

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934

Date of Report: July 31, 2003
(Date of earliest event reported)

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
(Exact name of registrant as specified in the charter)

Delaware
(State or other jurisdiction
of incorporation)

000-25837
(Commission File No.)

36-2681268
(IRS Employer
Identification No.)

233 South Wacker Drive, Suite 4200
Chicago, Illinois 60606-6303
(Address of Principal Executive Offices)

312-496-1200
(Registrant's telephone number including area code)

n/a
(Former name or former address, if changed since last report)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
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99.1	Heidrick & Struggles International, Inc. News Release Dated July 31, 2003

Item 12. Results of Operations and Financial Conditions

On July 31, 2003, Heidrick & Struggles International, Inc. issued a news release reporting its 2003 Second Quarter Financial Results. A copy of the news release is attached hereto as Exhibit 99.1 to this report and is incorporated herein by reference. The information in Exhibit 99.1 is being furnished pursuant to both Item 9 and Item 12 of Form 8-K.

The information being furnished shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HEIDRICK & STRUGGLES INTERNATIONAL, INC.

/s/ Fritz E. Freidinger

Fritz E. Freidinger, Secretary

Dated: July 31, 2003

HEIDRICK & STRUGGLES

NEWS

FOR IMMEDIATE RELEASE

HEIDRICK & STRUGGLES REPORTS
2003 SECOND QUARTER FINANCIAL RESULTS

View on 2003 Third Quarter Also Provided

CHICAGO (July 31, 2003)--Heidrick & Struggles International, Inc. (Nasdaq: HSII), the world's premier executive search and leadership consulting firm, today announced its financial results for the 2003 second quarter.

2003 Second Quarter Overview

- o Consolidated net revenue was \$81.7 million, a decrease of 13 percent from \$93.5 million in the 2002 second quarter.
- o The operating loss was \$1.6 million, compared to operating income of \$956,000 last year.
- o The net loss was \$2.6 million, compared to a net loss of \$3.4 million last year.
- o The loss per share was \$0.14, compared to a loss per share of \$0.19 last year.
- o Results in the 2003 second quarter include \$5.2 million related to the separation arrangements with two former executives, as well as approximately \$2.8 million in other severance costs.
- o Operating income excluding those severance-related costs, which the company believes more accurately reflects its core operations, was \$6.4 million, compared to \$956,000 last year.
- o Income tax expense includes a \$1.2 million adjustment to a deferred tax asset.

Net revenue in the quarter was affected by continuing weakness in the global business environment. However, performance benefited from the effects of foreign currency exchange rate fluctuations. Excluding the positive impact of currency of approximately \$5 million in the 2003 second quarter, net revenue was \$76.6 million, a decrease of 18 percent from the 2002 second quarter. Net revenue was up year-over-year in most of the company's industry practice groups except Financial Services and Technology, which have been particularly hard hit in the weakened economy.

- more -

"We feel our business is on an increasingly strong footing despite the difficult global economic environment," said Thomas J. Friel, Chairman and Chief Executive Officer of Heidrick & Struggles. "Boardroom and senior-level assignments - our strategic focus - are strong, and operating profit, excluding severance-related costs, exceeded our own expectations."

Consolidated salaries and employee benefits expense in the 2003 second quarter was \$62.9 million, down 2 percent from \$64.3 million in the comparable quarter last year. Excluding the \$8.0 million of severance-related costs discussed above, consolidated salaries and employee benefits expense declined 15 percent because of previous reductions in the company's workforce.

Consolidated general and administrative expenses declined 28 percent to \$20.4 million in the 2003 second quarter, compared to \$28.2 million in the 2002 second quarter. Reduced spending on discretionary items, lower bad debt expense, and lower infrastructure costs resulting from the company's activities related to reductions in workforce and consolidation of offices all contributed to the decrease.

Income tax expense in the 2003 second quarter includes a \$1.2 million non-cash adjustment of a deferred tax asset, representing the excess of expense for accounting purposes over the related deduction for tax purposes that occurred upon the vesting of restricted stock units in the 2003 second quarter. The adjustment is related to the reduction in the price of the company's common stock between the date of issuance of the restricted stock units and the date of their vesting.

