
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: February 25, 2004
(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.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Heidrick & Struggles International, Inc. Robert W. Baird 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.

/s/ FRITZ E. FREIDINGER

Fritz E. Freidinger, Secretary

Dated: February 25, 2004

HEIDRICK & STRUGGLES

Robert W. Baird
Business Solutions Conference
February 25, 2004

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; a weakening 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 realize our deferred tax assets; an impairment of our goodwill and other intangible assets; 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
- Global network of approximately 315 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

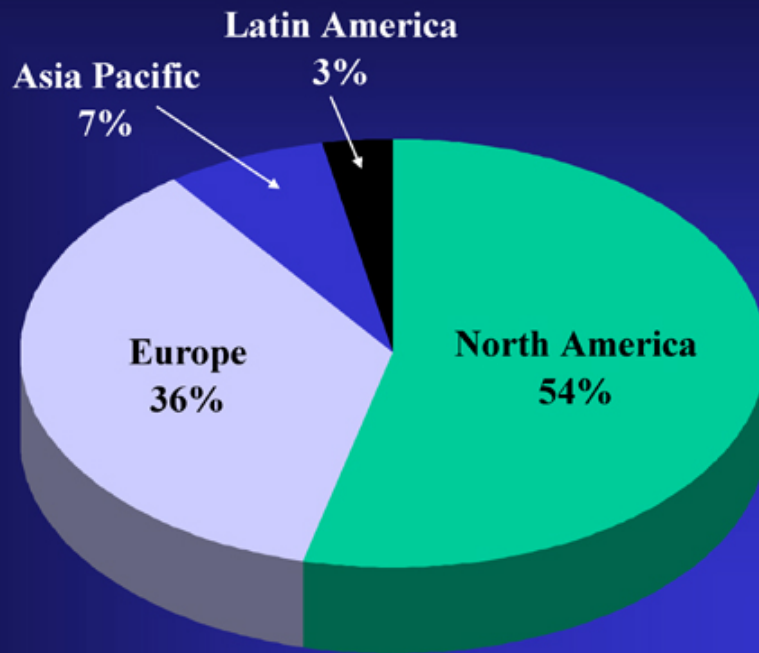
Bogota*	Mexico City
Buenos Aires	Miami
Caracas*	Santiago
Lima*	Sao Paulo

