THIS DOCUMENT IS A COPY OF THE FORM 10-Q FILED ON SEPTEMBER 15, 2000 PURSUANT TO A RULE 201 TEMPORARY HARDSHIP EXEMPTION.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 31, 2000 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 001-14505

KORN/FERRY INTERNATIONAL
(Exact name of registrant as specified in its charter)

California	95-2623879
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1800 Century Park East, Suite 900, Los Angeles, California 90067
(Address of principal executive offices) (zip code)

(310) 556-8503
(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, and (2) has been subject to such filing requirements for the past 90 days.
Yes (X) No ( )

The number of shares outstanding of the Company's Common Stock as of September 13, 2000 was 37,726,268.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	As of July 31, 2000 (unaudited)	As of April 30, 2000
ASSETS		
Cash and cash equivalents	$ 66,665	$ 86,975
Marketable securities		59,978
Receivables due from clients, net of allowance for doubtful accounts of $14,611 and $12,538	128,039	101,506
Other receivables	8,819	8,112
Deferred income taxes	4,086	3,814
Prepaid expenses	10,124	7,453
Total current assets	217,733	267,838
Property and equipment:		
Computer equipment and software	34,892	32,532
Furniture and fixtures	21,164	18,175
Leasehold improvements	16,297	15,304
Automobiles	1,943	1,793
	74,296	67,804
Less - Accumulated depreciation and amortization	(35,575)	(31,992)
Property and equipment, net	38,721	35,812
Cash surrender value of company owned life insurance policies, net of loans	53,544	50,632
Marketable securities		1,129
Deferred income taxes	25,918	17,790
Goodwill and other intangibles, net of accumulated amortization of $11,347 and $8,709	135,028	96,643
Other	8,621	6,150
Total assets	$ 479,565	$ 475,994

The accompanying notes are an integral part of these consolidated financial statements.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS - (Continued)
(in thousands)

	As of July 31, 2000 (unaudited)	As of April 30, 2000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable and current maturities of long-term debt	$ 46,259	$ 16,147
Accounts payable	11,804	11,896
Income taxes payable	1,935	407
Accrued liabilities:		
Compensation	43,219	75,866
Payroll taxes	23,580	41,393
Other	38,535	39,081
Total current liabilities	165,332	184,790
Deferred compensation	40,111	37,483
Long-term debt	18,109	16,916
Other	2,580	2,361
Total liabilities	226,132	241,550
Non-controlling shareholders' interest	3,102	3,220
Shareholders' equity		
Common stock, no par value-authorized 150,000 shares, 37,190 and 36,748 shares outstanding	290,040	283,277
Deficit	(25,608)	(35,615)
Accumulated other comprehensive loss	(6,484)	(7,300)
Shareholders' equity	257,948	240,362
Less: Notes receivable from shareholders	(7,617)	(9,138)
Total shareholders' equity	250,331	231,224
Total liabilities and shareholders' equity	$ 479,565	$ 475,994

The accompanying notes are an integral part of these consolidated financial statements.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended July 31, 2000	Three Months Ended July 31, 1999
	(unaudited)	
Revenue	$ 173,623	$ 104,780
Compensation and benefits	106,559	64,733
General and administrative expenses	48,524	29,802
Interest income and other income, net	1,725	1,508
Interest expense	1,681	820
Income before provision for income taxes and non-controlling shareholders' interest	18,584	10,933
Provision for income taxes	7,806	4,591
Non-controlling shareholders' interest	771	738
Net income	$ 10,007	$ 5,604
Basic earnings per common share	$ 0.27	$ 0.16
Basic weighted average common shares outstanding	36,890	35,755
Diluted earnings per common share	$ 0.26	$ 0.15
Diluted weighted average common shares outstanding	38,285	36,268

The accompanying notes are an integral part of these consolidated financial statements.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended July 31, 2000	Three Months Ended July 31, 1999
	(unaudited)	
Cash from operating activities:		
Net Income	$ 10,007	$ 5,604
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	3,230	2,161
Amortization	2,638	202
Provision for doubtful accounts	4,816	2,625
Cash surrender value and benefits in excess of premiums paid	(983)	(52)
Deferred income tax benefit	(2,349)	(2,768)
Tax benefit from exercise of stock options	829	
Change in other assets and liabilities, net of acquisitions:		
Deferred compensation	2,628	1,617
Receivables	(31,404)	(16,434)
Prepaid expenses	(2,671)	(1,885)
Income taxes	1,256	6,222
Accounts payable and accrued liabilities	(50,580)	(24,761)
Non-controlling shareholders' interest and other, net	(1,391)	34
Net cash used in operating activities	(63,974)	(27,435)
Cash from investing activities:		
Purchases of property and equipment	(4,977)	(3,621)
Sales of marketable securities	61,107	7,761
Business acquisitions, net of cash acquired	(42,160)	(1,825)
Premiums on life insurance, net of benefits received	(2,706)	(2,908)
Net cash provided by (used in) investing activities	11,264	(593)
Cash from financing activities:		
Increase in bank borrowings	28,070	
Payment of debt	(735)	(274)

