

REGISTRATION NO. 333-61697

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

KORN/FERRY INTERNATIONAL  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

<TABLE>			
<S>	<C>	<C>	
CALIFORNIA	7361		95-2623879
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)		(I.R.S. EMPLOYER IDENTIFICATION NO.)
</TABLE>			

1800 CENTURY PARK EAST, SUITE 900  
LOS ANGELES, CALIFORNIA 90067  
(310) 552-1834  
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF  
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICE)

PETER L. DUNN  
1800 CENTURY PARK EAST, SUITE 900  
LOS ANGELES, CALIFORNIA 90067  
(310) 843-4100  
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,  
OF AGENT FOR SERVICE)

COPIES TO:

<TABLE>		
<S>	<C>	
JAMES R. UKROPINA, ESQ. O'MELVENY & MYERS LLP 400 SOUTH HOPE STREET, SUITE 1500 LOS ANGELES, CALIFORNIA 90071 (213) 430-6000		ALISON S. RESSLER, ESQ. SULLIVAN & CROMWELL 1888 CENTURY PARK EAST LOS ANGELES, CALIFORNIA 90067 (310) 712-6600
</TABLE>		

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, check the following box. ☐

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, please check the following  
box and list the Securities Act registration statement number of the earlier  
effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act, check the following box and list the Securities Act  
registration statement number of the earlier effective registration statement  
for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
please check the following box: ☐

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR  
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT  
SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS

REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses, other than underwriting discounts and commissions, payable by the Company in connection with the issuance and distribution of the Common Stock being registered. All amounts are estimates except the SEC registration fee, the NASD filing fee and the NYSE listing fee.

<TABLE>	
<S>	
Securities and Exchange Commission registration fee.....	\$67,850
NASD filing fee.....	23,500
NYSE listing fee.....	*
Accounting fees and expenses.....	*
Legal fees and expenses.....	*
Blue Sky qualification fees and expenses.....	*
Printing and engraving expenses.....	*
Transfer agent and registrar fees.....	*
Miscellaneous.....	*
-----	
Total.....	\$ *
=====	

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\* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has adopted provisions in its Amended and Restated Articles of Incorporation that limit the liability of directors in certain instances. As permitted by the California General Corporation Law ("CGCL"), directors will not be liable to the Company for monetary damages arising from a breach of their fiduciary duty as directors in certain circumstances. Such limitation does not affect liability for any breach of a director's duty to the Company or its shareholders (i) with respect to approval by the director of any transaction from which he derives an improper personal benefit, (ii) with respect to acts or omissions involving an absence of good faith, that he believes to be contrary to the best interests of the Company or its shareholders, that involve intentional misconduct or a knowing and culpable violation of law, that constitute an unexcused pattern of inattention that amounts to an abdication of his duty to the Company or its shareholders, or that show a reckless disregard for his duty to the Company or its shareholders in circumstances in which he was, or should have been, aware, in the ordinary course of performing his duties, of a risk of serious injury to the Company or its shareholders, or (iii) based on transactions between the Company and its directors or another corporation with interrelated directors or on improper distributions, loans or guarantees under applicable sections of the CGCL. Such limitation of liability also does not affect the availability of equitable remedies such as injunctive relief or rescission, although in certain circumstances equitable relief may not be available as a practical matter. The limitation may relieve the directors of monetary liability to the Company for grossly negligent conduct. No claim or litigation is currently pending against the Company's directors that would be affected by the limitations of liability.

The Company's Amended and Restated Bylaws (the "Bylaws"), as amended, provide for the indemnification of directors and executive officers from any threatened, pending or completed action, suit or proceeding, whether formal or informal, by reason of their current or past service to the Company, and the reimbursement of any and all costs incurred by any such director or executive officer in regards thereto. The Bylaws also provide for the indemnification by the Company of any director of the Company, for any monetary damages arising from the imposition of joint and several liability upon such director for actions taken by other directors of the Company, except as not permitted by the CGCL.

The Company has entered, or plans to enter, into agreements (the "Indemnification Agreements") with each of the directors and executive officers of the Company pursuant to which the Company has agreed to indemnify such director or executive officer from claims, liabilities, damages, expenses, losses, costs, penalties or amounts paid in settlement incurred by

such director or executive officer in or arising out of such person's capacity as a director or executive officer of the Company or any other corporation of which such person is a director at the request of the Company to the maximum extent provided by applicable law. In addition, such director or executive officer is entitled to an advance of expenses to the maximum extent authorized or permitted by law.

To the extent that the Board of Directors or the shareholders of the Company may in the future wish to limit or repeal the ability of the Company to provide indemnification as set forth in the Articles, such repeal or limitation may not be effective as to directors and executive officers who are parties to the Indemnification Agreements, because their rights to full protection would be contractually assured by the Indemnification Agreements. It is anticipated that similar contracts may be entered into, from time to time, with future directors of the Company.

The Form of Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the Underwriters of the Company and its directors and officers for certain liabilities arising under the Securities Act of 1933 (the "Securities Act") or otherwise.

#### ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Set forth below is certain information concerning all sales of securities by the Company during the past three years that were not registered under the Securities Act.

During the three years preceding the filing of this Registration Statement, the Registrant sold shares of Common Stock to its officers without registration under the Securities Act. Exemption from registration under the Securities Act for these sales is claimed under Rule 701 promulgated under Section 3(b) of the Securities Act, Regulation D promulgated under Section 4(2) of the Securities Act and Regulation S under the Securities Act. Each recipient of such securities represented in each transaction such recipient's intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions.

Under the Registrant's Executive Participation Program (the "EPP"), the Registrant offered shares of Common Stock from the EPP's inception through January 31, 1996 at a purchase price equal to the book value of such share as of the end of the fiscal year immediately preceding such sale. During the three years preceding the filing of this Registration Statement, the following sales were made to officers pursuant to such annual offers: 20,072 shares on September 1, 1995, October 6, 1995, November 15, 1995 and January 15, 1996, respectively, each for an aggregate of \$39,993; 18,372 shares on January 1, 1996 for an aggregate of \$36,606; 99,840 shares on April 16, 1996 for an aggregate of \$198,931; 241,644 shares on May 1, 1996 for an aggregate of \$546,115; 97,336 shares on July 1, 1996 for an aggregate of \$219,979; 60,224 shares on November 1, 1996 for an aggregate of \$119,996; 17,696 shares on April 1, 1997 for an aggregate of \$39,993; 76,920 shares on May 1, 1997 for an aggregate of \$199,992; 30,768 shares on June 1, 1997 for an aggregate of \$79,997; 30,768 shares on July 1, 1997 for an aggregate of \$79,997; 15,384 shares on August 1, 1997, April 1, 1998, and April 30, 1998, respectively, each for an aggregate of \$39,998; and 62,524 shares on August 1, 1998 for an aggregate of \$174,286.

