



2003 annual report

(evolution)  
financially disciplined operationally efficient

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CDI helps clients in targeted vertical markets improve profitability and efficiency by providing high-value engineering and information technology outsourcing solutions and professional staffing. Our business solutions allow clients to focus on their core competencies and maximize their growth potential.

CDI Corp. (NYSE: CDI) is a provider of engineering and information technology outsourcing solutions and professional staffing.

**Roger H. Ballou**  
*President and CEO*



**Dear Shareholder,**

In the beginning of 2003, I articulated a straightforward goal for CDI: to consistently demonstrate our ability to achieve profitable growth, no matter the external circumstances. Events during the year certainly tested our ability to meet this goal. War abroad and corporate scandals at home roiled the economy. Many CDI customers, especially in the first half of the year, reduced capital spending and payrolls as a result of the uncertain economic climate. Energy prices, expected to moderate at the conclusion of large-scale hostilities in Iraq, remained high, eroding corporate profits and further impeding the ability of companies to make capital investments. The economic recovery did manage to accelerate in the latter half of the year, but its impact was not uniform and many industries remained sluggish.

The year was indeed challenging, but despite the uneven economy, we were able to deliver on our promise to improve profitability. Predicated on financial discipline and operational efficiency, our business model delivered growth in profits placing us near or at the top of our peer group in several financial measurement categories. Our business model also generated sufficient cash to pay dividends aggregating \$42.4 million during the second half of 2003 with enough cash left over to fund future organic growth and potential targeted acquisitions.

Although we succeeded in improving profitability in an adverse business climate, our revenues were disappointing. While it would be easy to blame this on the economy, there is really no excuse. We must be able to grow both our revenue and profitability, regardless of the economy.

In short, it was a mixed year for CDI. We believe we are now one of the most financially disciplined and operationally efficient companies in our peer group, able to remain profitable despite external circumstances. Revenue growth, however, has remained elusive and, now that we have the infrastructure in place to sustain profitable growth, it must be our focus in 2004 and beyond.

### 2003 "Report Card"

Operating profit margin increased from 0.6% in 2002 to 3.1% in 2003.

Return on shareholders' equity (ROE) improved to 7.5% in 2003 from 1.3% in 2002.

Operating and administrative costs as a percentage of revenue declined 320 basis points to 21.1%.

Paid dividends aggregating \$42.4 million to our shareholders.

## Business Segment Discussion

Our business segment performance was uneven in 2003, reflecting the economic health of the various markets CDI serves. Reduced capital spending by customers unfavorably impacted our CDI Project Management business segment. In addition, during 2003, customers postponed the hiring of both permanent and temporary workers, which adversely impacted our CDI Professional Services, Today's Staffing and Management Recruiters International (MRI) businesses.

CDI Professional Services and Today's Staffing business segments have traditionally been "leading indicators" of demand during the early stages of an economic recovery. As previously discussed, the economic upturn in the second half of 2003 did not translate into increased order flow in our businesses. We anticipate that it will take three to six months into 2004 for our business segments, particularly CDI Professional Services and Today's Staffing, to see the revenue growth normally associated with an economic upturn. In addition, as companies gain more confidence in the economic recovery, we expect to see more demand for permanent placement and increased capital spending that, subsequently, will benefit our MRI and Project Management business segments.

AndersElite in the U.K., included in the CDI Professional Services business segment, continued to experience strong demand in professional staffing in the construction trades. We anticipate this demand will continue throughout 2004.

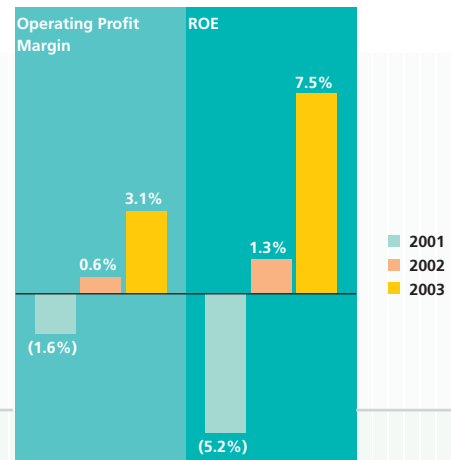
Improving efficiency and financial discipline across the enterprise remained a key focus in 2003. Corporate expenses decreased from \$18.0 million in 2002 to \$13.0 million in 2003. In addition, we continued to refine our business model to find ways to reduce expenses and improve our working capital management and other practices.