Asia Pacific

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

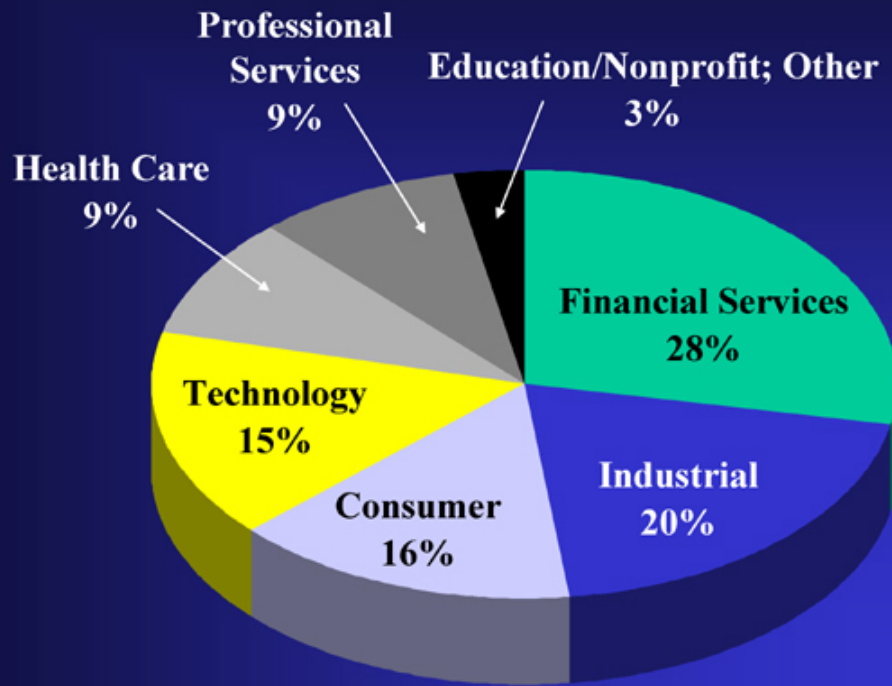
* Affiliate relationship

Diverse Geographic Mix*



* 2003 Net Revenue

2003 Industry Practice Mix



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

Focus on Top-Level Services

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

Representative CEO/Board Searches in 2003

WARNACO

STARWOOD
HOTELS & RESORTS WORLDWIDE, INC.

FAIRCHILD
SEMICONDUCTOR®

Honeywell

TIAA
CREF

SOLETRON

AutoNation
driven to be the best

DOW

Whirlpool

OWENS-ILLINOIS

Arvin
Meritor.

MERCK

MAYTAG

Raytheon

JCPenney

MARATHON

HARRIS

NASDAQ®

British Energy

RJReynolds
Tobacco Company

GAP

ALCOA

Jenny Craig

Baxter

BAUSCH
& LOMB

The Coca-Cola Company

Economics of the Firm

- Fees
 - For executive search, fees are 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

HEIDRICK & STRUGGLES

Strategy and Structure Phase

- Examining every aspect of the firm
- Any changes must improve our ability to pursue two goals:
 - Run and grow a profitable, efficient, and quality business that serves our clients and provides an attractive return to our shareholders
 - Strengthen our partnership among all the people of Heidrick & Struggles

“Go to Market” Strategy

- Organize around clients and client needs
- Professional services firms increasingly are migrating to this structure
- Different client needs are at different levels of maturity for Heidrick & Struggles

Client Needs

- Searches and services for Boards (including CEO searches)
- Searches and services supporting CEOs and the entire C-level executive group
- A range of services for key client accounts to help them build effective leadership teams

2004 Investments

- After several years of contraction, we must resume some investment spending
- Planning for operating margin expansion despite investments
- Investing in business-building activities
 - Marketing
 - Key account development
 - Research / knowledge management
 - Training
 - Select “investment hires”

This Is Fundamentally A Growth Business

- Cyclicalities more pronounced than previous recessions, with hyper-growth followed by severe contraction
- 1993-1998 CAGR was 24%
- Double-digit growth rates should return when the economy improves
- Fundamentals remain strong

