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**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: November 13, 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)

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**Item 7. Financial Statements and Exhibits.**

(c) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Heidrick & Struggles International, Inc. SunTrust RH Investor Presentation

**Item 9. Regulation FD Disclosure**

Additional information of the registrant is attached as Exhibit 99.1 to this report and is incorporated herein by reference. The registrant undertakes no obligation to update this information including any forward-looking statements, to reflect subsequently occurring events or circumstances.

NOTE: The information in this report (including the exhibit) is furnished pursuant to Item 9 and shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section. The inclusion of the information contained herein will not be deemed an admission as to the materiality of any of this information.

**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.

By: \_\_\_\_\_ /s/ FRITZ E. FREIDINGER

Fritz E. Freidinger,  
Secretary

Dated: November 13, 2003

# HEIDRICK & STRUGGLES

SunTrust Robinson Humphrey  
Business & Technology Services Conference  
November 13, 2003

## Safe Harbor Statement

This presentation 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; continuing weakness 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.

## **Business Overview**

## Heidrick & Struggles

- World's premiere executive search and leadership consulting firm
  - Executive Search
    - Includes interim executive placement
  - Leadership Services
    - Executive assessment
    - Coaching
- Global network of approximately 320 consultants working from 52 offices in principal cities of the world

# Global Presence

## North America

Atlanta	Greenwich	San Francisco
Boston	Houston	Toronto
Chicago	Los Angeles	Tyson's Corner
Cleveland	Menlo Park	Wall Street (NY)
Dallas	New York	
Denver	Philadelphia	

## Europe

Amsterdam	Helsinki	Paris
Barcelona	Istanbul*	Rome
Berlin	Johannesburg*	Stockholm
Brussels	Lisbon	Vienna
Copenhagen	London	Warsaw
Dusseldorf	Madrid	Zurich
Frankfurt	Milan	
Hamburg	Munich	

## Latin America

Bogota*	Mexico City
Buenos Aires	Miami
Caracas*	Santiago
Lima*	Sao Paulo

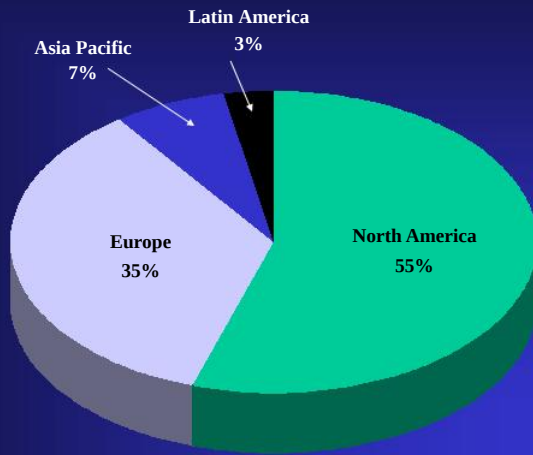
## Asia Pacific

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

\* Affiliate relationship

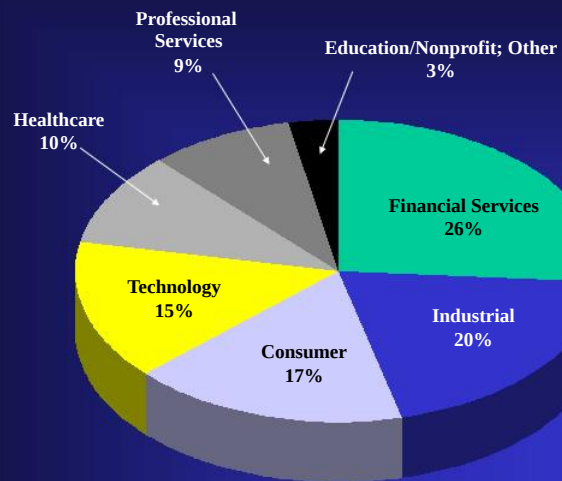


## Diverse Geographic Mix\*



\* YTD net revenue through September 30, 2003

## Diverse Industry Practice Mix\*



\* YTD net revenue through September 30, 2003

## World's Largest Search Firms

<u>Firm</u>	<u>2002 Revenue</u>
• Heidrick & Struggles	\$ 350.7 M
• Korn/Ferry	338.3 M
• Spencer Stuart	269.4 M
• Egon Zehnder	264.9 M
• Russell Reynolds	196.1 M
• Ray & Berndtson	103.1 M
• Amrop Hever Group	102.5 M
• Whitehead Mann	94.0 M
• Hudson Highland Group	66.1 M
• L.L.C. Partners	50.2 M