Since the beginning of the fiscal quarter ended January 31, 1996, the Registrant has offered and sold shares of Common Stock quarterly to officers under the EPP at a purchase price equal to the book value of such share determined as a ratio of the book value as of the end of the fiscal year immediately preceding such sale and the book value as of the end of the fiscal year immediately following such sale, which ratio reflected the date during the fiscal year on which such sale was made. The Company has made the following quarterly offers and sales: For the fiscal quarter ended January 31, 1996, the Company sold an aggregate of 58,752 shares for an aggregate purchase price of \$124,995. For the fiscal quarter ended April 30, 1996, the Company sold an aggregate of 57,012 shares for an aggregate purchase price of \$124,999. For the fiscal quarter ended July 31, 1996, the Company sold an aggregate of 1,789,728 shares for an aggregate purchase price of \$4,044,785. For the fiscal quarter ended October 31, 1996, the Company sold an aggregate of 351,800 shares for an aggregate purchase price of \$824,971.

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For the fiscal quarter ended January 31, 1997, the Company sold an aggregate of 111,504 shares for an aggregate purchase price of \$270,955. For the fiscal quarter ended April 30, 1997, the Company sold an aggregate of 387,736 shares for an aggregate purchase price of \$975,156. For the fiscal quarter ended July 31, 1997, the Company sold an aggregate of 1,519,220 shares for an aggregate purchase price of \$3,949,972. For the fiscal quarter ended October 31, 1997, the Company sold an aggregate of 330,492 shares for an aggregate purchase price of \$874,978.

For the fiscal quarter ended January 31, 1998, the Company sold an aggregate

of 371,040 shares for an aggregate purchase price of \$999,953. For the fiscal quarter ended April 30, 1998, the Company sold an aggregate of 766,416 shares for an aggregate purchase price of \$2,099,980. For the fiscal quarter ended July 31, 1998, the Company sold an aggregate of 2,215,104 shares for an aggregate purchase price of \$6,174,602. For the fiscal quarter ended October 31, 1998 (through August 14), the Company sold an aggregate of 159,408 shares for an aggregate purchase price of \$1,749,901.

As of August 1, 1998, the Company issued 1,521,240 shares of Common Stock upon conversion of 380,310 phantom stock units and stock appreciation rights in connection with the termination of the Company's Phantom Stock Plan and Amended and Restated Stock Right Plan. Exemption from registration under the Securities Act for this issuance is claimed under Section 3(a)(9) of the Securities Act.

On August 11, 1998, the Company sold 105,728 shares of its Common Stock for an aggregate purchase price of \$294,717 upon exercise by Didier Vuchot & Associates executives of their put option received in connection with the Company's acquisition of that firm in June 1998. Exemption from registration under the Securities Act for this issuance is claimed under Section 4(2) of the Securities Act.

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### ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) EXHIBITS.

<TABLE>

<CAPTION>

EXHIBIT

NUMBER

DESCRIPTION OF EXHIBIT

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<C>	<S>
1.1*	Form of Underwriting Agreement
3.1*	Amended and Restated Articles of Incorporation of the Company
3.2*	Amended and Restated Bylaws of the Company
4.1*	Specimen Common Stock certificate
5.1*	Opinion of O'Melveny & Myers LLP
10.1*	Form of Indemnification Agreement between the Company and each of its executive officers and directors
10.2	Performance Award Plan
10.3	Form of U.S. and International Worldwide Executive Benefit Retirement Plan
10.4	Form of U.S. and International Worldwide Executive Benefit Life Insurance Plan
10.5	Worldwide Executive Benefit Disability Plan (in the form of Long-Term Disability Insurance Policy)
10.6	Form of U.S. and International Enhanced Executive Benefit and Wealth Accumulation Plan
10.7	Form of U.S. and International Senior Executive Incentive Plan
10.8	Executive Salary Continuation Plan
10.9	Form of Stock Repurchase Agreement
10.10	Form of Amended and Restated Stock Repurchase Agreement
10.11	Form of Standard Employment Agreement
10.12	Form of Deferred Compensation Election Form for Fiscal 1998
10.13	Stock Purchase Agreement between the Company, bill gross' idealab!, Mr. Singh and Korn/Ferry International Futurestep, Inc. dated December 1, 1997
10.14	Shareholders Agreement between the Company, bill gross' idealab!, Mr. Singh and Korn/Ferry International Futurestep, Inc. dated December 1, 1997
10.15	Employment Agreement between Mr. Singh and Korn/Ferry International Futurestep, Inc. dated December 1, 1997
10.16	KFI/Singh Agreement between the Company and Mr. Singh dated December 1, 1997
10.17	Stock Repurchase Agreement between the Company and Mr. Singh dated December 1, 1997
10.18	License Agreement between Self Discovery Dynamics LLC and Korn/Ferry International Futurestep, Inc. dated May 15, 1998
10.19*	Trademark License and Promotion Agreement between Dow Jones & Company, the Company and Korn/Ferry International Futurestep, Inc. dated June 8, 1998
10.20	Stock Purchase Agreement between the Company, Mr. Ferry, Henry B. Turner and Peter W. Mullin (as trustees of the Richard M. Ferry and Maude M. Ferry 1972 Children's Trust), the California Community Foundation and Richard M. Ferry Co-trustees, and the California Community Foundation dated June 2, 1995
10.21*	Purchase Agreement dated December 31, 1994 between the Company and the parties named therein
10.22	Revolving Line Agreement dated January 31, 1997 between the Company and Mellon 1st Business Bank, as successor to 1st Business Bank, as amended June 19, 1998
10.23	Revolving Credit and Term Loan Agreement dated January 31, 1997 between the Company and Mellon 1st Business Bank, as successor to 1st Business Bank

</TABLE>

<TABLE>

<CAPTION>

EXHIBIT

NUMBER

DESCRIPTION OF EXHIBIT

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<C>

<S>

10.24	Promissory Note executed by the Company dated January 28, 1998 as co-obligor payable to Mellon 1st Business Bank, as successor to 1st Business Bank
10.25*	Form of Additional Redemption Agreement
10.26	Amended and Restated Stock Right Plan
10.27	Form of U.S. and Foreign Executive Participation Program
10.28	Form of Supplemental Executive Equity Participation Program
10.29	Phantom Stock Plan
10.30*	Form of Termination and Conversion Agreement for Stock Right Plan
10.31*	Form of Termination and Conversion Agreement for Phantom Stock Plan
21.1*	Subsidiaries of the Company
23.1**	Consent of Arthur Andersen LLP
23.3*	Consent of O'Melveny & Myers LLP (included in Exhibit 5.1)
24.1**	Power of Attorney (contained on page II-6)
27.1**	Financial Data Schedule

</TABLE>

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\* To be filed by amendment

\*\* Previously filed.