In the 2003 second quarter, the number of confirmed executive searches decreased 18 percent from the 2002 second quarter. As of June 30, 2003 the company employed 318 executive search consultants, compared to 337 as of March 31, 2003, and 383 as of June 30, 2002.

Results by Segment

Net revenue in North America was \$44.7 million, a decrease of 14 percent from \$52.2 million in the 2002 second quarter. The Health Care and Professional Services practice groups reported higher revenue in the 2003 second quarter compared to the 2002 second quarter, while the Technology practice group reported the most significant decline. Operating income for the region increased 6 percent in the quarter to \$10.2 million from \$9.6 million in last year's second quarter primarily because of lower headcount, reductions in discretionary spending, and lower bad debt expense. The operating margin increased to 22.7 percent from 18.4 percent in the 2002 second quarter.

In Latin America, net revenue was \$2.7 million, an increase of 3 percent from \$2.6 million in the 2002 second quarter. Operating income was \$103,000 in the 2003 second quarter, compared to an operating loss of \$1.2 million in the 2002 second quarter. The loss in 2002 resulted primarily from the cost of converting certain wholly owned subsidiaries into licensees.

Net revenue in Europe was \$28.2 million, a decrease of 14 percent from \$32.9 million in the 2002 second quarter. Excluding the positive impact of currency exchange rates of \$4.7 million, net revenue was \$23.5 million, a decrease of 29 percent from the same quarter in 2002. The Financial Services practice group experienced a particularly weak 2003 second quarter. The region recorded an operating loss of \$1.9 million in the 2003 second quarter, compared to an operating loss of \$300,000 in last year's second quarter, as this year's second quarter included approximately \$2.0 million in severance-related costs.

In Asia Pacific, net revenue was \$6.1 million, an increase of 5 percent from \$5.8 million in the 2002 second quarter. Operating income was \$1.1 million in the 2003 second quarter, compared to \$432,000 in the same period of 2002 as lower compensation costs and the higher revenue positively affected this year's second quarter.

Corporate expense in the 2003 second quarter was \$11.0 million, compared to \$7.6 million last year. Excluding the \$5.2 million related to executive separation arrangements, corporate expense decreased 22 percent because of lower salary and employee benefits expense and lower systems-related spending.

Six Month Results

For the six months ended June 30, 2003, consolidated net revenue was \$159.0 million, a decrease of 14 percent from \$185.2 million for the first six months of 2002. There was a loss per share of \$0.52 compared to a loss per share of \$1.17 in the same period last year. The operating loss was \$6.5 million compared to an operating loss of \$27.2 million in last year's comparable period. The net loss was \$9.3 million, compared to a net loss of \$21.1 million for the first six months of 2002.

Outlook

For the 2003 third quarter, net revenue is anticipated to be in the range of \$70 million to \$80 million, as signs of a modest upturn in North America are likely to be offset by typical summer seasonality and continuing weakness in Europe. At those revenue levels, the company estimates that the corresponding results would range from a loss per share of \$0.07 to diluted earnings per share of \$0.10.

Webcast of Investor Call Available Today

The company will provide a real-time webcast of its investor call on Thursday, July 31, 2003 at 8:30 a.m. Chicago Time to review its 2003 second quarter financial results. The call will last up to one hour and will feature remarks by Chairman and CEO Thomas J. Friel and Chief Financial Officer Kevin J. Smith. The webcast will be available online, along with any slides accompanying management's remarks, at www.heidrick.com or through CCBN's individual investor center at www.companyboardroom.com. Listeners should log on approximately ten minutes in advance to ensure they are set up to receive the webcast. A replay will be available for up to 30 days following the investor call.

About Heidrick & Struggles International, Inc.