Borrowings under life insurance policies	777	983
Purchase of common and preferred stock and payments on related notes	23	(139)
Issuance of common stock and receipts on shareholders' notes	3,449	1,654
Net cash provided by financing activities	31,584	2,224
Effects of exchange rate changes on cash flows	816	249
Net decrease in cash and cash equivalents	(20,310)	(25,555)
Cash and cash equivalents at beginning of the period	86,975	113,741
Cash and cash equivalents at end of the period	$ 66,665	$ 88,186

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements for the three month periods ended July 31, 2000 and 1999 include the accounts of Korn/Ferry International ("KFY"), all of its wholly and majority owned domestic and international subsidiaries, and affiliated companies in which KFY has effective control (collectively, the "Company") and are unaudited but include all adjustments, consisting of normal recurring accruals and any other adjustments, which management considers necessary for a fair presentation of the results for these periods. These financial statements have been prepared consistently with the accounting policies described in the Company's fiscal year 2000 Annual Report on Form 10-K for the fiscal year ended April, 2000 ("Annual Report") and should be read together with the Annual Report.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. As a result, actual results could differ from these estimates.

Reclassifications

Certain prior year reported amounts have been reclassified in order to conform to the current year consolidated financial statement presentation.

New Accounting Pronouncements

During fiscal 2000, the Company adopted the American Institute of Certified Public Accountants Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use", and in the quarter ended July 31, 2000, the Company adopted the related Emerging Issues Tax Force Issue No: 00-2 ("EITF 00-2"), "Accounting for Web Site Development Costs." The adoption of SOP 98-1 and EITF 00-2 did not have a material effect on the consolidated financial statements or the Company's capitalization policy.

2. Basic and Diluted Earnings Per Share

Basic earnings per common share ("basic EPS") was computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common and common equivalent share ("diluted EPS") reflects the potential dilution that would occur if the outstanding options or other contracts to issue common stock were exercised or converted and was computed by dividing the net income by the weighted average number of shares of common stock outstanding and dilutive common equivalent shares. Following is a reconciliation of the numerator (income) and denominator (shares in thousands) used in the computation of basic and diluted EPS:

(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Three months ended July 31, 2000			Three months ended July 31, 1999		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
Basic EPS						
Income available to common shareholders	$10,007	36,890	$0.27	$5,604	35,755	$0.16
			=====			=====
Effect of dilutive securities						
Shareholder common stock purchase commitments		328			374	
Stock options		1,067			139	
Diluted EPS						
Income available to common shareholders plus assumed conversions	$10,007	38,285	$0.26	$5,604	36,268	$0.15

</TABLE>

3. Comprehensive income

Comprehensive income is comprised of net income and all changes to stockholders' equity, except those changes resulting from investments by owners (changes in paid in capital) and distributions to owners (dividends).

Total comprehensive income is as follows:

<TABLE>
<CAPTION>

	Three months ended July 31, 2000	1999
Net income	$10,007	$5,604
Foreign currency translation adjustment	816	249
Comprehensive income	$10,823	$5,853

</TABLE>

4. Business segments

The Company operates in two global business segments in the retained executive recruitment industry. These business segments, executive recruitment and Futurestep, are distinguished primarily by the method used to identify candidates and the candidates' level of compensation. The executive recruitment business segment is managed by geographic regions led by a regional president and Futurestep's worldwide operations are managed by a chief executive officer. For purposes of the geographic information below, Mexico's operating results are included in Latin America.

A summary of the Company's operations by business segment follows:

	Three months ended July 31, 2000	1999
Revenue:		

Executive recruitment:		
North America (1)	$ 96,131	$ 57,227
Europe	33,893	25,151
Asia/Pacific	13,182	11,139
Latin America	8,836	7,288
Futurestep	21,581	3,975
Total revenue	$173,623	$104,780

	Three months ended July 31, 2000	1999
Operating profit (loss):		
Executive recruitment:		
North America (1)	$ 18,176	$ 10,046
Europe	4,857	3,169
Asia/Pacific	1,774	1,055
Latin America	2,247	1,636
Futurestep	(8,514)	(5,661)
Total operating profit	$ 18,540	$ 10,245

	As of July 31, 2000	As of April 30, 2000
Identifiable assets:		
Executive recruitment:		
North America (1)	$287,748	$285,474
Europe	86,724	91,790
Asia/Pacific	31,898	33,376
Latin America	19,048	18,631
Futurestep	54,147	46,723
Total identifiable assets	$479,565	$475,994

(1) The Corporate office identifiable assets of $80,434 and $144,739 as of July 31, 2000 and April 30, 2000, respectively, and JobDirect.com identifiable assets of $38,655 as of July 31, 2000 are included in North America. JobDirect.com revenue and operating loss included in North America for the three months ended July 31, 2000, were $0.2 million $0.4 million, respectively.