Source: Kennedy Information

## **Our Mission**

*We help our clients build the best  
leadership teams in the world*

## Focus on Top-Level Services

- Board, CEO and other senior-level searches generate the majority of our revenue
- Advantages of top-level searches
  - Provides access and influence with decision makers
  - Strengthens the Heidrick & Struggles brand
  - Generates higher fees per search
  - Establishes barriers to entry
  - Attracts and retains high-caliber consultants
  - Increases probability of downstream work

## Representative CEO/Board Searches in 2002-2003

Jenny Craig



IKON  
Office Solutions

Tomkins

British Energy



NASDAQ

RR DONNELLEY



HARRIS

JCPenney



GOODRICH



BERTELSMANN  
media networks

BAUSCH  
& LOMB



The Coca-Cola Company

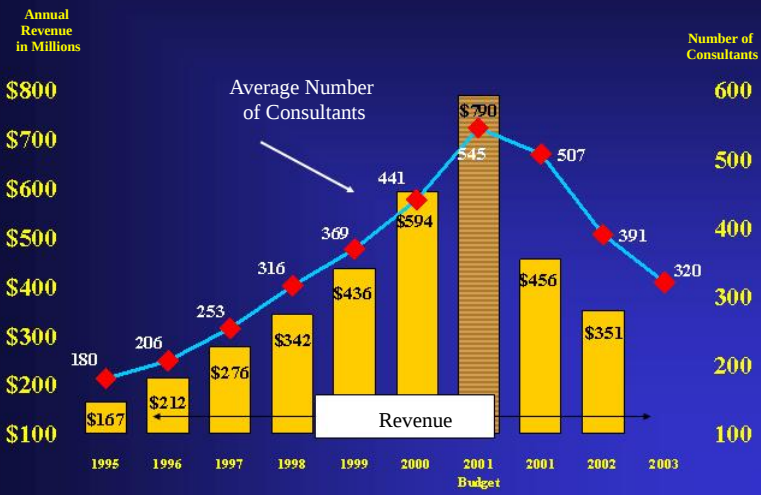
## Economics of the Firm

- Fees
  - For executive search it is one-third of placement's first year cash compensation
    - Includes salary and bonus
    - Billed in three monthly installments
  - Project based for board services, leadership services
- Consultant compensation
  - Primarily cash
  - 70% based on revenue generation (formula based) and 30% on quality and other firm building behaviors
  - Formula-based component structured on progressive tiers structure

## **Financial Performance**



# Revenue Performance & Consultant Headcount



## Realigned Cost Structure

- Reduced costs by over \$200 million
  - Reduced workforce by 40%
  - Eliminated excess real estate, bringing the number of offices down from a high of 80 in 2001 to 52 today
  - Reduced management roles by 30%
  - Implemented centralized purchasing programs

## Pro Forma Financial Results\*

(Dollars in millions)

Nine Months Ended Sept. 30.

	<u>2003</u>	<u>2002</u>	<u>\$ Change</u>
Net Revenue	\$ 235.9	\$ 272.6	\$ (36.7)
Operating Income (Loss)	\$ 10.7	\$ (0.5)	\$ 11.2

*Columns may not foot due to rounding.*

\* Pro forma results exclude restructuring charges, separation expense for former executives, other severance expense, and a favorable adjustment to employee benefits accruals. A full reconciliation of U.S. GAAP and pro forma results is provided on the company website, [www.heidrick.com](http://www.heidrick.com).

## Pro Forma Results By Geography\*

(Dollars in millions)	Nine Months Ended Sept. 30,				
	2003	2002	\$ Change	2003 Margin	2002 Margin
<b>Net Revenue</b>					
North America	\$129.3	\$149.5	\$ (20.2)		
Latin America	8.2	8.7	(0.5)		
Europe	82.3	97.5	(15.2)		
Asia Pacific	16.1	16.9	(0.8)		
Total Company	<u>\$235.9</u>	<u>\$272.6</u>	<u>\$ (36.7)</u>		
<b>Operating Income (Loss)</b>					
North America	\$ 27.8	\$ 22.9	\$ 4.9	21.5%	15.3%
Latin America	0.6	(2.6)	3.2	7.1%	
Europe	(1.6)	(0.2)	(1.4)		
Asia Pacific	2.1	1.5	0.6	13.3%	9.0%
Total regions	<u>28.9</u>	<u>21.5</u>	<u>7.4</u>	<u>12.3%</u>	<u>7.9%</u>
Corporate	(18.2)	(22.0)	3.8		
Total Company	<u>\$ 10.7</u>	<u>\$ (0.5)</u>	<u>\$ 11.2</u>	<u>4.6%</u>	