Heidrick & Struggles International, Inc. is the world's premier provider of executive search and leadership consulting services. Currently, approximately 1,300 Heidrick & Struggles search professionals and employees operate from locations primarily in North America, Latin America, Europe, and Asia Pacific. For 50 years, Heidrick & Struggles has specialized in chief executive, board member and senior-level management search assignments for a broad spectrum of clients: multi-national corporations, mid-cap and start-up companies, nonprofit entities, educational institutions, foundations, associations and governmental units. The company is expanding its range of complementary services to offer solutions to senior management teams for their leadership needs, including executive assessment, interim executive placement, and professional development. For more information about Heidrick & Struggles, visit www.heidrick.com.

Safe Harbor Statement

This news release contains forward-looking statements. The forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry in which we operate and management's beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, forecasted or implied in the forward-looking statements. Factors that may affect the outcome of the forward-looking statements include, among other things, our ability to attract and retain qualified executive search consultants; further deterioration of the economies in the United States, Europe, or elsewhere; social or political instability in markets where we operate; price competition; an inability to achieve the planned cost savings from our cost-reduction initiatives; an inability to sublease or assign unused office space; our ability to generate profits in order to ensure that our deferred tax assets are realizable; and delays in the development and/or implementation of new technology and systems. Our reports filed with the U.S. Securities and Exchange Commission also include information on factors that may affect the outcome of forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Heidrick & Struggles International, Inc.
Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended June 30,		% Change
	2003	2002	
Revenue:			
Revenue before reimbursements (net revenue)	\$ 81,674	\$ 93,476	-12.6%
Reimbursements	6,221	6,834	-9.0%
Total revenue	87,895	100,310	-12.4%
Operating expenses:			
Salaries and employee benefits (1)	62,917	64,273	-2.1%
General and administrative expenses	20,398	28,247	-27.8%
Reimbursed expenses	6,221	6,834	-9.0%
Total operating expenses	89,536	99,354	-9.9%
Operating income (loss)	(1,641)	956	
Non-operating income (expense):			
Interest income	468	383	22.2%
Interest expense	(53)	(37)	
Net realized and unrealized gains (losses) on equity and warrant portfolio (3)	21	(1,385)	
Write-down of long-term investment (4)	-	(5,000)	
Other, net	(315)	(144)	
Net non-operating income (expense)	121	(6,183)	
Income (loss) before income taxes	(1,520)	(5,227)	
Provision for (benefit from) income taxes (5)	1,089	(1,830)	
Net income (loss)	\$ (2,609)	\$ (3,397)	
Basic earnings (loss) per common share	\$ (0.14)	\$ (0.19)	
Basic weighted average common shares outstanding	18,138	18,098	
Diluted earnings (loss) per common share	\$ (0.14)	\$ (0.19)	
Diluted weighted average common shares outstanding	18,138	18,098	
Salaries and employee benefits as a percentage of net revenue	77.0%	68.8%	
General and administrative expense as a percentage of net revenue	25.0%	30.2%	
Effective tax rate	-	35.0%	

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
SEGMENT INFORMATION
(In thousands)

	Three Months Ended June 30,					
	2003	2002	\$ Change	% Change	2003 Margin	2002 Margin
Revenue:						
North America	\$ 44,728	\$ 52,226	\$ (7,498)	-14.4%		
Latin America	2,658	2,575	83	3.2%		
Europe	28,179	32,867	(4,688)	-14.3%		
Asia Pacific	6,109	5,808	301	5.2%		
Revenue before reimbursements (net revenue)	81,674	93,476	(11,802)	-12.6%		
Reimbursements	6,221	6,834	(613)	-9.0%		
Total	\$ 87,895	\$ 100,310	\$ (12,415)	-12.4%		
Operating Income (Loss):						
North America (1)	\$ 10,161	\$ 9,607	\$ 554	5.8%	22.7%	18.4%
Latin America	103	(1,224)	1,327		3.9%	
Europe (1)	(1,949)	(300)	(1,649)			
Asia Pacific (1)	1,090	432	658		17.8%	7.4%
Total regions	9,405	8,515	890	10.5%	11.5%	9.1%
Corporate (1)	(11,046)	(7,559)	(3,487)	-46.1%		
Total	\$ (1,641)	\$ 956	\$ (2,597)			1.0%