(b) FINANCIAL STATEMENT SCHEDULES

Schedule II--Korn/Ferry International Allowance for Doubtful Accounts

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act, and will be governed by the final adjudication of such issue.

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(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the registration statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on September 4, 1998.

KORN/FERRY INTERNATIONAL

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

-----

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

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
<S>	<C>	<C>
*	Chair of the Board	September 4, 1998
Richard M. Ferry		
*	President, Chief Executive Officer and Director	September 4, 1998
Michael D. Boxberger		
/s/ Elizabeth S.C.S. Murray	Chief Financial Officer and Executive Vice President	September 4, 1998
Elizabeth S.C.S. Murray		
/s/ Donald E. Jordan	Vice President of Finance (Principal Accounting Officer)	September 4, 1998
Donald E. Jordan		
*	Director	September 4, 1998
Paul Buchanan-Barrow		
/s/ Peter L. Dunn	Director	September 4, 1998
Peter L. Dunn		
*	Director	September 4, 1998
Timothy K. Friar		
*	Director	September 4, 1998
Sakie T. Fukushima		
*	Director	September 4, 1998
Hans Jorda		
*	Director	September 4, 1998
Scott E. Kingdom		

</TABLE>

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<TABLE>

<CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
<S>	<C>	<C>
*	Director	September 4, 1998
Young Kuan-Sing		
*	Director	September 4, 1998
Raimondo Nider		
*	Director	September 4, 1998
Manuel A. Papayanopulos		
*	Director	September 4, 1998
Windle B. Priem		
*	Director	September 4, 1998
Michael A. Wellman		

</TABLE>

Peter L. Dunn  
Attorney-in-Fact

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INDEX TO EXHIBITS

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\* To be filed by amendment

\*\* Previously filed.



## KORN/FERRY INTERNATIONAL

## PERFORMANCE AWARD PLAN

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KORN/FERRY INTERNATIONAL  
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PERFORMANCE AWARD PLAN  
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1. THE PLAN  
-----

1.1 PURPOSE. The purpose of this Plan is to promote the success of the Company  
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and the interests of its shareholders by attracting, motivating, retaining and rewarding directors, officers, employees and other eligible persons with awards and incentives for high levels of individual performance and improved financial performance of the Company; to attract, motivate and retain experienced and knowledgeable independent directors through the benefits provided under Section 8; and to further align their respective interests with those of shareholders generally through awards of stock-based incentives. Capitalized terms are defined in Section 7.

1.2 ADMINISTRATION AND AUTHORIZATION; POWER AND PROCEDURE.  
-----

1.2.1 COMMITTEE. This Plan will be administered by the Committee. All  
-----

Awards to Eligible Persons will be authorized by the Committee except that all discretionary Awards to Non-Employee Directors must be approved or ratified by the Board. All Awards to Other Eligible Persons will be subject to approval by the Committee and ratification by the Board, unless the Board expressly (by resolution or amendment to this Plan) provides otherwise. Action of the Committee with respect to the administration of this Plan will be taken pursuant to a majority vote or by written consent of its members.

1.2.2 PLAN AWARDS; INTERPRETATION; POWERS OF COMMITTEE. Subject to the  
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express provisions of this Plan, and any express limitations on the delegated authority of a Committee, the Committee will have the authority to determine eligibility and the particular Eligible Persons who will receive Awards;

- (a) grant Awards to Eligible Persons, determine the effective date of grant (which may be a date after but not before the Committee's authorization of the Award), determine the price at which securities will be offered or awarded and the amount of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of such Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest, or determine that no delayed exercisability or vesting is required, and establish the events of termination or reversion of such Awards, all consistent with the express limits of this Plan;
- (b) approve the forms of Award (which need not necessarily be identical either as to type of Award or among Participants);
- (c) construe and interpret this Plan and any agreements defining the rights and obligations of the Company and Eligible Persons under this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan;

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- (d) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards held by Eligible Persons, subject to any required consent under Section 6.6;
- (e) accelerate or extend the exercisability or extend the term of any or all such outstanding Awards within the limitations under Section 1.6; and
- (f) make all other determinations and take such other action as contemplated by this Plan or as may be necessary or advisable for the

administration of this Plan and the effectuation of its purposes.

Notwithstanding the foregoing, the provisions of Section 8 relating to Non-Employee Director Awards will be automatic and, to the maximum extent possible, self-effectuating. To the extent required, any interpretation or administration of this Plan in respect of Awards under Section 8 shall be the responsibility of the Board.

1.2.3 BINDING DETERMINATIONS. Any action taken by, or inaction of, the  
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Company, the Board or the Committee relating or pursuant to this Plan will be within the absolute discretion of that entity or body and will be conclusive and binding upon all persons. No member of the Board or Committee, or any officer of the Company, will be liable for any action or inaction of the entity or body, of another person or of the member or officer, except in circumstances involving his or her bad faith. Subject only to compliance with the express provisions hereof, the Board and Committee may act in their absolute discretion in matters within their authority related to this Plan.

1.2.4 RELIANCE ON EXPERTS. In making any determination or in taking or not  
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taking any action under this Plan, the Committee or the Board, as the case may be, may obtain and may rely upon the advice of experts, including professional advisors to the Company. No director, officer or agent of the Company will be liable for any such action or determination taken or made or omitted in good faith.

1.2.5 DELEGATION. The Committee may delegate ministerial, non-  
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discretionary functions to individuals who are officers or employees of the Company.

1.3 PARTICIPATION. Discretionary Awards may be granted by the Committee only to  
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those persons that the Committee determines to be Eligible Persons. An Eligible Person who has been granted an Award may, if otherwise eligible, be granted additional Awards if the Committee so determines.

