

HEIDRICK & STRUGGLES INTERNATIONAL INC  
Form DEFA14A  
May 11, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant                       Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

**HEIDRICK & STRUGGLES INTERNATIONAL, INC.**

*(Name of Registrant as Specified in its Charter)*

---

*(Name of Person(s) Filing Proxy Statement)*

Edgar Filing: HEIDRICK & STRUGGLES INTERNATIONAL INC - Form DEFA14A

Payment of filing fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

---

2) Aggregate number of securities to which transaction applies:

---

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

---

4) Proposed maximum aggregate value of transaction:

---

5) Total fee paid:

---

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

---

2) Form, Schedule or Registration Statement No.:

---

3) Filing Party:

---

4) Date Filed:

---

[The following presentation regarding Proposal II in Heidrick & Struggles' Notice of Annual Meeting of Stockholders and Proxy Statement dated April 23, 2007 is being provided by Heidrick & Struggles International, Inc. to certain holders of Heidrick & Struggles common stock.]

Proposal II Overview

1

Overview

Current program was approved by shareholders in 1998 and amended in 2000, 2001 and 2002

Seeking shareholder approval for more shares given:

No new awards may be granted after June 8, 2008

As of the record date, there were 619,672 shares remaining available for future awards

2007 Program

Increase the total number of shares available for future grants to 2M in total

Include shareholder friendly provisions

2

Preliminary ISS Modeling Results

To meet ISS standards, Heidrick's shareholder value transfer cannot exceed the ISS allowable cap set at 10%

Heidrick is at 16%

10%

19%

16%

24%

ISS Cap for

HSII

Korn/Ferry (1)

HSII - Current

HSII - With 2M

Pool

ISS Shareholder Value Transfer Test

(1) Estimate since ISS model is closed

Heidrick's GlobalShare Program Does not Meet ISS Standards<sup>2</sup>

Our inability to meet ISS Standards is due to the ISS Peer Group which is too broad and not focused on Human Capital companies

<sup>2</sup>

Note

that

Heidrick

would

also

need

to

pass

three

other

tests

to

meet

the

overall

ISS

Standards

(Heidrick meets the pay for performance and repricing tests but does not currently meet the burn rate test)



3

At Issue: Definition of Relevant Peer Group

The Corporate Executive Board

Gartner Group

Sotheby's Holdings, Inc.

Watson Wyatt

Resources Connection

FTI Consulting

Navigant Consulting

The Advisory Board

Korn/Ferry

CRA International

Kforce

Keane

LECG Corp

Hudson Highland Group

Diamond Mgmt & Tech Consultants

First Consulting Group

ISS Peer Group

All Commercial Services & Supplies  
Companies (20201 GICS Code)

Includes over 200 companies ranging in size  
from \$1 million to \$27 billion in revenue

Includes companies in the sub-industry  
sectors of Commercial Printing, Diversified  
Commercial Services, Employment Services,  
Environmental Services & Office Services &  
Supplies

Company examples include:

Aramark

R.R. Donnelley & Sons

Pitney Bowes

United Stationers

Brinks Co

Acco Brands Corp

Equifax

Unlike Mercer's Peer Group, the ISS Peer Group is too broad and not focused on Human Capital related companies

Mercer Peer Group -  
16 Human Capital Intensive  
Companies

4  
Peer Group Overview-  
Total Potential Dilution  
22%  
17%  
22%  
21%  
19%  
15%

25th %ile

50th %ile

75th %ile

Korn/Ferry

Current

With New

Plan

Mercer Peer Group-

2006

Heidrick

Heidrick's total potential dilution (even with the new  
share request)

is in line

with its peers

Total Potential Dilution

Equal to the total  
number of RSUs and  
options outstanding  
plus shares available  
for future grants  
divided by the average  
number of fully diluted  
common shares  
outstanding

5

Other Key Factors

As a professional services firm, the use of equity is necessary to attract, motivate and retain the highest caliber of consultants required to maintain our strong brand

In 2005, the company started to pay a portion of consultants bonuses in RSUs in an effort to retain them and better align their interests with those of our shareholders

Top performing employees at all levels were rewarded with equity in 2006 and 2007

6

Other Key Factors (continued)

The Share Repurchase Program has been well received by our shareholders and accretive although this has negatively impacted Heidrick's total dilution levels

The amended GlobalShare Program contains many shareholder friendly provisions

Heidrick will start actively managing its annual equity usage rate by decreasing it to approximately 3% by 2009