## The Evolution of CDI

A common axiom in business is that a company must continually adapt to survive. While it is important to have the operational flexibility to respond to changing market conditions, it is just as vital that a company continually evolve its service offerings to better meet customer needs.

Beginning in 2002, we began the process of refining and tailoring our core offerings to better service our targeted vertical markets. The first step in this process was the creation of CDI Engineering Solutions and CDI Professional Services to more logically organize our service offerings. While we achieved solid success from this reorganization, it became apparent that further

## 2001-2003 Operating Profit Margin and ROE Comparisons



opportunities remained. Our go-to-market strategy was not maximizing value to our customers. Simply put, our professional services and engineering businesses could not deliver a coherent, integrated and tailored suite of solutions to our targeted clients as separate operating units. We needed to align our business to better meet the needs of our customers and make it easier for them to access all of our service offerings.

In 2003, we decided to integrate CDI Professional Services and CDI Engineering Solutions into a Business Solutions unit. As a result of this integration and organization plan, effective January 2004, CDI will have four business segments: Business Solutions, AndersElite, Today's Staffing and MRI. AndersElite, which was formerly part of CDI Professional Services, will be its own business segment. Today's Staffing and MRI remain unchanged. The new Business Solutions unit will operate through five key verticals: CDI-Aerospace, CDI-Government Services, CDI-Information Technology (IT) Services, CDI-Life Sciences and CDI-Process & Industrial.

- ▶ **CDI-Aerospace** provides a full range of engineering, design, project management, professional IT and engineering staffing and outsourcing solutions to both the commercial and military aerospace markets.
- ▶ **CDI-Government Services** focuses on providing engineering, design and logistics services to the defense industry and serves as a key provider of IT and professional staffing for federal agencies.
- ▶ **CDI-IT Services** provides IT staffing and IT outsourcing solutions to a broad range of primarily service-based industries.
- ▶ **CDI-Life Sciences** offers design, validation, project management, engineering, professional staffing and outsourcing solutions to clients in the pharmaceutical, bio-pharmaceutical and regulated medical services industries.
- ▶ **CDI-Process & Industrial** provides a full range of engineering, project management, design, professional staffing and outsourcing solutions to firms in two different sectors—the process sector, that includes firms in oil, gas and chemicals and the industrial sector, covering firms in power generation and energy transmission, telecommunications, and heavy manufacturing.

**Robert Giorgio**  
*President, CDI Business Solutions*



“Customers in the marketplace are increasingly demanding single-source suppliers of multiple business solutions in an effort to improve efficiencies and lower costs. By integrating our engineering, IT and staffing businesses into one organization focused on our key vertical markets, we can now offer customers a bundled suite of solutions tailored to their specific needs. This new go-to-market approach is already proving successful as customers maximize value by accessing all of CDI’s service offerings through a single point of contact.”

The integration of our professional services and engineering businesses is just another step in our evolution, not as a “staffing company,” but rather as a **business solutions** company. We can source talent and engineer and manage solutions, offering clients a single-source alternative to meet their needs. Specifically, this integration will enhance our ability to go to market by:

- ▶ Concentrating our staffing, engineering and project management expertise into specific, targeted markets—providing a depth of experience hard to beat in the marketplace.
- ▶ Offering clients an easily identifiable and attractive single-source provider and single point of contact for all of CDI’s business solutions.
- ▶ Enabling our account executives to leverage CDI’s industry specific skills and global scale to quickly identify and deliver high-value solutions to meet client needs—helping to create more of a working partnership with customers.

Bob Giorgio will lead this integrated, vertically focused organization. Bob has a wealth of experience in the industry and played an integral role in the growth of our engineering business, first as President of the CDI Engineering Group and later as President of CDI Engineering Solutions. I am counting on him to leverage the strengths of our integrated verticals to accelerate revenue and profitable growth in 2004.

### **Growing Revenue in 2004**

In 2003 we did a good job remaining profitable in a difficult economic climate and I am anxious to see what we can do in a more favorable economy. Once again, however, we will maintain our cautious approach to the economy. As of this writing, the U.S. economy appears to be gaining momentum and we are hopeful that translates into an increase in capital spending and demand for services. World events, however, may yet again disrupt our economic recovery. We must remain sharply focused on shareholder value and will continue to exercise caution in our planning.