1.4 SHARES AVAILABLE FOR AWARDS; SHARE LIMITS.  
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1.4.1 SHARES AVAILABLE. Subject to the provisions of Section 6.2, the  
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capital stock that may be delivered under this Plan will be shares of the Company's authorized but unissued Common Stock and any shares of its Common Stock held as treasury shares. The shares may be delivered for any lawful consideration.

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1.4.2 SHARE LIMITS. The maximum number of shares of Common Stock that may  
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be delivered pursuant to Awards granted to Eligible Persons under this Plan will not exceed 7,000,000 shares (the "Share Limit"). The number of shares subject to Awards outstanding at any time will not exceed the number of shares remaining available for issuance under the Plan. The maximum number of shares subject to those options and Stock Appreciation Rights that are granted during any calendar year to any one individual will be limited to 700,000 shares covered by the Plan, and the maximum individual limit on the number of shares in the aggregate subject to all Awards that during any calendar year are granted under this Plan to any one individual will be 1,050,000 shares covered by the Plan. The maximum individual limit for any Non-Employee Director, including any Option granted or to be granted (assuming continued eligibility during the year of grant) pursuant to Section 8 of this Plan, will be 50,000 shares covered by the Plan during any twelve month period. Each of the foregoing numerical limits will be subject to adjustment as contemplated by this Section 1.4 and Section 6.2.

1.4.3 SHARE RESERVATION; REPLENISHMENT AND REISSUE OF UNVESTED AWARDS. No  
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Award may be granted under this Plan unless, on the date of grant, the sum of (a) the maximum number of shares issuable at any time pursuant to such Award, plus (b) the number of shares that have previously been issued pursuant to Awards granted under this Plan, other than reacquired shares available for reissue consistent with any applicable legal limitations, plus (c) the maximum number of shares that may be issued at any time after such date of grant pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Shares that are subject to or underlie Awards that expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under this Plan, as well as reacquired shares, will again, except to the extent prohibited by law (including Section 162(m)), be available for subsequent Awards under the Plan. Except as limited by law (including Section 162(m)), if an Award is or may be settled only in cash, such Award

need not be counted against any of the limits under this Section 1.4.

1.5 GRANT OF AWARDS. Subject to the express provisions of this Plan, the

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Committee will determine the number of shares of Common Stock subject to each Award, the price (if any) to be paid for the shares or the Award and, in the case of Performance Share Awards, in addition to matters addressed in Section 1.2.2, the specific objectives, goals and performance criteria (such as an increase in sales, market value, earnings or book value over a base period, the years of service before vesting, the relevant job classification or level of responsibility or other factors) that further define the terms of the Performance Share Award. Each Award will be evidenced by an Award Agreement signed by the Company and, if required by the Committee, by the Participant.

1.6 AWARD PERIOD. Any Option, SAR, warrant or similar right shall expire and

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any other Award shall either vest or be forfeited not more than 10 years after the date of grant; provided, however, that a payment of cash or delivery of shares pursuant to an Award may be delayed until a future date under and in accordance with the specific terms of a non-qualified deferred compensation plan sponsored by the Company.

1.7 LIMITATIONS ON EXERCISE AND VESTING OF AWARDS.

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1.7.1 PROVISIONS FOR EXERCISE. Unless the Committee otherwise expressly

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provides, once exercisable an Award will remain exercisable until the expiration or earlier termination of the Award.

1.7.2 PROCEDURE. Any exercisable Award will be deemed to be exercised when

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the Company receives written notice of such exercise from the Participant, together with any required payment made in accordance with Section 2.2.2 or 8.4, as the case may be, and any other requirements of exercise, including any documents required by Section 6.4, are satisfied.

1.7.3 FRACTIONAL SHARES/MINIMUM ISSUE. Fractional share interests will be

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disregarded, but may be accumulated. The Committee, however, may determine in the case of Eligible Persons that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares, irrespective of any Adjustments under Sections 6.2 or 8.6 of this Plan, may be purchased on exercise of any Award at one time unless the number purchased is the total number at the time available for purchase under the Award.

1.8 ACCEPTANCE OF PROMISSORY NOTES TO FINANCE EXERCISE. The Company, in its

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sole discretion, may, with the Committee's express approval, accept one or more promissory notes from any Eligible Person in connection with the exercise or receipt of any outstanding Award; but any such note will be subject to at least the following terms and conditions:

1.8.1 PRINCIPAL. The principal of the note will not exceed the amount

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required to be paid to the Company upon the exercise or receipt of one or more Awards under the Plan and the note will be delivered directly to the Company in consideration of such exercise or receipt.

1.8.2 TERM. The initial term of the note will be determined by the

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Committee; but the term of the note, including extensions, will not exceed a period of five years.

1.8.3 RECOURSE; SECURITY. The note will provide for full recourse to the

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Participant and will bear interest at a rate determined by the Committee but not less than the interest rate necessary to avoid the imputation of interest under the Code. If required by the Committee or by applicable law, the note will be secured by a pledge of any shares or rights financed thereby in compliance with applicable law. The terms, repayment provisions, and collateral release provisions of the note and the pledge securing the note will conform with applicable rules and regulations of the Federal Reserve Board as then in effect.

1.8.4 TERMINATION OF EMPLOYMENT. If the employment or service of the

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Participant terminates, the unpaid principal balance of the note will become due and payable no later than the 10th business day after such termination unless the Committee at the time expressly authorized an extension.

1.8.5 OTHER CONDITIONS. Participants who are not employees or directors of

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the Company will not be entitled to purchase shares of Common Stock with a promissory

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note unless the note is adequately secured by collateral other than the shares of Common Stock. The portion of the exercise price for (or purchase price of) shares of Common Stock equal to the par value, if any, of any newly issued shares under this Plan must be paid in cash, for services rendered or other valid consideration.

1.9 TRANSFER RESTRICTIONS AND EXCEPTIONS.

1.9.1 LIMIT ON EXERCISE AND TRANSFER. Unless otherwise expressly provided

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in (or pursuant to) this Section 1.9, by applicable law and by the Award Agreement, as the same may be amended, (a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; (b) Awards may be exercised only by the Participant; and (c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of) the Participant.

1.9.2 EXCEPTIONS. The Committee may permit Awards to be exercised by and

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paid only to certain persons or entities related to the Participant pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer will be subject to the conditions that the transfer is consistent with applicable requirements for registration of the shares with the Securities Exchange Commission, and that the Committee receive evidence satisfactory to it that the transfer is being made to related persons for estate and/or tax planning purposes and without consideration (other than nominal consideration). ISOs and Restricted Stock Awards, however, will be subject to any and all additional transfer restrictions under the Code.