5. Acquisitions

The Company completed two acquisitions during the three months ended July 31, 2000: Westgate Group, a leading executive recruitment firm, specializing in financial services in the eastern United States and JobDirect.com, an online recruiting service focused on college graduates and entry level professionals. The purchase price was payable in cash of $38.4 million, 154,923 shares of the Company's common stock, and notes payable of $5.0 million. These acquisitions were accounted for under the purchase method and resulted in $42.5 million of goodwill. Operating results of these businesses have been included in the consolidated financial statements from their acquisition dates.

The following summarized unaudited proforma information is provided to present a summary of the combined results of the Company if these acquisitions had occurred at the beginning of each period. The proforma data is presented for informational purposes only and may not necessarily reflect the results of operations of the Company had these acquisitions operated as part of the Company for each of the periods presented, nor are they necessarily indicative of the results of future operations.

	Three months ended July 31, 2000	1999
Revenue	$ 176,585	$ 105,385
Net income	7,912	5,167
Earnings per share		
Basic	0.21	0.14
Diluted	0.21	0.14

In June 1999, the Company completed the acquisition of Amrop

International's Australian business for approximately $3.2 million in cash payable over a four-year period and $0.6 million in shares of the Company's common stock. Of the total purchase price of $3.8 million, $2.0 million represents deferred compensation. The acquisition has been accounted for as a purchase and $1.6 million has been recorded as goodwill.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking Statements

This Form 10-Q may contain statements that we believe are, or may be considered to be, "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. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "foresee", "may", "will", "estimates", "potential", "continue" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. All of these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statement. The principal risk factors that could cause actual performance and future actions to differ materially from the forward-looking statements include, but are not limited to, dependence on attracting and retaining qualified executive recruitment consultants, portability of client relationships, local political or economic developments in or affecting countries where we have operations, ability to manage growth, restrictions imposed by off-limits agreements, competition, implementation of an acquisition strategy, integration of acquired businesses, risks related to the development and growth of Futurestep, reliance on information processing systems, and employment liability risk. Readers are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included in this Form 10-Q are made only as of the date of this report and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

The following presentation of management's discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements included in this Form 10-Q.

Overview

We are the world's leading executive recruitment firm and have the broadest global presence in the industry with approximately 500 executive recruitment consultants and over 100 Futurestep consultants based in over 100 offices across 41 countries at April 30, 2000. Our clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. Almost half of the executive recruitment searches we performed in fiscal 2000 were for board level, chief executive and other senior executive officer positions and nearly half of our 4,946 clients were Fortune 500 companies. We have established strong client loyalty; more than 82% of the executive recruitment assignments we performed in fiscal 2000 were on behalf of clients for whom we had conducted multiple assignments over the last three fiscal years.

In May 1998, we introduced our middle-management recruitment service, Futurestep. Futurestep combines our recruitment expertise with exclusive candidate assessment tools and the reach of the Internet to accelerate recruitment of candidates for middle-management positions. As of July 31, 2000, approximately 760,000 candidates worldwide had completed a detailed on-line profile.

In March 1999, we completed the United States roll-out of Futurestep. The international roll-out of Futurestep was launched in the United Kingdom and Canada in the first fiscal quarter of the prior year. As of April 30, 2000, we had opened 15 additional international offices and completed the integration of the acquired executive search and selection business of PA Consulting Group with 17 offices in Europe and Asia/Pacific.

In July 2000, we completed the acquisition of JobDirect.com, a leading online college recruitment company exclusively serving clients' requirements for entry-level college graduates. In August 2000, we closed a 16% equity investment in Webhire, Inc., the leading business services provider in the Internet recruitment marketplace. Through executive recruitment, Futurestep and JobDirect.com, supported by our strategic investment in Webhire, Inc., we are well positioned to execute our strategy to provide clients with end-to-end human capital management solutions.

Results of Operations

The following table summarizes the results of our operations for the three months ended July 31, 2000 and 1999 as a percentage of revenue:

	Three Months Ended July 31,	
	2000	1999
Revenue	100%	100%
Compensation and benefits	61	62
General and administrative expenses	28	28
Operating profit (1)	11	10
Net income	6	5

(1) For the three months ended July 31, 2000 and 1999, operating profit as a percentage of revenue excluding Futurestep losses of $8.5 million and $5.7 million is 18% and 16%, respectively.