Heidrick & Struggles International, Inc.
Consolidated Statements of Operations
(In thousands, except per share data)

	Six Months Ended June 30,		% Change
	2003	2002	
Revenue:			
Revenue before reimbursements (net revenue)	\$ 158,985	\$ 185,199	-14.2%
Reimbursements	11,886	13,317	-10.7%
Total revenue	170,871	198,516	-13.9%
Operating expenses:			
Salaries and employee benefits (1)	117,067	133,170	-12.1%
General and administrative expenses	42,960	56,060	-23.4%
Reimbursed expenses	11,886	13,317	-10.7%
Severance and office consolidation charges (2)	5,500	23,169	
Total operating expenses	177,413	225,716	-21.4%
Operating income (loss)	(6,542)	(27,200)	
Non-operating income (expense):			
Interest income	960	911	5.4%
Interest expense	(90)	(88)	
Net realized and unrealized gains (losses) on equity and warrant portfolio (3)	248	(1,242)	
Write-down of long-term investment (4)	-	(5,000)	
Other, net	(1,137)	107	
Net non-operating income (expense)	(19)	(5,312)	
Income (loss) before income taxes	(6,561)	(32,512)	
Provision for (benefit from) income taxes (5)	2,785	(11,380)	
Net income (loss)	\$ (9,346)	\$ (21,132)	
Basic earnings (loss) per common share	\$ (0.52)	\$ (1.17)	
Basic weighted average common shares outstanding	18,147	18,074	
Diluted earnings (loss) per common share	\$ (0.52)	\$ (1.17)	
Diluted weighted average common shares outstanding	18,147	18,074	
Salaries and employee benefits as a percentage of net revenue	73.6%	71.9%	
General and administrative expense as a percentage of net revenue	27.0%	30.3%	
Effective tax rate	-	35.0%	

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
SEGMENT INFORMATION
(In thousands)

	Six Months Ended June 30,				2003 Margin	2002 Margin
	2003	2002	\$ Change	% Change		
Revenue:						
North America	\$ 86,546	\$ 102,061	\$ (15,515)	-15.2%		
Latin America	4,936	5,471	(535)	-9.8%		
Europe	56,438	66,295	(9,857)	-14.9%		
Asia Pacific	11,065	11,372	(307)	-2.7%		
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Revenue before reimbursements (net revenue)	158,985	185,199	(26,214)	-14.2%		
Reimbursements	11,886	13,317	(1,431)	-10.7%		
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Total	\$ 170,871	\$ 198,516	\$ (27,645)	-13.9%		
	=====	=====	=====			
Operating Income (Loss):						
North America (1)	\$ 16,042	\$ 12,609	\$ 3,433	27.2%	18.5%	12.4%
Latin America	(20)	(1,577)	1,557	98.7%		
Europe (1)	(1,384)	(1,257)	(127)	-10.1%		
Asia Pacific (1)	1,529	1,091	438	40.1%	13.8%	9.6%
	-----	-----	-----			
Total regions	16,167	10,866	5,301	48.8%	10.2%	5.9%
Corporate (1)	(17,209)	(14,897)	(2,312)	-15.5%		
	-----	-----	-----			
Operating income (loss) before severance and office consolidation charges	(1,042)	(4,031)	2,989			
Severance and office consolidation charges (2)	(5,500)	(23,169)	17,669			
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Total	\$ (6,542)	\$ (27,200)	\$ 20,658			
	=====	=====	=====			