*Columns may not foot due to rounding.*

\* Pro forma results exclude restructuring charges, separation expense for former executives, other severance expense, and a favorable adjustment to employee benefits accruals. A full reconciliation of U.S. GAAP and pro forma results is provided on the company website, [www.heidrick.com](http://www.heidrick.com).

## Fourth Quarter 2003

- Expected restructuring charge of \$15-20 million
  - to better align the European cost structure with current net revenue levels
  - to increase previously established accruals for unused office space
- Expected revenue range of \$70-80 million
  - Corresponding results would range from a loss per share of \$0.07 to diluted earnings per share of \$0.10, excluding restructuring charges

## **Strong Balance Sheet**

- Strongest in the industry
- Cash flow positive in 2002 despite significant restructuring activity
- Ended third quarter of 2003 with \$110 million cash and no debt
- Expect \$85-90 million cash at end of 2003, after first tranche of bonuses are paid

## Strategic Initiatives

## Strategic Focus

- Some ongoing work on the cost structure
- Majority of attention will be spent on market-facing activities



## Strategic Initiatives

- Expand aggressively our share of senior-level search, supported by our capabilities in complementary leadership services

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- Build broader, deeper client relationships
- Attract and retain the best consultants
- Improve profitability and cash flow

## **This Is A Growth Business**

- The past four years have been aberrations
  - 1999 and 2000 saw hyper-growth
  - 2001 and 2002 saw severe contraction
- Cyclicity more pronounced than previous recessions
- 1993-1998 CAGR was 24%
- Double-digit growth rates should return when the economy improves
- Fundamentals remain strong

## Fundamentals Are Strong

- Shortage of management talent
- Higher-caliber talent is aspirant and mobile
- Executive management tenures are at an all time low
- Focus on corporate governance will create opportunities
- Cash compensation of placements will continue to rise

## Summary

### Strengths

- Premier brand name in executive search
- Unparalleled group of consultants
- Outstanding client base
- Strongest balance sheet in the sector

### Goals

- Capitalize on our strengths
- Improve margins and cash flow
- Continue to invest in people and initiatives

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**HEIDRICK & STRUGGLES**



## **Reconciliation of Pro Forma Results**

The following is a reconciliation of the company's actual and pro forma financial information.

The pro forma financial information is included because the company believes that it more accurately reflects its core operations.

Heidrick & Struggles International, Inc.  
Consolidated Statements of Operations  
(Dollars in thousands)

Nine Months Ended September 30,

	2003			2002		
	Actual	Adjustments	Pro forma	Actual	Adjustments	Pro forma
<b>Revenue:</b>						
Revenue before reimbursements (net revenue)	\$ 235,926	\$ -	\$ 235,926	\$ 272,555	\$ -	\$ 272,555
Reimbursements (1)	17,417	(17,417)	-	19,824	(19,824)	-
Total revenue	253,343	(17,417)	235,926	292,379	(19,824)	272,555
<b>Operating expenses:</b>						
Salaries and employee benefits (2)	168,215	(7,076)	161,139	189,414	-	189,414
General and administrative expenses	64,041	-	64,041	83,618	-	83,618
Reimbursed expenses (1)	17,417	(17,417)	-	19,824	(19,824)	-
Restructuring charges (3)	6,913	(6,913)	-	23,169	(23,169)	-
Total operating expenses	256,586	(31,406)	225,180	316,025	(42,993)	273,032
Operating income (loss)	\$ (3,243)	\$ 13,989	\$ 10,746	\$ (23,646)	\$ 23,169	\$ (477)