**John Petersen**  
*Managing Director, AndersElite*



“As a leading company specializing in sourcing high-quality professionals—from architects and surveyors to construction and electrical engineers to IT professionals—AndersElite is ideally positioned to continue to capitalize on the rapid growth of private and government-funded capital infrastructure investments now underway in the U.K. Our objective this year is to accelerate profits and revenue growth by implementing a more coordinated and disciplined approach to the market and expanding our service offerings to our blue chip clients.”

Our goal in 2004 is straightforward: to increase revenue and maintain profitable growth. We have a great opportunity to leverage our integrated, vertical go-to-market strategy and profitable business model to make this happen.

The key components of this strategy are as follows:

Capture Market Share in Key Verticals.

- ▶ Enhance cross-selling and incremental business opportunities
- ▶ Secure long-term customer relationships
- ▶ Improve recruiter productivity and account management
- ▶ Expand into new international markets
- ▶ Increase permanent placement market share

Continue to Execute our Vertical Strategy and Deliver Tailored Products to our Customers.

- ▶ Offer project-specific expertise
- ▶ Expand preferred provider relationships

Continue to Increase Skill and Scale to Enhance Core Capabilities and Expand Existing Range of Services.

- ▶ Pursue strategic acquisitions

In addition, as we execute this go-to-market strategy, we must continue to refine our business model and maintain our financial discipline and operating efficiency.

CDI has come a long way in the past two years. From a loosely organized collection of professional services, outsourcing, staffing and engineering businesses, CDI has evolved into an operationally efficient, vertically-focused business solutions company. In the 2001 Annual Report, I wrote that CDI has a bright future as a reinvigorated company. I believe we are now in position to fully realize this future as we underscore our commitment to delivering high value to our shareholders, customers and employees.

Thank you for your interest in CDI.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roger Ballou'.

Roger H. Ballou

## Improved Stock Price

CDI shares increased 74% in value from January 2, 2002 to December 31, 2003.

## CDI at a Glance

CDI is a provider of engineering and information technology outsourcing solutions and professional staffing. During 2003, the Company operated in four primary business segments: CDI Professional Services, CDI Project Management, Today's Staffing and Management Recruiters International (MRI).

### *Value Proposition*

CDI's customers leverage our skill, speed and scale to achieve a faster and higher return on capital investment. CDI offers clients a single-source provider of best-of-breed engineering and IT solutions and talent on demand; freeing our customers to focus on their core competencies, accelerate change, and drive profitable growth.

### *Employees*

Approximately 16,600 on staff and at client sites.

### *Customer Base*

Fortune 1000 and government customers in selected vertical markets, including aerospace, government services, information technology, life sciences and process and industrial.

### *Market Scope*

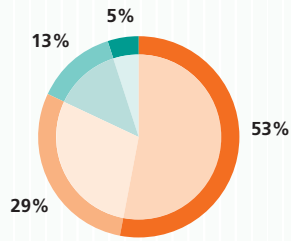
Based in Philadelphia, with an extensive network of offices in the United States, Canada and the United Kingdom as well as operations and strategic alliances in Europe, Asia and Australia. In addition, the MRI franchise network extends to 40 countries around the world.

## Business Segments

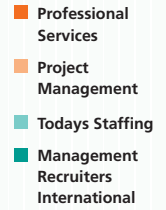
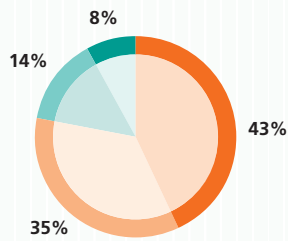
### *CDI Professional Services*

CDI Professional Services offers information technology, engineering and technical staffing solutions to customers in targeted vertical markets. Service delivery is tailored to a client's needs and can range from staff augmentation and outsourcing services to "vendor-on-site," technology-enabled managed staffing programs. The CDI Professional Services segment also includes AndersElite in the United Kingdom, a major provider of building and construction professionals on a permanent and temporary basis. AndersElite also has operations in Australia.

2003 Business Segment Revenue



2003 Business Segment Operating Profit



*CDI Project Management*

CDI Project Management, which comprises CDI Engineering Solutions and CDI Innovantage, offers a wide range of project management outsourcing solutions and technical consulting services to customers in high technology and capital-intensive vertical markets. The segment is focused around the key vertical markets to which it offers high-value services: aerospace, government services, life sciences and process and industrial. CDI Innovantage delivers information technology outsource services such as infrastructure management, enterprise support services and technology advisory services that enable clients to focus their resources on core business objectives.