We experienced strong growth in executive recruitment revenue and operating profit in all geographic regions for the three months ended July 31, 2000. We include executive recruitment revenue generated from our operations in Mexico with Latin America.

	Three Months Ended July 31,			
	2000		1999	
	Dollars	%	Dollars	%
Revenue				
Executive recruitment:				
North America	$ 96,131	55%	$ 57,227	55%
Europe	33,893	20	25,151	24
Asia/Pacific	13,182	8	11,139	10
Latin America	8,836	5	7,288	7
Futurestep	21,581	12	3,975	4
Total Revenue	$173,623	100%	$104,780	100%

	Three Months Ended July 31,			
	2000		1999	
	Dollars	%	Dollars	%
Operating Profit				
Executive recruitment:				
North America	$ 18,176	18.9%	$ 10,046	17.6%
Europe	4,857	14.3	3,169	12.6
Asia/Pacific	1,774	13.5	1,055	9.5
Latin America	2,247	25.4	1,636	22.4
Futurestep	(8,514)		(5,661)	
Total Operating Profit	$ 18,540	10.7%	$ 10,245	9.8%

In the following comparative analysis, all percentages are calculated based on dollars in thousands.

Three Months Ended July 31, 2000 Compared to Three Months Ended July 31, 1999

Revenue

Revenue increased $68.8 million, or 66%, to $173.6 million for the three months ended July 31, 2000 from $104.8 million for the three months ended July 31, 1999. The increase in revenue was primarily the result of an increase in the number of engagements with a corresponding increase in the number of consultants, an increase in the average fee per engagement and revenue from Futurestep in the current three month period.

In North America, revenue increased $38.9 million, or 68%, to $96.1 million for the three months ended July 31, 2000 from $57.2 million for the comparable period in fiscal 2000. This revenue growth is due mainly to an increase in both the number of engagements and the average fee per engagement compared to the prior fiscal year and includes revenue of approximately $10.7 million related to businesses acquired in the prior fiscal year. The Advanced Technology, Financial Services and Industrial specialty practices delivered particularly strong performances. In Europe, revenue increased $8.7 million, or 35%, to $33.9 million for the three months ended July 31, 2000 from $25.2 million for the three months ended July 31, 1999. Excluding the negative effects of foreign currency translation into the U.S. dollar, revenue would have increased approximately 48% on a constant dollar basis. This revenue growth is due mainly to particular strength in France and United Kingdom in the current three month period and revenue related to the business in Germany acquired in the prior year third quarter. Revenue in Asia/Pacific increased $2.0 million, or 18%, to $13.2 million for the three months ended July 31, 2000 from $11.1 million for the comparable period in the prior year primarily due to an increase in average fee per engagement. The increase in revenue in Latin America of $1.5 million, or 21%, to $8.8 million for the three months ended July 31, 2000 from $7.3 million for the comparable three month period in fiscal 2000 is attributable primarily to continued strong performance in Mexico and the improvement in the Brazilian economy compared to the prior year three month period. The effect of foreign currency translation into the U.S. dollar was not material to reported revenue in Asia/Pacific or Latin America.

Futurestep revenue of $21.6 million for the three months ended July 31, 2000 is primarily attributable to an increase in new engagements and reflects substantial completion of the worldwide roll-out of the business and the acquisition of the ESS business of PA Consulting in fiscal 2000.

Compensation and Benefits

Compensation and benefits expense increased $41.9 million, or 65%, to $106.6 million for the three months ended July 31, 2000 from $64.7 million for the comparable period ended July 31, 1999 due primarily to an increase in the number of employees from the prior year. Excluding the increase in Futurestep expenses of $14.5 million, compensation and benefits as a percentage of revenue decreased slightly to 60.6% in the most recent three month period from 61.2% in the three months ended July 31, 1999.

General and Administrative Expenses

General and administrative expenses consist of occupancy expense associated with our leased premises, information and technology infrastructure, marketing and other general office expenses. General and administrative expenses increased $18.7 million, or 63%, to $48.5 million for the three months ended July 31, 2000 from $29.8 million for the three months ended July 31, 1999. As a percentage of revenue, general and administrative expenses, excluding Futurestep related expenses, declined to 21.6% for the three months ended July 31, 2000 from 23.0% for the comparable period in 1999. The decrease primarily reflects the higher percentage increase in revenue in the current three month period.

