

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

**FORM 8-K**

**CURRENT REPORT**

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

---

Date of Report  
(Date of earliest  
event reported): January 15, 2004

Hudson Highland Group, Inc.

---

(Exact name of registrant as specified in its charter)

---

Delaware  
  
(State or other  
jurisdiction of  
incorporation)

---

0-50129  
  
(Commission File  
Number)

---

59-3547281  
  
(IRS Employer  
Identification No.)

---

622 Third Avenue, New York, New York 10017  
  
(Address of principal executive offices, including zip code)

---

212-351-7300  
  
(Registrant's telephone number)

---

**Item 5. Other Events and Required FD Disclosure.**

On December 29, 2003, Hudson Highland Group, Inc. (the "Company") and certain of its subsidiaries and Wells Fargo Foothill, Inc., as agent and lender, entered into an amendment (the "Amendment") to the Company's Amended and Restated Loan and Security Agreement, dated as of June 25, 2003. The Amendment is attached hereto as Exhibit 4.1 and is incorporated herein by reference.

On January 15, 2004, the Company issued a press release announcing that the Company's financial results for the fourth quarter ended December 31, 2003 will include approximately \$22 million of expenses related to exiting unprofitable locations and bringing the Company's workforce in line with business and market conditions. The press release also announced the Amendment. A copy of such press release is attached as Exhibit 99.1 and is incorporated herein by reference.

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

(a) Not applicable.

(b) Not applicable.

(c) Exhibits. The following exhibit is being filed herewith:

(4.1) Amendment Number 2 to and Consent Under Amended and Restated Loan and Security Agreement, dated as of December 29, 2003.

(99.1) Press Release of Hudson Highland Group, Inc., dated January 15, 2004.

**Item 12. Disclosure of Results of Operations and Financial Condition.**

On January 15, 2004, the Company issued a press release announcing that the Company's financial results for the fourth quarter ended December 31, 2003 will include approximately \$22 million of expenses related to exiting unprofitable locations and bringing the Company's workforce in line with business and market conditions. The press release also announced the Amendment. A copy of such press release is furnished as Exhibit 99.1 and is incorporated herein by reference.

---

SIGNATURES

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

HUDSON HIGHLAND GROUP, INC.

Date: January 15, 2004

By: /s/ Latham Williams  
Latham Williams  
Vice President, Legal Affairs and  
Administration and Corporate Secretary

HUDSON HIGHLAND GROUP, INC.  
FORM 8-K  
EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
(4.1)	Amendment Number 2 to and Consent Under Amended and Restated Loan and Security Agreement, dated as of December 29, 2003.
(99.1)	Press Release of Hudson Highland Group, Inc., dated January 15, 2004.

**AMENDMENT NUMBER 2 TO  
AND CONSENT UNDER  
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

**THIS AMENDMENT NUMBER 2 TO AND CONSENT UNDER AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (this "Amendment"), dated as of December 29, 2003, is entered into by **HUDSON HIGHLAND GROUP, INC.**, a Delaware corporation ("Parent"), and each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as "Borrowers"), **WELLS FARGO FOOTHILL, INC.** (formerly known as FOOTHILL CAPITAL CORPORATION), a California corporation, as the arranger and administrative agent for the Lenders ("Agent"), and the lenders identified on the signature pages hereof (such lenders, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), in light of the following:

**W I T N E S S E T H**

WHEREAS, Borrowers, Agent and Lenders are parties to that certain Amended and Restated Loan and Security Agreement, dated as of June 25, 2003 (as amended, restated, supplemented, or modified from time to time, the "Loan Agreement"); and

WHEREAS, Borrowers have requested that the Loan Agreement be amended to modify certain terms more fully set forth hereinbelow; and

WHEREAS, Borrowers have requested that Agent and Lenders consent to the establishment of and investment in a certain new Subsidiary by Borrowers; and

WHEREAS, subject to the satisfaction of the conditions set forth herein, Agent and Lenders are willing to so consent to the amendment of the Loan Agreement and the establishment of such Subsidiary;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Loan Agreement as follows:

1. **DEFINITIONS** Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, as amended hereby.