*Today's Staffing*

Today's Staffing provides temporary and permanent administrative, clerical and legal staff as well as managed staffing services through company-owned offices and a small number of franchised offices. Today's operates offices throughout the United States and Canada.

*Management Recruiters International*

Management Recruiters International (MRI) is a franchisor providing support services to its franchisees who engage in the search, recruitment and employment of management and sales personnel. MRI also provides temporary management and specialty staffing services. MRI has offices in 40 countries worldwide.

## Financial Highlights

Years ended December 31 – (In thousands, except per share data and ratios)

	2003	2002	2001
Revenue	<b>\$ 1,060,314</b>	1,169,475	1,458,592
Year-to-Year Growth	<b>(9.3%)</b>	(19.8%)	(12.9%)
Operating Profit (Loss)	<b>\$ 33,193</b>	6,701	(23,027)
% of Revenue	<b>3.1%</b>	0.6%	(1.6%)
Earnings (Loss):			
Continuing Operations	<b>\$ 22,546</b>	4,082	(16,704)
Net <sup>(a)</sup>	<b>\$ 22,546</b>	(9,359)	(15,610)
Diluted Earnings (Loss) Per Share:			
Continuing Operations	<b>\$ 1.14</b>	0.21	(0.88)
Net	<b>\$ 1.14</b>	(0.48)	(0.82)
Shareholders' Equity	<b>\$ 297,351</b>	307,801	310,650
Per Share	<b>\$ 15.19</b>	15.90	16.24
Return on Equity <sup>(b)</sup>	<b>7.5%</b>	1.3%	(5.2%)
Shares Outstanding	<b>19,572</b>	19,355	19,128

(a) After discontinued operations and effect of accounting change.

(b) Continuing earnings (loss) divided by average shareholders' equity.

## Corporate Information

### Directors

**Roger H. Ballou** <sup>1,5</sup>

President and Chief Executive Officer of CDI Corp.

**Walter E. Blankley** <sup>3, 4</sup>

Retired Chairman of the Board and Chief Executive Officer of AMETEK, Inc.

**Michael J. Emmi** <sup>2, 5</sup>

Chairman and Chief Executive Officer of IPR International LLC

**Walter R. Garrison** <sup>1, 4</sup>

Chairman of the Board of CDI Corp.

**Kay Hahn Harrell** <sup>2</sup>

Chairman and Chief Executive Officer of Fairmarsh Consulting

**Lawrence C. Karlson** <sup>3, 4, 5</sup>

Private Investor and Consultant; Chairman of Mikron Infrared Company, Inc.

**Ronald A. Kozich** <sup>2</sup>

Retired Managing Partner of Ernst & Young LLP's Philadelphia office

**Alan B. Miller** <sup>3</sup>

Chairman of the Board, President and Chief Executive Officer of Universal Health Services, Inc.

**Barton J. Winokur** <sup>1, 2, 5</sup>

Chairman and Partner of Dechert LLP

1 Member of Executive Committee

2 Member of Audit Committee

3 Member of Compensation Committee

4 Member of Governance Committee

5 Member of Finance Committee

### Corporate Executives

**Roger H. Ballou**

President and Chief Executive Officer

**Jay G. Stuart**

Executive Vice President and Chief Financial Officer

**Gregory L. Cowan**

Senior Vice President and Chief Accounting Officer

**Joseph R. Seiders**

Senior Vice President, General Counsel and Secretary

**Cecilia J. Venglarik**

Senior Vice President, Human Resources

### Shareholder Reference

**Registrar and Transfer Agent**

Mellon Investor Services LLC  
85 Challenger Road  
Ridgefield Park, NJ 07660  
<http://www.melloninvestor.com>  
800.851.9677

TDD for Hearing Impaired:  
800.231.5469

Foreign Shareholders:  
201.329.8660

TDD for Foreign Shareholders:  
201.329.8354

**Stock Listing**

New York Stock Exchange  
Ticker symbol: CDI



A copy of the Form 10-K for 2003 filed with the Securities and Exchange Commission accompanies this Annual Report. Copies of the announcements and quarterly earnings for 2003 are available without charge to any shareholder or beneficial owner of CDI stock upon request to:

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<http://www.cdicorp.com>



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