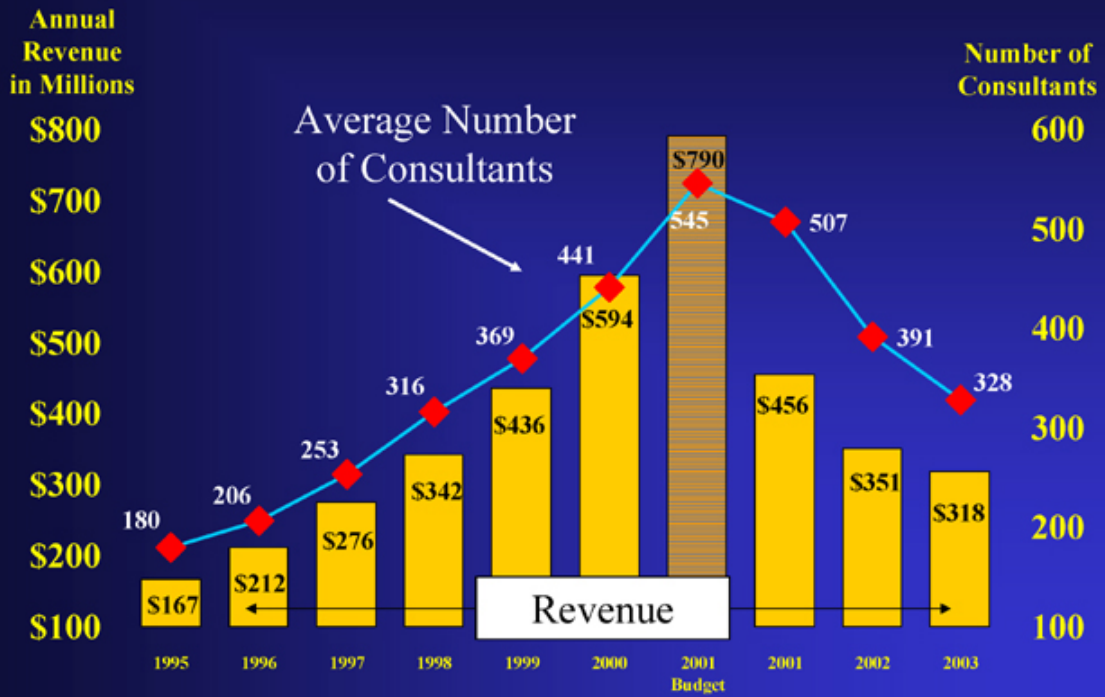
Fundamentals Remain Strong

- Shortage of management talent
- Higher-caliber talent is aspirant and mobile
- Executive management tenures are getting shorter
- Focus on corporate governance will create opportunities
- Cash compensation of placements will continue to rise

HEIDRICK & STRUGGLES

Financial Performance

Revenue Performance & Consultant Headcount



Realigned Cost Structure

- Reduced costs by well over \$200 million
 - Reduced workforce by nearly 50%
 - 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)

	<u>Fourth Quarter</u>			<u>Twelve Months</u>		
	<u>2003</u>	<u>2002</u>	<u>Change</u>	<u>2003</u>	<u>2002</u>	<u>Change</u>
Net Revenue	\$82.0	\$78.2	\$3.8	\$317.9	\$350.7	\$(32.8)
Operating Income	\$ 3.1	\$ 1.9	\$1.2	\$ 13.9	\$ 1.5	\$ 12.4

* Pro forma results exclude restructuring charges, separation expense for former executives, other severance expense, a favorable adjustment to employee benefits accruals, and the reversed of accruals related to the Performance Share Plan. A full reconciliation of U.S. GAAP and pro forma results is provided on the company website, www.heidrick.com.

Q4 2003 Non-Comparable Charges

- \$22.5 million restructuring charge
 - Reduction in European cost structure
 - Impairment of goodwill and other intangible assets
 - Increase in previously established accruals for unused office space
- \$57.9 million non-cash charge to increase the valuation allowance on deferred tax assets

Pro Forma Results By Geography*

Twelve Months Ended December 31,

(Dollars in millions)

	<u>2003</u>	<u>2002</u>	<u>\$ Change</u>	<u>2003 Margin</u>	<u>2002 Margin</u>
Net Revenue					
North America	\$172.1	\$194.2	\$ (22.2)		
Latin America	11.2	11.0	0.2		
Europe	113.0	124.4	(11.4)		
Asia Pacific	21.6	21.1	0.6		
Total Company	<u>\$317.9</u>	<u>\$350.7</u>	<u>\$ (32.8)</u>		
Operating Income (Loss)					
North America	\$ 35.2	\$ 33.7	\$ 1.4	20.4%	17.4%
Latin America	0.8	(2.8)	3.6	7.3%	
Europe	(2.1)	(3.2)	1.1		
Asia Pacific	<u>2.4</u>	<u>1.5</u>	<u>0.9</u>	11.3%	7.1%
Total regions	36.3	29.2	7.1	11.4%	8.3%
Corporate	<u>(22.5)</u>	<u>(27.8)</u>	<u>5.3</u>		
Total Company	<u>\$ 13.9</u>	<u>\$ 1.5</u>	<u>\$ 12.4</u>	4.4%	0.4%

Columns may not foot due to rounding.

* Pro forma results exclude restructuring charges, separation expense for former executives, other severance expense, a favorable adjustment to employee benefits accruals, and the reversed of accruals related to the Performance Share Plan. A full reconciliation of U.S. GAAP and pro forma results is provided on the company website, www.heidrick.com.

