INC., a Delaware corporation

HEIDRICK & STRUGGLES (INDIA) PRIVATE LIMITED, an India corporation

HEIDRICK & STRUGGLES INTERNATIONAL S.R.L, an Italy corporation

HEIDRICK & STRUGGLES JAPAN GODO KAISHA, a Japan limited liability company

HEIDRICK & STRUGGLES JAPAN, LTD., an Illinois corporation

HEIDRICK & STRUGGLES KB PARTNERSHIP, a Sweden partnership

HEIDRICK & STRUGGLES (KOREA), INC., a Korea corporation

HEIDRICK & STRUGGLES LATIN AMERICA, INC., an Illinois corporation

HEIDRICK & STRUGGLES LTD., an Israel corporation

HEIDRICK & STRUGGLES (MIDDLE EAST) LLC, a Dubai corporation

HEIDRICK & STRUGGLES (NZ) LIMITED, a New Zealand corporation

HEIDRICK & STRUGGLES (RUSSIA) LLC, a Russia corporation

HEIDRICK & STRUGGLES S.A. de C.V., a Mexico corporation

HEIDRICK & STRUGGLES (SHP) LIMITED, a UK corporation

HEIDRICK & STRUGGLES SINGAPORE PTE LTD., a Singapore corporation

HEIDRICK & STRUGGLES SP. ZO.O, a Poland corporation

HEIDRICK & STRUGGLES RECRUITMENT (THAILAND), LTD, a Thailand corporation

HEIDRICK & STRUGGLES TAIWAN LIMITED, a Taiwan corporation

HEIDRICK & STRUGGLES (UK) FINANCE COMPANY LIMITED, a United Kingdom company

HEIDRICK & STRUGGLES (UK) LIMITED, a United Kingdom corporation

HEIDRICK & STRUGGLES UNTERNEHMENSBERATUNG GMBH & CO. KG, a Germany limited partnership

HEIDRICK & STRUGGLES UNTERNEHMENSBERATUNG VERWALTUNG- GMBH, a Germany limited liability company

SHPA ESOP LTD., a UK corporation

SENN-DELANEY LEADERSHIP CONSULTING GROUP, LLC

SCAMNLER MACGREGOR EXECUTIVE SEARCH PTY. LIMITED --- an Australian corporation

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Heidrick & Struggles, International, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-181712, No. 333-147476, No. 333-130143, No. 333-82424, No. 333-58118, No. 333-32544, and No. 333-73443) on Form S-8 of Heidrick & Struggles International, Inc. of our report dated March 9, 2016, with respect to the consolidated balance sheets of Heidrick & Struggles International, Inc. and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which report appears in the December 31, 2015 annual report on Form 10-K of Heidrick & Struggles International, Inc.

/S/ KPMG LLP

Chicago, Illinois
March 10, 2016

Exhibit 31.1

CERTIFICATION

I, Tracy R. Wolstencroft, certify that:

1. I have reviewed this annual report on Form 10-K of Heidrick & Struggles International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 10, 2016

/s/ Tracy R. Wolstencroft

Tracy R. Wolstencroft
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Richard W. Pehlke, certify that:

1. I have reviewed this annual report on Form 10-K of Heidrick & Struggles International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 10, 2016

/s/ Richard W. Pehlke

Richard W. Pehlke

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Heidrick & Struggles International, Inc., a Delaware corporation (the “Company”), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2015 (the “Form 10-K”) of the Company fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2016

/s/ Tracy R. Wolstencroft

Tracy R. Wolstencroft
Chief Executive Office

Exhibit 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Heidrick & Struggles International, Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2015 (the "Form 10-K") of the Company fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2016	/s/ Richard W. Pehlke
	Richard W. Pehlke
	Executive Vice President and Chief Financial Officer