1.9.3 FURTHER EXCEPTIONS TO LIMITS ON TRANSFER. The exercise and transfer

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restrictions in Section 1.9.1 will not apply to:

- (a) transfers to the Company,
- (b) the designation of a beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercise by the Participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution,
- (c) except in the case of ISOs, transfers pursuant to a qualified domestic relations order if approved or ratified by the Committee,
- (d) if the Participant has suffered a disability that renders the Participant unable to legally act on his or her own behalf, permitted transfers or exercises on behalf of the Participant by the Participant's legal representative, or
- (e) the authorization by the Committee of "cashless exercise" procedures with third parties who provide financing for the purpose of (or who otherwise facilitate) the exercise of Awards consistent with applicable laws and the express authorization of the Committee.

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(f) REPRICING/CANCELLATION AND REGRANT/WAIVER OF RESTRICTIONS. Subject to

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Section 1.4 and Section 6.6 and the specific limitations on Awards contained in this Plan, the Committee from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person any adjustment in the exercise or purchase price, the vesting schedule, the number of shares subject to, the restrictions upon or the term of, an Option, SAR or other Award granted under this Plan by cancellation of an outstanding Award and a subsequent regranting of an Award, by amendment, by substitution of an outstanding Award, by waiver or by other legally valid means. Such amendment or other action may result among other changes in an exercise or purchase price that is higher or lower than the exercise, base or purchase price of the original or prior Award, provide for a greater or lesser number of shares subject to the Award, or provide for a longer or shorter vesting or exercise period.

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2.1 GRANTS. One or more Options may be granted under this Section to any

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Eligible Person. Each Option granted will be designated by the Committee, in the applicable Award Agreement, as either an Incentive Stock Option (subject to Section 2.3) or a Nonqualified Stock Option.

2.2 OPTION PRICE.

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2.2.1 PRICING LIMITS. The purchase price per share of the Common Stock

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covered by each Option will be determined by the Committee at the time of the Award, but in no event will the purchase price per share of shares covered by an Incentive Stock Option be less than 100% (110% in the case of a Participant described in Section 2.4) of the Fair Market Value of the Common Stock on the date of grant (or date of amendment in the case of an amendment to the exercise price).

2.2.2 PAYMENT PROVISIONS. The purchase price of any shares purchased on

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exercise of an Option granted under this Section will be paid in full at the time of each purchase in one or a combination of the following methods:

- (a) in cash or by electronic funds transfer;
- (b) by certified or cashier's check payable to the order of the Company;
- (c) if authorized by the Committee or specified in the applicable Award Agreement, by a promissory note of the Participant consistent with the requirements of Section 1.8 and 6.4;
- (d) by notice and third party payment in such manner as may be authorized by the Committee; or
- (e) by the delivery of shares of Common Stock of the Company already owned by the Participant; provided that the Committee may in its absolute discretion limit the Participant's ability to exercise an Award by delivering such shares, and any

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shares delivered that were initially acquired from the Company must have been owned by the Participant at least six months as of the date of delivery. Shares of Common Stock used to satisfy the exercise price of an Option will be valued at their Fair Market Value on the date of exercise.

2.2.3 "CASHLESS EXERCISE" PROVISIONS. Without limiting the generality of

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the foregoing, the Committee may provide that the Option can be exercised and payment made by delivering a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale proceeds necessary to pay the exercise price and, unless otherwise prohibited by the Committee or applicable law, any applicable tax withholding under Section 6.5.

2.2.4 DELIVERY CONDITION. The Company will not be obligated to deliver

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certificates for any shares of Common Stock on exercise of an Option unless and until it receives full payment of the exercise price and any related withholding obligations have been satisfied.

2.3 LIMITATIONS ON GRANT AND TERMS OF INCENTIVE STOCK OPTIONS.

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2.3.1 \$100,000 LIMIT. To the extent that the aggregate Fair Market Value of

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stock with respect to which incentive stock options first become exercisable by a Participant in any calendar year exceeds \$100,000, taking into account both Common Stock subject to Incentive Stock Options under this Plan and Common Stock subject to incentive stock options under all other plans of the Company or any other includable parent or subsidiary corporations (as these terms are used under Section 422(d) and defined in Section 424(e) and (f) of the Code), such options will be treated as Nonqualified Stock Options. For this purpose, the Fair Market Value of the stock subject to options will be determined as of the date the options were awarded. In reducing the number of options treated as incentive stock options to meet the \$100,000 limit, the most recently granted options will be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the \$100,000 limit, the Committee may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an Incentive Stock Option.

2.3.2 OPTION PERIOD. Subject to Section 1.6, each Option and all rights

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thereunder will expire no later than 10 years after the Award Date.

2.3.3 OTHER CODE LIMITS. Incentive Stock Options may only be granted to

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Eligible Employees of the Company that meet the other eligibility requirements of the Code. There will be imposed in any Award Agreement relating to Incentive Stock Options such other terms and conditions as from time to time are required in order that the Option be an "incentive stock option" as that term is defined in Section 422 of the Code.

2.4 LIMITS ON 10% HOLDERS. No Incentive Stock Option may be granted to any

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person who, at the time the Option is granted, owns (or is deemed to own under Section 424(d) of the Code) shares of outstanding Common Stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, unless the exercise price of such Option is at least 110% of the Fair Market Value of the stock subject to the

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Option and such Option by its terms is not exercisable after the expiration of five years from the date such Option is granted.

2.5 EFFECTS OF TERMINATION OF EMPLOYMENT/SERVICE; TERMINATION OF SUBSIDIARY

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STATUS; DISCRETIONARY PROVISIONS.

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2.5.1 OPTIONS - RESIGNATION OR DISMISSAL. Unless the Committee otherwise

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provides, if the Participant's employment by (or other service specified in the Award Agreement to) the Company terminates for any reason (the date of such termination being referred to as the "Severance Date") other than Retirement, Total Disability or death, or a "Termination For Cause" (as determined in the discretion of the Committee), the Participant will have, subject to earlier expiration or termination pursuant to or as contemplated by Section 1.6 or 6.2, until three (3) months after the Severance Date to exercise any Option to the extent it has become exercisable on or before the Severance Date. In the case of a Termination For Cause, the Option will terminate on the Severance Date. To the extent not exercisable on the Severance Date, the Option will terminate on the Severance Date.