**Results By Geography**  
**Nine Months Ended September 30, 2003**  
(Dollars in thousands)

	Pro forma	Reimbursed Expenses	Separation and Severance Charges	Employee Benefit Accrual Adjustment	Restructuring Charges	Actual
<b>Revenue</b>						
North America	\$ 129,332	\$ -	\$ -	\$ -	\$ -	\$ 129,332
Latin America	8,235	-	-	-	-	8,235
Europe	62,293	-	-	-	-	62,293
Asia Pacific	16,066	-	-	-	-	16,066
Revenue before reimbursements (net revenue)	235,926	-	-	-	-	235,926
Reimbursements	-	17,417	-	-	-	17,417
<b>Total Company</b>	<b>\$ 235,926</b>	<b>\$ 17,417</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 253,343</b>
<b>Operating Income (Loss)</b>						
North America	\$ 27,786	\$ -	\$ (508)	\$ 752	\$ -	\$ 28,029
Latin America	587	-	(9)	-	-	578
Europe	(1,582)	-	(1,960)	-	-	(3,542)
Asia Pacific	2,144	-	(231)	-	-	1,913
<b>Total regions</b>	<b>28,935</b>	<b>-</b>	<b>(2,709)</b>	<b>752</b>	<b>-</b>	<b>26,978</b>
Corporate	(18,189)	-	(5,307)	188	-	(23,308)
Operating income (loss) before restructuring charges	10,746	-	(8,016)	940	-	3,670
Restructuring charges	-	-	-	-	(6,913)	(6,913)
<b>Total Company</b>	<b>\$ 10,746</b>	<b>\$ -</b>	<b>\$ (8,016)</b>	<b>\$ 940</b>	<b>\$ (6,913)</b>	<b>\$ (1,243)</b>

**Results By Geography**  
**Nine Months Ended September 30, 2002**  
(Dollars in thousands)

	Pro forma	Reimbursed		Actual
		Expenses	Restructuring Charges	
<b>Revenue</b>				
North America	\$ 149,487	\$ -	\$ -	\$ 149,487
Latin America	8,670	-	-	8,670
Europe	97,477	-	-	97,477
Asia Pacific	16,921	-	-	16,921
Revenue before reimbursements (net revenue)	272,555	-	-	272,555
Reimbursements	-	19,824	-	19,824
<b>Total Company</b>	<b>\$ 272,555</b>	<b>\$ 19,824</b>	<b>\$ -</b>	<b>\$ 292,379</b>
<b>Operating Income (Loss)</b>				
North America	\$ 22,883	\$ -	\$ -	\$ 22,883
Latin America	(2,648)	-	-	(2,648)
Europe	(229)	-	-	(229)
Asia Pacific	1,522	-	-	1,522
Total regions	21,528	-	-	21,528
Corporate	(22,005)	-	-	(22,005)
Operating income (loss) before restructuring charges	(477)	-	-	(477)
Restructuring charges	-	-	(23,169)	(23,169)
<b>Total Company</b>	<b>\$ (477)</b>	<b>\$ -</b>	<b>\$ (23,169)</b>	<b>\$ (23,646)</b>

**Schedule Notes:**

- (1) Emerging Issues Task Force Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," (EITF 01-14) establishes that reimbursements received for certain out-of-pocket expenses should be reported as revenue. Historically, the Company classified reimbursements of out-of-pocket expenses as a reduction of operating expenses. The Company adopted this guidance in 2002. The pro forma results exclude the impact of adopting EITF 01-14.
- (2) In the second quarter of 2003, Mr. Piers Marmon 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. The pro forma results exclude the impact of these separation charges.
- 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. The pro forma results exclude the impact of these severance charges.
- In the third quarter of 2003, the Company adjusted certain employee benefit accruals by \$0.9 million due to favorable experience. By segment, this adjustment is \$0.7 million in North America and \$0.2 million in Corporate. The pro forma results exclude the impact of this adjustment.
- (3) 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 restructuring charges of \$53.2 million and \$46.5 million in 2001 and 2002, respectively.
- In the first quarter of 2003, the Company recorded restructuring charges of \$5.5 million to increase accruals for leased properties that had been identified as excess in previous office consolidation charges. The accruals were increased to reflect the expectation of longer vacancy periods due primarily to weakness in the real estate markets in which leased properties are located. By segment, North America recorded charges of \$0.4 million and Europe recorded \$5.1 million of charges.
- In the third quarter of 2003, the Company recorded restructuring charges of \$1.4 million in North America to increase previously established accruals for a leased properties that had been identified as excess in previous office consolidation charges. The accruals were increased to reflect the expectation of a longer vacancy period due primarily to weakness in the real estate market in which the leased property is located.
- In the first quarter of 2002, the Company recorded \$23.2 million of restructuring charges related to reductions in its workforce and the consolidation and closing of offices. The 2002 first quarter restructuring 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 restructuring 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.
- The pro forma results exclude the impact of these restructuring charges.