Operating Profit

Operating profit increased $8.3 million in the three months ended July 31, 2000, to $18.5 million, or 10.7% of revenue from $10.2 million, or 9.8% of revenue in the prior year three month period. Excluding the Futurestep loss of $8.5 million, operating profit for the three months ended July 31, 2000 increased $11.1 million, or 70% to $27.1 million compared to the three months ended July 31, 1999. Operating profit, excluding Futurestep, as a percentage of revenue was 17.8% and 15.8% for the three months ended July 31, 2000 and 1999, respectively. For the current three month period, operating margins, on this same basis, increased in all regions compared to the prior year three month period due primarily to the increase in revenue in all regions and a decline in general and administrative expense as a percentage of revenue in all regions except Latin America.

Interest expense

Interest expense increased $0.9 million in the three months ended July 31, 2000, to $1.7 million from $0.8 million in the prior year, primarily due to an increase in notes payable to shareholders resulting from acquisitions in the fourth quarter of fiscal 2000.

Provision for Income Taxes

The provision for income taxes increased $3.2 million to $7.8 million for the three months ended July 31, 2000 from $4.6 million for the comparable period ended July 31, 1999. The effective tax rate was 42% for the current and the prior year three month periods.

Non-controlling Shareholders' Interest

Non-controlling shareholders' interest is comprised of the non-controlling shareholders' majority interest in our Mexico subsidiaries. Non-controlling shareholders' interests remained relatively flat at $0.8 million in the current three month period and $0.7 million in the comparable prior year period.

Liquidity and Capital Resources

We maintained cash and cash equivalents of $66.7 million at July 31, 2000 and $110.5 million at July 31, 1999. During the three months ended July 31, 2000 and 1999, cash used in operating activities was $64.0 million and $27.4 million, respectively, primarily for payment of bonuses accrued at each prior fiscal year end and an increase in accounts receivable reflecting the 66% increase in revenue in the current three month period.

Cash provided by investing activities was $11.3 million for the current three month period and cash used in investing activities was $0.6 million for the three months ended July 31, 1999. In the current three month period, the increase in cash provided is due mainly to proceeds from the sale of marketable securities in excess of cash used in business acquisitions in the current year. We invest in marketable securities to manage short-term cash flow requirements. Proceeds from the sale of marketable securities were $61.1 million and $7.8 million for the current and prior year three month periods, respectively. We do not have any investments in marketable securities at July 31, 2000, but intend to continue to invest in these securities as cash from operations accumulates during the year. In the first quarter of fiscal 2001, we acquired the assets and liabilities of Westgate Group and JobDirect.com resulting in a net cash outflow of $36.8 million. In addition we paid $5.4 million related to two acquisitions in Canada in April 2000. In the first quarter of fiscal 2000, we acquired the assets and liabilities of the Australian business of Amrop International resulting in a net cash outflow of $1.8 million.

Cash flows from investing activities also includes premiums paid on corporate-owned life insurance ("COLI") contracts. We purchase COLI contracts to provide a funding vehicle for anticipated payments due under our deferred executive compensation programs. Premiums on these COLI contracts were $2.7 million and $2.9 million for the three months ended July 31, 2000 and 1999, respectively. Generally, we borrow against the cash surrender value of the COLI contracts to fund the COLI premium payments to the extent interest expense on the borrowings is deductible for U.S. income tax purposes.

Capital expenditures totaled $5.0 million and $3.6 million for the three months ended July 31, 2000 and 1999, respectively. These expenditures consisted primarily of systems hardware and software costs, upgrades to information systems and leasehold improvements. The $1.4 million increase in capital expenditures in the three months ended July 31, 2000 compared to the prior year period, primarily relates to increased fixed asset spending at Futurestep to support its worldwide infrastructure.

Cash provided by financing activities during the three month period ended July 31, 2000 was $31.6 million, comprised primarily of borrowings under our line of credit of $28.0 million, proceeds from stock options exercised of $1.9 million and receipts on shareholder notes of $1.5 million. Cash provided by financing activities during the three month period ended July 31, 1999 was $2.2 million which included borrowings from COLI contracts of $1.0 million and proceeds from sales of common stock of the Company to newly hired and promoted consultants and payments on the related promissory notes of $1.7 million.

Total outstanding borrowings under life insurance policies were $45.7 million and $43.6 million for the three months ended July 31, 2000 and 1999, respectively. These borrowings are secured by the cash surrender value of the life insurance policies, do not require principal payments and bear interest at various variable rates.

We believe that cash on hand, funds from operations and available borrowings under our credit facilities will be sufficient to meet our anticipated working capital, capital expenditures, and general corporate requirements for the foreseeable future.

Euro Conversion

As of January 1, 1999, several member countries of the European Union established fixed conversion rates among their existing local currencies, and adopted the Euro as their new common legal currency. The Euro trades on currency exchanges and the legacy currencies will remain legal tender in the participating countries for a transition period which expires January 1, 2002.