2.5.2 OPTIONS - DEATH OR TOTAL DISABILITY. Unless the Committee otherwise

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provides, if the Participant's employment by (or specified service to) the Company terminates as a result of Total Disability or death, the Participant, Participant's Personal Representative or the Participant's Beneficiary, as the case may be, will have, subject to earlier expiration or termination pursuant to or as contemplated by Section 1.6 or 6.2, until twelve (12) months after the Severance Date to exercise any Option to the extent it has become exercisable on or prior to the Severance Date. To the extent not exercisable on the Severance Date, the Option will terminate on the Severance Date.

2.5.3 OPTIONS - RETIREMENT. Unless the Committee otherwise provides, if

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the Participant's employment by (or specified service to) the Company terminates as a result of Retirement, the Participant, Participant's Personal Representative or the Participant's Beneficiary, as the case may be, will have, subject to earlier termination pursuant to or as contemplated by Section 1.6 or 6.2, until twelve (12) months after the Severance Date to exercise any Nonqualified Stock Option (three (3) months after the Severance Date in the case of an Incentive Stock Option) to the extent it has become exercisable on or prior to the Severance Date. To the extent not exercisable on the Severance Date, the Option will terminate on the Severance Date.

2.5.4 CERTAIN SARS. Any SAR granted concurrently or in tandem with an

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Option will have the same post-termination provisions and exercisability periods as the Option to which it relates, unless the Committee otherwise provides.

2.5.5 COMMITTEE DISCRETION. Notwithstanding the foregoing provisions of

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this Section 2.5, in the event of, or in anticipation of, a termination of employment or service with the Company for any reason, other than Termination For Cause, the Committee may increase the portion of the Participant's Award available to the Participant, or Participant's Beneficiary or Personal Representative, as the case may be, or, subject to the provisions of Section 1.6, extend the exercisability period, upon such terms as the Committee expressly approves by resolution or by amendment to

3. STOCK APPRECIATION RIGHTS

(INCLUDING LIMITED STOCK APPRECIATION RIGHTS)

3.1 GRANTS. The Committee may grant to any Eligible Person Stock Appreciation

Rights either concurrently with the grant of another Award or in respect of an outstanding Award, in whole or in part, or independently of any other Award. Any Stock Appreciation Right granted in connection with an Incentive Stock Option will contain such terms as may be required to comply with the provisions of Section 422 of the Code and the regulations promulgated thereunder, unless the holder otherwise agrees.

3.2 PRICING LIMITS. The pricing restrictions applicable to Options under

Section 2.2.1 of this Plan shall apply as well to the base or reference price of SARs granted under this Plan.

3.3 EXERCISE OF STOCK APPRECIATION RIGHTS.

3.3.1 EXERCISABILITY. Unless the Award Agreement or the Committee otherwise

provides, a Stock Appreciation Right related to another Award will be exercisable at such time or times, and to the extent, that the related Award will be exercisable.

3.3.2 EFFECT ON AVAILABLE SHARES. To the extent that a Stock Appreciation

Right is exercised, only the actual number of delivered shares of Common Stock will be charged against the maximum amount of Common Stock that may be delivered pursuant to Awards under this Plan. The number of shares subject to the Stock Appreciation Right and the related Option of the Participant will, however, be reduced by the number of underlying shares as to which the exercise related, unless the Award Agreement otherwise provides.

3.3.3 STAND-ALONE SARs. A Stock Appreciation Right granted independently of

any other Award will be exercisable pursuant to the terms of the Award Agreement.

3.3.4 PROPORTIONATE REDUCTION If an SAR extends to less than all the shares

covered by the related Award and if a portion of the related Award is thereafter exercised, the number of shares subject to the unexercised SAR shall be reduced only if and to the extent that the remaining number of shares covered by such related Award is less than the remaining number of shares subject to such SAR.

3.4 PAYMENT.

3.4.1 AMOUNT. Unless the Committee otherwise provides, upon exercise of a

Stock Appreciation Right and the attendant surrender of an exercisable portion of any related Award, the Participant will be entitled to receive subject to Section 6.5 payment of an amount determined by multiplying

(a) the difference obtained by subtracting the exercise or base reference price per share of Common Stock under the related Award (if applicable) or the initial share value specified in the Award, from the Fair Market Value of a share of Common Stock on the date of exercise of the Stock Appreciation Right, by

(b) the number of shares with respect to which the Stock Appreciation Right has been exercised.

3.4.2 FORM OF PAYMENT. The Committee, in its sole discretion, will

determine the form in which payment will be made of the amount determined under Section 3.4.1 above, either solely in cash, solely in shares of Common Stock (valued at Fair Market Value on the date of exercise of the Stock Appreciation Right), or partly in such shares and partly in cash, provided that the Committee has determined that such exercise and payment are consistent with applicable law. If the Committee permits the Participant to elect to receive cash or shares (or a combination thereof)



upon such exercise, the election will be subject to any further conditions that the Committee may impose.

- 3.5 LIMITED STOCK APPRECIATION RIGHTS. The Committee may grant to any Eligible Person Stock Appreciation Rights exercisable only upon or in respect of a change in control or any other specified event ("Limited SARs") and such Limited SARs may relate to or operate in tandem or combination with or substitution for Options, other SARs or other Awards (or any combination thereof), and may be payable in cash or shares based on the spread between the base price of the SAR and a price based upon or equal to the Fair Market Value of the Shares during a specified period or at a specified time within a specified period before, after or including the date of such event.

#### 4. RESTRICTED STOCK AWARDS

- 4.1 GRANTS. Subject to Section 4.2.4, the Committee may grant one or more

Restricted Stock Awards to any Eligible Person. Each Restricted Stock Award Agreement will specify the number of shares of Common Stock to be issued to the Participant, the date of such issuance, the consideration for such shares (but not less than the minimum lawful consideration under applicable state law) to be paid by the Participant, the extent (if any) to which and the time (if ever) at which the Participant will be entitled to dividends, voting and other rights in respect of the shares prior to vesting, and the restrictions (which may be based on performance criteria, passage of time or other factors or any combination thereof) imposed on such shares and the conditions of release or lapse of such restrictions. Unless the Committee otherwise provides, such restrictions will lapse in respect of 20% of the shares subject to the Award on the first anniversary of the Award Date and in respect of an additional 20% of the shares subject to the Award on the second, third, fourth and fifth anniversaries of the Award Date. Stock certificates evidencing shares of Restricted Stock pending the lapse of the restrictions ("Restricted Shares") will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Company or by a third party designated by the Committee until the restrictions on the shares have lapsed and the shares have vested in accordance with the provisions of the Award and Section 1.7. Upon issuance of the Restricted Stock Award, the Participant may be required to provide such further assurance and documents as the Committee may require to enforce the restrictions.