Strong Balance Sheet

- Strongest in the industry
- Cash flow positive in 2003 despite restructuring activity
- Ended 2003 with \$119 million cash and no debt
- Expect \$85-95 million cash at March 31, 2004, after 2003 bonuses are paid

Outlook

2004

- Expect net revenue growth in the mid-single digits
 - Assumes the economy continues its improvement
- Estimate operating margin in the 5-6% range

2004 First Quarter

- Anticipate net revenue in the \$80-\$85 million range
- Expect diluted earnings per share of \$0.05 to \$0.15, using a normalized tax rate of 41%

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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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)

	Fourth Quarter Ended December 31,					
	2003			2002		
	Actual	Adjustments	Pro forma	Actual	Adjustments	Pro forma
Revenue:						
Revenue before reimbursements (net revenue)	\$ 82,008	\$ -	\$ 82,008	\$ 78,157	\$ -	\$ 78,157
Reimbursements (1)	5,266	(5,266)	-	6,309	(6,309)	-
Total revenue	87,274	(5,266)	82,008	84,466	(6,309)	78,157
Operating expenses:						
Salaries and employee benefits (2)	55,322	368	55,690	52,916	-	52,916
General and administrative expenses	23,209	-	23,209	23,295	-	23,295
Reimbursed expenses (1)	5,266	(5,266)	-	6,309	(6,309)	-
Restructuring charges (3)	22,530	(22,530)	-	25,363	(25,363)	-
Total operating expenses	106,327	(27,428)	78,899	107,883	(31,672)	76,211
Operating income (loss)	\$ (19,053)	\$ 22,162	\$ 3,109	\$ (23,417)	\$ 25,363	\$ 1,946

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

	Twelve Months Ended December 31,					
	2003			2002		
	Actual	Adjustments	Pro forma	Actual	Adjustments	Pro forma
Revenue:						
Revenue before reimbursements (net revenue)	\$ 317,934	\$ -	\$ 317,934	\$ 350,712	\$ -	\$ 350,712
Reimbursements (1)	22,683	(22,683)	-	26,133	(26,133)	-
Total revenue	340,617	(22,683)	317,934	376,845	(26,133)	350,712
Operating expenses:						
Salaries and employee benefits (2)	223,537	(6,708)	216,829	242,330	-	242,330
General and administrative expenses	87,250	-	87,250	106,913	-	106,913
Reimbursed expenses (1)	22,683	(22,683)	-	26,133	(26,133)	-
Restructuring charges (3)	29,443	(29,443)	-	48,532	(48,532)	-
Total operating expenses	362,913	(58,834)	304,079	423,908	(74,665)	349,243
Operating income (loss)	\$ (22,296)	\$ 36,151	\$ 13,855	\$ (47,063)	\$ 48,532	\$ 1,469

Results By Geography
Twelve Months Ended December 31, 2003
(Dollars in thousands)

	Pro forma	Separation and Severance Charges		Employee Benefit	Management Performance	Restructuring Charges	Actual
		Reimbursed Expenses		Accrual Adjustment	Share Plan		
Revenue							
North America	\$ 172,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$172,043
Latin America	11,242	-	-	-	-	-	11,242
Europe	113,034	-	-	-	-	-	113,034
Asia Pacific	21,615	-	-	-	-	-	21,615
Revenue before reimbursements (net revenue)	317,934	-	-	-	-	-	317,934
Reimbursements	-	22,683	-	-	-	-	22,683
Total Company	\$ 317,934	\$ 22,683	\$ -	\$ -	\$ -	\$ -	\$340,617
Operating Income (Loss)							
North America	\$ 35,150	\$ -	\$ (509)	\$ 752	\$ 601	\$ -	\$ 35,994
Latin America	820	-	(9)	-	52	-	863
Europe	(2,093)	-	(1,960)	-	235	-	(3,818)
Asia Pacific	2,437	-	(231)	-	52	-	2,258
Total regions	36,314	-	(2,709)	752	940	-	35,297
Corporate	(22,459)	-	(6,246)	188	367	-	(28,150)
Operating income (loss) before restructuring charges	13,855	-	(8,955)	940	1,307	-	7,147
Restructuring charges	-	-	-	-	-	(29,443)	(29,443)
Total Company	\$ 13,855	\$ -	\$ (8,955)	\$ 940	\$ 1,307	\$ (29,443)	\$ (22,296)