2. **AMENDMENTS TO LOAN AGREEMENT** Section 1.1 of the Loan Agreement is hereby amended by amending and restating the following definitions in their entirety:

"**Adjusted EBITDA**" means, with respect to any fiscal period, Parent's and its Subsidiaries' consolidated net earnings (or loss), minus extraordinary gains, plus (a) interest expense, (b) income taxes, (c) depreciation, (d) amortization, (e) restructuring charges for the Highland Partners line of business not to exceed \$12,000,000 in the aggregate, (f) write-offs of bad debt receivables that (i) relate to receivables that existed prior to the Spin-Off and (ii) are written off on or before September 30, 2003, (g) expenses (primarily severance and leased property costs) related to the strategic repositioning of the Hudson European and ANZ businesses not to exceed \$11,000,000 in the aggregate that are expensed during the fourth calendar quarter of 2003, and (h) write-offs of goodwill taken in accordance with accounting principles for such period, as determined in accordance with GAAP.

3. **CONSENT.**

(a) At the request of Borrowers and notwithstanding anything in the Loan Documents to the contrary, Lender hereby consents to the establishment of Hudson Global Resources HC, LLC, a Delaware limited liability company ("HH HC"), as a wholly-owned Subsidiary of Parent and as a Guarantor, provided that, promptly upon its establishment HH HC shall execute and deliver to Agent appropriate Subsidiary Documents or joinders thereto, together with such documents evidencing proper corporate organization, good standing, and authorization as were required under Section 3.2 of the Loan Agreement with respect to Guarantors as of the Activation Date and any other agreements, instruments and documents as Agent may require to record and/or perfect security interests in HH HC's assets.

(b) It is expressly understood, acknowledged, and agreed that the membership interests of HH HC are items of Collateral subject to the applicable provisions of the Loan Agreement and the Stock Pledge Agreement. Borrowers hereby agree to deliver to Agent promptly such other agreements, instruments and documents as Agent may require to record and/or perfect security interests in the membership interests of HH HC, including, without limitation, any joinder or amendment to the Stock Pledge Agreement as Agent may require and all certificates, if any exist, evidencing the membership interests of HH HC together with appropriate powers endorsed in blank.

4. **CONDITIONS PRECEDENT TO THIS AMENDMENT.** The satisfaction of each of the following shall constitute conditions precedent to the effectiveness of this Amendment and each and every provision hereof:

(a) Agent shall have received for its own account an amendment fee in the amount of \$20,000;

(b) The representations and warranties in the Loan Agreement and the other Loan Documents shall be true and correct in all respects on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date);

(c) No Default or Event of Default shall have occurred and be continuing on the date hereof or as of the date of the effectiveness of this Amendment; and

(d) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any Governmental Authority against any Borrower, any Guarantor, Agent, or any Lender.

5. **CONSTRUCTION.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

6. **ENTIRE AMENDMENT; EFFECT OF AMENDMENT.** This Amendment, and the terms and provisions hereof, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersede any and all prior or contemporaneous amendments relating to the subject matter hereof. Except for the amendments to the Loan Agreement expressly set forth in Section 2 hereof, the Loan Agreement and other Loan Documents shall remain unchanged and in full force and effect. To the extent any terms or provisions of this Amendment conflict with those of the Loan Agreement or other Loan Documents, the terms and provisions of this Amendment shall control. This Amendment is a Loan Document.

7. **COUNTERPARTS; TELEFACSIMILE EXECUTION.** This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

8. **MISCELLANEOUS**

(a) Upon the effectiveness of this Amendment, each reference in the Loan Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Loan Agreement shall mean and refer to the Loan Agreement as amended by this Amendment.

(b) Upon the effectiveness of this Amendment, each reference in the Loan Documents to the “Loan Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Loan Agreement shall mean and refer to the Loan Agreement as amended by this Amendment.

[SIGNATURE PAGES FOLLOW]

3

---

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered as of the date first written above.