During the transition period, cashless payments can be made in the Euro, and parties can elect to pay for goods and services and transact business using either the Euro or a legacy currency. Between January 1, 2002 and July 1, 2002, the participating countries will introduce Euro notes and coins and withdraw all legacy currencies so that they will no longer be available.

We have assessed our information technology systems and determined that they allow for transactions to take place in both the legacy currencies and the Euro and accommodate the eventual elimination of the legacy currencies. We will continue to evaluate and upgrade our systems during the conversion period. Our currency risk may be affected as the legacy currencies are converted to the Euro. Accounting, tax and governmental legal and regulatory guidance generally has not been provided in final form and we will continue to evaluate issues involving introduction of the Euro throughout the transition period. The conversion to the Euro has not had a significant impact on our operations to date.

Recent Events

In August 2000, we invested $8.0 million for a 16% equity investment in Webhire, Inc., the leading business services provider in the internet recruitment marketplace.

Recently Issued Accounting Standards

During 1998, FASB issued Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes new standards for reporting derivative and hedging information. The standard is effective for periods beginning after June 15, 2000 and will be adopted by us as of May 1, 2001. We do not expect that the adoption of this standard will have an impact on our consolidated financial statements or require additional disclosure since we do not currently utilize derivative instruments or participate in structured hedging activities.

During fiscal 2000, we adopted the American Institute of Certified Public Accountants Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use." and in the quarter ended July 31, 2000, we adopted the related Emerging Issues Tax Force Issue No: 00-2 ("EITF 00-2"), "Accounting for Web Site Development Costs." The adoption of SOP 98-1 and EITF 00-2 did not have a material effect on the consolidated financial statements or our capitalization policy.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Market Risk

As a result of our global operating activities, we are exposed to certain market risks including changes in foreign currency fluctuations, fluctuations in interest rate and variability in interest rate spread relationships. We manage our exposure to these risks in the normal course of our business as described below. We have not utilized financial instruments for trading or other speculative purposes nor do we trade in derivative financial instruments.

Foreign Currency Risk

Generally, financial results of our foreign subsidiaries are measured in their local currencies. Assets and liabilities are translated into U.S. dollars at the rates of exchange in effect at the end of each period and revenue and expenses are translated at average rates of exchange during the period. Resulting translation adjustments are reported as a component of comprehensive income.

Financial results of foreign subsidiaries in countries with highly inflationary economies are measured in U.S. dollars. The financial statements of these subsidiaries are translated using a combination of current and historical rates of exchange and any translation adjustments are included in determining net income.

Historically, we have not realized any significant translation gains or losses on transactions involving U.S. dollars and other currencies. This is primarily due to natural hedges of revenue and expenses in the functional currencies of the countries in which our offices are located and investment of excess cash balances in U.S. dollar denominated accounts. Realization of translation gains or losses due to the translation of intercompany payables denominated in U.S. dollars is mitigated through the timing of repayment of these intercompany borrowings.

Interest Rate Risk

We primarily manage our exposure to fluctuations in interest rates through our regular financing activities that generally are short term and provide for variable market rates. As of July 31, 2000, we had outstanding borrowings of $28.0 million on our revolving line of credit bearing interest at the bank's prime lending rate, $45.7 million of borrowings against the cash surrender value of COLI contracts bearing interest at variable rates payable at least annually and $34.9 million of long-term notes payable to former shareholders through fiscal 2004 at variable market rates.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description of Exhibit
10.1	Fourth Amendment to Credit Agreement by and among Korn/Ferry International (as borrower) and Lenders (the lenders), the Issuing Banks, and Mellon Bank, N.A. (as agent for the lenders) dated July 28, 2000.
27.1	Financial Data Schedule for the three months ended July 31, 2000

(b) Reports on Form 8-K

None.

SIGNATURE

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

KORN/FERRY INTERNATIONAL

Date: September 14, 2000

By: /s/ Elizabeth S.C.S. Murray

Elizabeth S.C.S. Murray
Chief Financial Officer and
Executive Vice President

EXHIBIT 10.1

FOURTH AMENDMENT TO CREDIT AGREEMENT

This FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of July 28, 2000 (this "Amendment"), is by and among KORN/FERRY INTERNATIONAL, a Delaware corporation (the "Borrower"), the undersigned LENDERS (the "Lenders"), the undersigned ISSUING BANKS (the "Issuing Banks"), and MELLON BANK, N.A., a national banking association, as agent for the Lenders under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Agent").