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2003	December 31, 2002
	-----	-----
Current liabilities:		
Current maturities of long-term debt	\$ 980	\$ 1,161
Accounts payable	6,666	8,887
Accrued expenses:		
Salaries and employee benefits	56,813	67,514
Other	20,009	20,704
Current portion of accruals for severance and office consolidations	12,581	20,705
Income taxes payable	2,158	-
	-----	-----
Total current liabilities	99,207	118,971
	-----	-----
Non-current liabilities:		
Long-term debt, less current maturities	333	294
Retirement and pension plans	28,853	25,234
Non-current portion of accruals for severance and office consolidations	19,120	18,531
Other non-current liabilities	354	323
	-----	-----
Total non-current liabilities	48,660	44,382
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Stockholders' equity	190,998	199,711
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Total liabilities and stockholders' equity	\$ 338,865	\$ 363,064
	=====	=====

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2003	December 31, 2002
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 95,888	\$ 110,220
Accounts receivable, net of allowance for doubtful accounts	51,829	41,774
Other receivables	4,204	3,552
Prepaid expenses	8,801	11,881
Income taxes recoverable	-	6,125
Deferred income taxes, net	24,160	24,924
	-----	-----
Total current assets	184,882	198,476
	-----	-----
Property and equipment, net	35,415	38,230
	-----	-----
Other non-current assets:		
Assets designated for pension plans	23,938	21,196
Investments	2,250	3,007
Other non-current assets	6,800	9,478
Deferred income taxes, net	25,514	32,176
Goodwill, net	50,587	50,271
Other intangibles, net	9,479	10,230
	-----	-----
Total other non-current assets	118,568	126,358
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Total assets	\$338,865	\$ 363,064
	=====	=====

Schedule Notes:

- (1) In the second quarter of 2003, Mr. Piers Marmion resigned as Chief Executive Officer. In addition, Mr. David Anderson, who was previously the President and Chief Operating Officer, also resigned. As a result, the Company recorded a charge of \$5.2 million in the second quarter of 2003 for their separation agreements. These charges are included in the Corporate segment.

Also in the second quarter of 2003, the Company recorded other severance costs of \$2.8 million. By segment, these severance charges are as follows: North America \$0.5 million; Europe \$2.0 million; Asia Pacific \$0.2 million; Corporate \$0.1 million.

- (2) In June 2001, October 2001 and October 2002 the Company announced reductions in its workforce and the consolidation and closing of offices and as a result recorded severance and office consolidation charges of \$53.2 million and \$48.5 million in 2001 and 2002, respectively.

In the first quarter of 2003, the Company recorded an additional \$5.5 million of office consolidation charges related to unused office space. By segment, the office consolidation charges recorded in the 2003 first quarter are: North America \$0.4 million; Europe \$5.1 million.

In the first quarter of 2002, the Company recorded \$23.2 million of severance and office consolidation charges related to reductions in its workforce and the consolidation and closing of offices. The 2002 first quarter severance and office consolidation charges include \$10.4 million of severance and other employee-related costs and \$12.8 million related to the consolidation and closing of offices. By segment, the severance and office consolidation charges recorded in the first quarter of 2002 are as follows: North America \$13.3 million; Latin America \$0.1 million; Europe \$7.0 million; Asia Pacific \$0.3 million; Corporate \$2.5 million.

- (3) The Company receives warrants for equity securities in its client companies, in addition to its cash fee, for services rendered on some searches. The warrants are recorded at fair value, net of consultants' bonuses. Some of the warrants meet the definition of a derivative instrument under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its subsequent amendments. In accordance with SFAS No. 133, changes in the fair value of the derivative instruments are recorded in the Consolidated Statements of Operations. Other warrants received and which do not meet the definition of a derivative under SFAS No. 133 are regularly reviewed for declines in fair value. Upon a value event such as an initial public offering or an acquisition, the equity securities arising from the exercise of the warrants are monetized, resulting in a realized gain, net of consultants' bonuses and other costs.
- (4) During the second quarter of 2002, the Company wrote down its remaining investment in ETF Group, incurring a non-cash charge of \$5.0 million.
- (5) The Company's tax provision reflects the adjustment of \$1.2 million and \$4.3 million for the three and six months ended June 30, 2003, respectively, for deferred tax assets related to the excess of expense for accounting purposes over the related deduction for tax purposes that occurred upon the vesting of restricted stock units in the first half of 2003.