Results By Geography
Twelve Months Ended December 31, 2002
(Dollars in thousands)

	<u>Pro forma</u>	<u>Reimbursed Expenses</u>	<u>Restructuring Charges</u>	<u>Actual</u>
Revenue				
North America	\$ 194,241	\$ -	\$ -	\$ 194,241
Latin America	11,020	-	-	11,020
Europe	124,391	-	-	124,391
Asia Pacific	<u>21,060</u>	<u>-</u>	<u>-</u>	<u>21,060</u>
Revenue before reimbursements (net revenue)	350,712	-	-	350,712
Reimbursements	<u>-</u>	<u>26,133</u>	<u>-</u>	<u>26,133</u>
Total Company	<u>\$ 350,712</u>	<u>\$ 26,133</u>	<u>\$ -</u>	<u>\$ 376,845</u>
Operating Income (Loss)				
North America	\$ 33,711	\$ -	\$ -	\$ 33,711
Latin America	(2,775)	-	-	(2,775)
Europe	(3,209)	-	-	(3,209)
Asia Pacific	<u>1,497</u>	<u>-</u>	<u>-</u>	<u>1,497</u>
Total regions	29,224	-	-	29,224
Corporate	<u>(27,755)</u>	<u>-</u>	<u>-</u>	<u>(27,755)</u>
Operating income (loss) before restructuring charges	1,469	-	-	1,469
Restructuring charges	<u>-</u>	<u>-</u>	<u>(48,532)</u>	<u>(48,532)</u>
Total Company	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ (48,532)</u>	<u>\$ (47,063)</u>

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 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. 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, the 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. This benefit impacted the segments as follows: North America \$0.8 million; Corporate \$0.1 million. The pro forma results exclude the impact of this adjustment.

In the fourth quarter of 2003, the Company recorded a benefit of \$1.3 million to reverse accruals recorded in 2002 related to the Performance Share Plan. The impact of the benefit by segment is as follows: North America \$0.6 million; Europe \$0.2 million; Asia Pacific \$0.1 million; Corporate \$0.4 million. Also in the fourth quarter of 2003, the Company recorded severance costs of \$0.9 million related to the resignation of Mr. Kevin J. Smith, Chief Financial Officer. This expense is reflected in the Corporate segment. The pro forma results exclude the impact of the severance costs and the reversal of the accruals for the Performance Share Plan.

(3) In October 2001 the Company announced reductions in its workforce and the consolidation and closing of offices. In the first quarter of 2002, the Company recorded restructuring charges of \$23.2 million related to these announced initiatives. In October 2002, the Company announced additional reductions in its workforce and the consolidation and closing of offices. As a result of these announced initiatives the Company recorded restructuring charges of \$25.4 million in the fourth quarter of 2002.

In the first quarter of 2003, the Company recorded an additional \$5.5 million of restructuring charges related to previously identified unused office space that had yet to be sublet and which was expected to remain vacant for periods longer than previously anticipated. By segment, the restructuring charges recorded in the 2003 first quarter are \$0.4 million in North America and \$5.1 million in Europe.

In the third quarter of 2003, the Company recorded an additional \$1.4 million of restructuring charges to increase previously established accruals for unused office space in North America.

In the fourth quarter of 2003, the Company announced reductions in its workforce, primarily in Europe, and the need to increase previously established accruals for unused office space. The Company recorded \$22.5 million of restructuring charges including \$3.9 million of severance and other employee-related costs, \$15.3 million to increase previously established accruals for unused office space, and \$3.3 of expense for goodwill and other intangible impairment. By segment, the restructuring charges recorded in the fourth quarter of 2003 are as follows: North America \$5.2 million, Europe \$17.0 million and Corporate \$0.3 million.

The pro forma results exclude the impact of these restructuring charges.

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