RECITALS

A. The Borrower, the Lenders, the Issuing Banks and the Agent are parties to that certain Credit Agreement, dated as of February 8, 1999 (as amended by that certain First Amendment to Credit Agreement dated as of April 15, 1999, that certain Second Amendment to Credit Agreement dated as of December 31, 1999, and that certain Third Amendment to Credit Agreement, dated as of January 27, 2000, and as modified by that certain Letter Agreement (Re: Limited Waiver of Sections 7.6(c)(i) and (ii) of the Credit Agreement), dated as of February 1, 2000, the "Credit Agreement"), pursuant to which the Lenders have agreed, on the terms and subject to the conditions described therein, to make Loans to the Borrower, and the Issuing Banks have agreed, on such terms and subject to such conditions, to issue Letters of Credit for the account of the Borrower.

B. The Borrower desires an amendment to, among other provisions, the minimum Consolidated Tangible Net Worth covenant in Section 7.1(b) of the Credit Agreement, to the permitted indebtedness covenant in Section 7.3 of the Credit Agreement and to the Quarterly Compliance Certificate reporting requirement in Section 6.1(d) to permit the Borrower and its Subsidiaries to, among other things, incur up to an additional $45,000,000 in the aggregate of unsecured indebtedness in connection with acquisitions and stock redemptions.

C. The Lenders are willing to so amend the Credit Agreement as set forth below.

FOURTH AMENDMENT

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. <u>Amendment to "Consolidated Leverage Ratio" Definition in Section 1.1 of the Credit Agreement</u>. The definition of "Consolidated Leverage Ratio" in Section 1.1 of the Credit Agreement is hereby amended by replacing the existing definition in its entirety with a new definition, such new definition to read in its entirety as follows:

> "Consolidated Leverage Ratio" at any time shall mean the ratio of aggregate Indebtedness (other than Indebtedness described in subsection (f) of the definition of that term) of the Borrower and its consolidated Subsidiaries determined on a consolidated basis in accordance with GAAP (including without limitation Capitalized Lease Obligations and Guaranteed Accrued Bonus Obligations) to the Consolidated EBITDA for the four preceding fiscal quarters (which, in the case of calculating on the last day of a fiscal quarter shall mean the four quarters ending on such day).

SECTION 2. <u>Global Amendment to Section 6.1 of the Credit Agreement</u>. Section 6.1 of the Credit Agreement is hereby amended by replacing, in each instance in which it

appears, the phrase "Agent, with a copy for each Issuing Bank and each Lender" with "Agent, and to each Issuing Bank and each Lender".

SECTION 3. <u>Amendment to Section 6.1(d) of the Credit Agreement</u>. Section 6.1(d) of the Credit Agreement is hereby amended by replacing the existing Section 6.1(d) in its entirety with a new Section 6.1(d), such new Section 6.1(d) to read in its entirety as follows:

> (d) <u>Quarterly Compliance Certificates; Accountant's</u>

Certificate. The Borrower shall deliver to the Agent, and to each Issuing Bank and each Lender, a Quarterly Compliance Certificate in substantially the form set forth as Exhibit F hereto, duly completed and signed by a Responsible Officer of the Borrower concurrently with the delivery of the financial statements referred to in subsections (a) and (b) of this Section 6.1. Concurrently with the Borrower's delivery of each Quarterly Compliance Certificate covering the last fiscal quarter of each fiscal year of the Borrower, the Borrower also shall deliver to the Agent, and to each Issuing Bank and each Lender, (i) a certificate or report dated the date of such Quarterly Compliance Certificate by Arthur Andersen LLP, or other independent certified public accountants of recognized national standing selected by the Borrower and acceptable to the Agent, who opined on the financial statements referred to in subsection (a) of this Section 6.1, that they have reviewed this Agreement and the Quarterly Compliance Certificate and that in making the examination necessary for their certification of such statements and balance sheet they did not become aware of (A) any fact that would lead them to believe that the Quarterly Compliance Certificate is materially inaccurate, or (B) any Event of Default or Potential Default, or if they did become so aware of any such fact or of an Event of Default or Potential Default, such certificate or report shall state such facts or the nature and period of existence of such Event of Default or Potential Default, and (ii) a certificate or report dated as of the date of such Quarterly Compliance Certificate by such accountants stating in reasonable detail the information and calculations necessary to establish compliance with the covenants set forth in Section 7.1 of this Agreement.

SECTION 4. Amendment to Section 7.1(a) of the Credit Agreement. Section 7.1(a) of the Credit Agreement is hereby amended by replacing the existing Section 7.1(a) in its entirety with a new Section 7.1(a), such new Section 7.1(a) to read in its entirety as follows:

(a) Consolidated Leverage Ratio. As of the end of each fiscal quarter of the Borrower (commencing October 31, 2000), the Consolidated Leverage Ratio shall not exceed 2 to 1.