**HUDSON HIGHLAND GROUP, INC.,**  
as Parent and a Borrower

By: /s/ Steven B. London  
Title: VP Global Treasurer

**HUDSON GLOBAL RESOURCES AMERICA, INC., fka HUDSON  
HIGHLAND  
GROUP GLOBAL RESOURCES AMERICA, INC.,**  
as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON GLOBAL RESOURCES HOLDINGS, INC., fka HUDSON  
HIGHLAND  
GROUP GLOBAL RESOURCES HOLDINGS, INC.,** as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON GLOBAL RESOURCES MANAGEMENT, INC., fka HUDSON  
HIGHLAND  
GROUP GLOBAL RESOURCES MANAGEMENT, INC.,** as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON GLOBAL RESOURCES LIMITED,**  
as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

---

**HIGHLAND PARTNERS LIMITED,** as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON GLOBAL RESOURCES (AUST) PTY LTD.,** as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON TRADE & INDUSTRIAL SERVICES PTY LTD.,** as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON TRADE & INDUSTRIAL SOLUTIONS PTY LTD.**, as a  
Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HUDSON GLOBAL RESOURCES (NEWCASTLE) PTY LTD.**, as a  
Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HIGHLAND PARTNERS (AUST) PTY LTD.**, as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

---

**HUDSON HIGHLAND GROUP SEARCH, INC.**, as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**JAMES BOTRIE AND ASSOCIATES INC.**, as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**HIGHLAND PARTNERS CO. (CANADA), fka 3057313 NOVA SCOTIA  
COMPANY**, as a Borrower

By: /s/ Steven B. London  
Title: Authorized Person

**WELLS FARGO FOOTHILL, INC.**,  
as Agent and as a Lender

By: /s/ John Leonard  
Title: Assistant Vice President

**For Immediate Release**

Contacts:

Richard W. Pehlke  
Hudson Highland Group  
312-795-4228  
[rich.pehlke@hhgroup.com](mailto:rich.pehlke@hhgroup.com)

John D. Lovallo  
Ogilvy Public Relations Worldwide  
212-880-5216  
[john.lovallo@ogilvypr.com](mailto:john.lovallo@ogilvypr.com)

## Hudson Highland Group Announces Fourth Quarter 2003 Charge

*Fourth Quarter 2003 Financial Results Will Be Released on February 5, 2004*

**NEW YORK, NY – January 15, 2004** – Hudson Highland Group, Inc. (NASDAQ: HHGP), one of the world’s leading professional staffing, retained executive search and human capital solution providers, today announced that financial results for the fourth quarter ended December 31, 2003, will include approximately \$22 million of expenses related to exiting unprofitable locations and bringing its workforce in line with business and market conditions. These steps, outlined in the company’s third quarter conference call, relate to both the company’s staffing and executive search operations.

Richard W. Pehlke, Executive Vice President and Chief Financial Officer of Hudson Highland Group, commented, “These fourth quarter actions complete a year of significant progress in creating a more efficient and productive global business operation. Moving forward, we are focused on building a profitable company that remains committed to being a global leader in delivering staffing, search and human capital solutions.”

Hudson Highland Group also announced that it has amended its credit facility agreement with Wells Fargo Foothill, Inc. The amendment allows the company to remain in compliance as it recognizes the charges in the fourth quarter.

Hudson Highland Group’s fourth quarter 2003 financial results will be released before the market opens on February 5, 2004. The financial results announcement will be followed by a conference call (with simultaneous webcast) for investors. Investors wishing to participate can join the conference call by dialing 1-800-374-1532 followed by the participant passcode 5002963 at 10:20 AM ET. For those outside the United States, please call in on 1-706-634-5594 followed by the participant passcode 5002963. Hudson Highland Group’s quarterly conference call can also be accessed online through Yahoo! Finance at [www.yahoo.com](http://www.yahoo.com) and the investor information section of the company’s website at [www.hhgroup.com](http://www.hhgroup.com).

---

### **Hudson Highland Group**

Hudson Highland Group, Inc. offers a full suite of specialized professional staffing, retained executive search and human capital solutions worldwide. The company employs approximately 4,000 employees serving clients in 24 countries. More information about Hudson Highland Group is available at [www.hhgroup.com](http://www.hhgroup.com).

**Special Note:** Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Except for historical information contained herein, the statements made in this release constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve certain risks and uncertainties, including statements regarding the company’s strategic direction, prospects and future results. Certain factors, including factors outside of our control, may cause actual results to differ materially from those contained in the forward- looking statements, including economic and other conditions in the markets in which we operate, risks associated with acquisitions, competition, seasonality and the other risks discussed in our Form 10-K and our other filings made with the Securities and Exchange Commission, which discussions are incorporated in this release by reference.