

WATSON WYATT & CO HOLDINGS
Form 10-Q
February 05, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2003

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-16159

WATSON WYATT & COMPANY HOLDINGS

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

52-2211537

(I.R.S. Employer Identification No.)

**1717 H Street NW
Washington, D.C. 20006-3900**

(Address of principal executive offices, including zip code)

Edgar Filing: WATSON WYATT & CO HOLDINGS - Form 10-Q

(202) 715-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 31, 2004.

Class	Number of Shares
Class A Common Stock, \$.01 par value	32,898,664

**WATSON WYATT & COMPANY HOLDINGS
INDEX TO FORM 10-Q**

For the Three and Six Months Ended December 31, 2003

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Consolidated Statements of Operations-Three and six months ended December 31, 2003 and 2002

Consolidated Balance Sheets-December 31, 2003 and June 30, 2003

Consolidated Statements of Cash Flows-Six months ended December 31, 2003 and 2002

Consolidated Statement of Changes in Stockholders' Equity-Six months ended December 31, 2003

Notes to the Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

Signatures

Certifications

WATSON WYATT & COMPANY HOLDINGS

Consolidated Statements of Operations

(Thousands of U.S. Dollars, Except Per Share Data)

	Three months ended December 31		Six months ended December 31	
	2003	2002	2003	2002
	(Unaudited)		(Unaudited)	
Revenue	\$ 170,353	\$ 174,624	\$ 341,336	\$ 353,582
Costs of providing services:				
Salaries and employee benefits	94,374	97,838	199,447	199,351
Professional and subcontracted services	12,613	13,042	21,699	23,860
Occupancy, communications and other	25,921	25,485	49,439	52,113
General and administrative expenses	14,990	14,815	30,591	29,205
Depreciation and amortization	5,395	5,266	10,047	10,345
	153,293	156,446	311,223	314,874
Income from operations	17,060	18,178	30,113	38,708
Income from affiliates	1,048	2,058	2,838	2,907
Interest income, net	170	225	384	467
Other non-operating income	27	121	6,152	641
Income from continuing operations before income taxes	18,305	20,582	39,487	42,723
Provision for income taxes	7,503	8,438	16,188	17,516
Income from continuing operations	10,802	12,144	23,299	25,207
Discontinued operations:				
Sublease income from discontinued operations, less applicable income tax expense for the three and six months ended December 31, 2003	16		26	
Net income	\$ 10,818	\$ 12,144	\$ 23,325	\$ 25,207
Basic earnings per share:				
Income from continuing operations	\$ 0.33	\$ 0.37	\$ 0.70	\$ 0.77
Income from discontinued operations				
Net income	\$ 0.33	\$ 0.37	\$ 0.70	\$ 0.77