- 4.2 RESTRICTIONS.

- 4.2.1 PRE-VESTING RESTRAINTS. Except as provided in Sections 4.1 and 1.9,

Restricted Shares comprising any Restricted Stock Award may not be sold, assigned, transferred,

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pledged or otherwise disposed of or encumbered, either voluntarily or involuntarily, until the restrictions on such shares have lapsed and the shares have become vested.

- 4.2.2 DIVIDEND AND VOTING RIGHTS. Unless otherwise provided in the applicable Award Agreement:

- (a) a Participant receiving a Restricted Stock Award shall be entitled to vote such shares but shall not be entitled to dividends on any of the shares until the shares have vested; and
- (b) all dividends shall be retained in a restricted account until the shares have vested and shall revert to the Company to the extent that they fail to vest.
- (c) CASH PAYMENTS. If the Participant has been paid or received cash (including any dividends) in connection with the Restricted Stock Award, the Award Agreement will specify whether and to what extent such cash will be returned (with or without an earnings factor) as to any Restricted Shares that cease to be eligible for vesting.

- 4.3 LIMIT ON NUMBER OF RESTRICTED SHARES. In no event shall more than 350,000

shares of Common Stock covered by the Plan be available for Awards issued (or reissued) under this Plan as time-based Restricted Stock Awards for nominal or no consideration other than the par value. This limit on Restricted Shares does not apply to shares issued principally for past services, to shares issued in respect of compensation earned but deferred, or to shares issued in respect of Performance-Based Awards under Section

#### 4.4 RETURN TO THE COMPANY. Unless the Committee otherwise expressly provides, -----

Restricted Shares that remain subject to restrictions at the time of termination of employment or service, or are subject to other conditions to vesting that have not been satisfied by the time specified in the applicable Award Agreement, will not vest and will be returned to the Company in such manner and on such terms as the Committee provides.

### 5. PERFORMANCE SHARE AWARDS AND STOCK BONUSES -----

#### 5.1 GRANTS OF PERFORMANCE SHARE AWARDS. The Committee may grant Performance -----

Share Awards to Eligible Employees based upon such factors as the Committee deems relevant in light of the specific type and terms of the award. An Award Agreement will specify the maximum number of shares of Common Stock (if any) subject to the Performance Share Award, the consideration (but not less than the minimum lawful consideration) to be paid for any such shares as may be issuable to the Participant, the duration of the Award and the conditions upon which delivery of any shares or cash to the Participant will be based. The amount of cash or shares or other property that may be deliverable pursuant to such Award will be based upon the degree of attainment over a specified period of not more than 10 years (a "performance cycle") as may be established by the Committee of such measure(s) of the performance of the Company (or any part thereof) or the Participant as may be established by the Committee. The Committee may provide for full or partial credit, prior to completion of such performance cycle or the attainment

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of the performance achievement specified in the Award, in the event of the Participant's death, Retirement, or Total Disability, a Change in Control Event or in such other circumstances as the Committee (consistent with Section 6.10.3(b), if applicable) may determine.

#### 5.2 SPECIAL (SECTION 162(m)) PERFORMANCE-BASED SHARE AWARDS. Options or SAR's -----

granted with an exercise price not less than Fair Market Value at the applicable date of grant for Section 162(m) purposes to Eligible Employees which otherwise satisfy the conditions to deductibility under Section 162(m) of the Code are deemed "Qualifying Awards". Such awards are intended and will be deemed performance-based awards under Section 162(m). Without limiting the generality of the foregoing, and in addition to Qualifying Awards granted under other provisions of this Plan, other performance-based awards within the meaning of Section 162(m) of the Code ("Performance-Based Awards"), whether initially in the form of bonus stock, stock units, restricted stock, performance stock, phantom stock or other rights, including cash-only bonuses or other incentives, the vesting of which depends on the performance of the Company on a consolidated, segment, subsidiary, or division basis, with reference to revenue growth, net earnings (before or after taxes or before or after taxes, interest, depreciation, extra-ordinary items and/or amortization), cash flow, return on equity, return on assets or return on net investment, cost containment or reduction, or any combination thereof (the "business criteria") relative to preestablished performance goals, may be granted under this Section 5.2. These terms are used as applied under generally accepted accounting principles and in the Company's financial reporting. The applicable business criterion or criteria, the specific performance goals and, if applicable, the objective formula or standard for computing the amount payable or the number of shares to be delivered if the performance goal is (or the performance goals are) attained, must be approved by the Committee in advance of applicable deadlines under the Code and while the performance relating to such goals remains substantially uncertain. The applicable performance measurement period may be not less than one (except as provided in Section 1.6) nor more than 10 years. No more than one performance cycle for awards payable only in cash and not related to shares, shall begin in any year. Other types of performance and non-performance awards may also be granted under the other provisions of this Plan. The following provisions relate to all Performance-Based Awards (other than Qualifying Awards) granted under this Plan:

##### 5.2.1 ELIGIBLE CLASS. The eligible class of persons for Awards under this ----- Section is officers of the Company.

##### 5.2.2 MAXIMUM AWARD. Grants or awards under this Section 5.2 may be paid -----

in cash or shares or any combination thereof. In no event shall grants of share-based Awards made in any calendar year to any Eligible Employee under this Section 5.2 relate to more than 700,000 shares covered by the Plan. In no event shall grants to any Eligible Employee under this Plan of Awards payable only in cash and not related to shares provide for payment of more

than \$2.5 million, times the number of years (not more than five), in the applicable performance period.

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5.2.3 COMMITTEE CERTIFICATION. To the extent required by Section 162(m),

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before any Performance-Based Award under this Section 5.2 is paid, the Committee must certify that the specific performance goals and any other material terms of the Performance-Based Award were satisfied.

5.2.4 TERMS AND CONDITIONS OF AWARDS. The Committee will have discretion

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to determine the restrictions or other limitations of the individual Awards under this Section 5.2 (including the authority to reduce Awards, payouts or vesting or to pay no Awards, in its sole discretion, if the Committee preserves such authority at the time of grant by language to this effect in its authorizing resolutions or otherwise). Notwithstanding anything contained in this Plan to the contrary, the Committee shall have no discretion to increase the amount of cash or number of shares to be delivered upon attainment of the performance goals set forth in the Performance Award Agreement.