SECTION 5. Amendment to Section 7.1(b) of the Credit Agreement. Section 7.1(b) of the Credit Agreement is hereby amended by replacing the existing Section 7.1(b) in its entirety with a new Section 7.1(b), such new Section 7.1(b) to read in its entirety as follows:

(b) Minimum Consolidated Tangible Net Worth. From and after July 28, 2000, Consolidated Tangible Net Worth shall not be less than the sum of (i) $88,000,0000, plus (ii) 75% of the cumulative positive Consolidated Net Income from July 28, 2000 until April 30, 2001 and for each fiscal year thereafter (without deduction for any loss for any such period), plus (iii) 100% of the Net Cash Proceeds of any issuances of equity by the Borrower from the Closing Date until the last day of such fiscal year of the Borrower.

SECTION 6. Amendment to Section 7.3 of the Credit Agreement. Section 7.3 of the Credit Agreement is hereby amended by adding to the end of the current Section 7.3 (after subsection 7.3(f)) a new subsection 7.3(g), such new subsection 7.3(g) to read in its entirety as follows:

(g) Indebtedness for borrowed money incurred by the Borrower and its Subsidiaries from time to time prior to July 28, 2000; provided that the aggregate principal amount of such Indebtedness does not exceed $45,000,000 at any time; and provided further that (1) Borrower provides the Agent, and each Issuing Bank and each Lender, with a copy of each promissory note evidencing such Indebtedness, (2) Borrower and its Subsidiaries shall not be permitted to incur any additional Indebtedness under this Section 7.3(g) after July 28, 2000, (3) that Borrower and its Subsidiaries shall not be permitted to refinance, extend the maturities of or change the interest rate, payment dates, or other payment terms of any Indebtedness incurred by the Borrower or its Subsidiaries under this Section 7.3(g), without the express prior written consent of the Agent, the Issuing Banks and the Lenders, and (4) the Borrower and its Subsidiaries shall not be permitted to otherwise amend, modify or supplement such promissory notes (copies of which were provided to the Agent, the Issuing Banks and the Lenders pursuant to clause (1) above) in any manner, without the express prior written consent of the Agent, the Issuing Banks and the Lenders.

SECTION 7. Miscellaneous.

7.1 Definitions. Capitalized terms used but not otherwise defined in this Amendment have the meanings given to such terms in the Credit Agreement.

7.2 Effect of Amendment. This Amendment shall become effective as of January 1, 2000 upon the last to occur of:

(a) execution and delivery hereof by (i) the Lenders or the Required Lenders as permitted or required by Section 10.3 of the Credit Agreement, (ii) the Borrower, (iii) the Issuing Banks, and (iv) the Agent. The execution below by the Lenders or Required Lenders (as the case may be) and the Issuing Banks shall constitute a direction to the Agent to execute this Amendment;

(b) payment by the Borrower to the Agent (for the account of the Lenders) of an amendment fee equal to 10 basis points on the total aggregate Commitments of the Lenders (i.e., 10 basis points on $50,000,000).

(c) delivery by the Borrower to the Agent (with a copy for each Lender) of a certificate of a Responsible Officer of the Borrower certifying that any Indebtedness permitted under subsection 7.3(g) of the Credit Agreement that was incurred prior to the date of this Amendment is unsecured.

(d) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of an incumbency certificate and of true copies of all corporate action taken by the Borrower and each other Loan Party relative to the incurrence of the Indebtedness permitted under Section 7.3(g) of the Credit Agreement that was incurred prior to the date of this Amendment, the execution and delivery of the promissory notes evidencing such Indebtedness and this Amendment; and

(e) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of an opinion addressed to the Agent, each Issuing Bank and each Lender, dated the date of this Amendment, of O'Melveny & Myers, LLP or another law firm acceptable to the Agent, the Issuing Banks and the Lenders, as counsel to each of the Loan Parties, as to the enforceability of the Credit Agreement and the other Loan Documents, as amended, and to the unsecured status of any Indebtedness permitted under subsection 7.3(g) of the Credit Agreement that was incurred prior to the date of this Amendment. Such opinion shall be reasonably satisfactory in form and substance to the Agent, each Issuing Bank and each Lender.

7.3. Ratification. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

7.4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of law principles thereof.

7.5. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

[REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

KORN/FERRY INTERNATIONAL

By: /s/ D.E. Jordan

Title: Sr. Vice President

MELLON BANK, N.A., as a Lender, as an Issuing Bank and as Agent

By: /s/ John Kates

Title: Vice President

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION,
as an Issuing Bank and a Lender

By: /s/ Donald Farris

Title: Sr. Vice President

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This schedule contains summary financial information extracted from Korn/Ferry International and Subsidiaries for three months ended July 31, 2000 and is qualified in its entirety by reference to such financial statements.
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