5.2.5 ADJUSTMENTS FOR MATERIAL CHANGES. Performance goals or other features

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of an Award under this Section 5.2 may provide that they (a) shall be adjusted to reflect a change in corporate capitalization, a corporate transaction (such as a reorganization, combination, separation, or merger) or a complete or partial corporate liquidation, or (b) shall be calculated either without regard for or to reflect any change in accounting policies or practices affecting the Company and/or the business criteria or performance goals or targets, or (c) shall be adjusted for any other circumstance or event, or (d) any combination of (a) through (c), but only to the extent in each case that such adjustment or determination in respect of Performance-Based Awards would be consistent with the requirements of Section 162(m) to qualify as performance-based compensation.

5.3 OTHER STOCK BONUSES. The Committee may grant a Stock Bonus to any Eligible

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Person to reward exceptional or special services, contributions or achievements in the manner and on such terms and conditions (including any restrictions on such shares) as determined from time to time by the Committee. The number of shares so awarded will be determined by the Committee. The Award may be granted independently or in lieu of a cash bonus and may be paid in the form of Common Stock, Restricted Shares, an Option, Stock Units (payable in Common Stock or cash) or other Award.

5.4 DEFERRED PAYMENTS. The Committee may provide for the deferral of payment

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of any Qualifying Award, Performance Share Award or Stock Bonus under and in accordance with the specific terms of a non-qualified deferred compensation plan sponsored by the Company, provided that in the case of Qualifying Awards and Performance-Based Awards, the amount deferred shall be credited with earnings or dividend equivalents in accordance with Section 162(m).

5.5 CASH BONUSES. The Committee may establish a program of annual incentive

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awards that are payable in cash to Eligible Persons based upon the extent to which performance goals are met during the performance period. The performance goals may depend upon the performance of the Company on a consolidated, subsidiary or division basis with reference to any one or more of the business criteria set forth in Section 5.2 or such other

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strategic goals or individual factors (or any combination of such criteria, goals, or factors).

5.6 ALTERNATIVE PAYMENTS. In lieu of a cash payment of an Award payable in

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cash, the Committee may require or allow all or a portion of the Award to be paid or credited in the form of shares of Common Stock, Restricted Shares, Stock Units, an Option or other Award.

6. OTHER PROVISIONS

6.1 RIGHTS OF ELIGIBLE PERSONS, PARTICIPANTS AND BENEFICIARIES.

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6.1.1 EMPLOYMENT STATUS. Status as an Eligible Person will not be

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construed as a commitment that any Award will be made under this Plan to an Eligible Person or to Eligible Persons generally.

6.1.2 NO EMPLOYMENT CONTRACT. Nothing contained in this Plan (or in any

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other documents related to this Plan or to any Award) will confer upon any Eligible Person or other Participant any right to continue in the employ or other service of the Company or constitute any contract or agreement of employment or other service, nor will interfere in any way with the right of the Company to otherwise change such person's compensation or other benefits or to terminate the employment or other service of such person, with or without cause, but nothing contained in this Plan or any related document will adversely affect any independent contractual right of such person without the Participant's consent.

6.1.3 PLAN NOT FUNDED. Awards payable under this Plan will be payable in

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shares or from the general assets of the Company, and (except as provided in Section 1.4.3) no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including shares of Common Stock, except as expressly otherwise provided) of the Company by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Company.

6.2 ADJUSTMENTS; ACCELERATION.

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6.2.1 ADJUSTMENTS. Upon or in contemplation of any reclassification,

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recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution ("spin-off") in respect of the Common Stock (whether in the form of securities or property); any exchange of Common Stock or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; or a sale of all or substantially all the assets of the

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Company as an entirety ("asset sale"); then the Committee shall, in such manner, to such extent (if any) and at such time as it deems appropriate and equitable in the circumstances:

- (a) in any of such events, proportionately adjust any or all of (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of Awards (including the specific maxima and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any or all outstanding Awards, (3) the grant, purchase, or exercise price of any or all outstanding Awards, (4) the securities, cash or other property deliverable upon exercise of any outstanding Awards, or (5) (subject to limitations under Section 6.10.3(b)) the performance standards appropriate to any outstanding Awards, or
- (b) in the case of a reclassification, recapitalization, merger, consolidation, combination, or other reorganization, spin off or asset sale, make provision for a cash payment or for the substitution or exchange of any or all outstanding share-based Awards or the cash, securities or property deliverable to the holder of any or all outstanding share-based Awards, based upon the distribution or consideration payable to holders of the Common Stock upon or in respect of such event.

In each case, with respect to Awards of Incentive Stock Options, no adjustment will be made that would cause the Plan to violate Section 424(a) of the Code or any successor provisions without the written consent of holders materially adversely affected thereby.

In any of such events, the Committee may take such action prior to such event to the extent that the Committee deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to shareholders generally.

6.2.2 ACCELERATION OF AWARDS UPON CHANGE IN CONTROL. Unless prior to a

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Change in Control Event the Committee determines that, upon its

occurrence, benefits under any or all Awards will not be accelerated or determines that only certain or limited benefits under any or all Awards will be accelerated and the extent to which they will be accelerated, and/or establishes a different time in respect of such Event for such acceleration, then upon the occurrence of a Change in Control Event:

- (a) each Option and Stock Appreciation Right will become immediately exercisable,
- (b) Restricted Stock will immediately vest free of restrictions, and
- (c) each Performance Share Award will become payable to the Participant.

Any discretion with respect to these events shall be limited to the extent required by applicable accounting requirements in the case of a transaction intended to be accounted for as a pooling of interests transaction.

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The Committee may override the limitations on acceleration in this Section 6.2.2 by express provision in the Award Agreement and may accord any Eligible Person a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Committee may approve. Any acceleration of Awards will comply with applicable legal requirements and, if necessary to accomplish the purposes of the acceleration or if the circumstances require, may be deemed by the Committee to occur (subject to Section 6.2.4) a limited period of time not greater than 30 days before the event.

#### 6.2.3 POSSIBLE EARLY TERMINATION OF ACCELERATED AWARDS. If any Option or

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other right to acquire Common Stock under this Plan has been fully accelerated as required or permitted by Section 6.2.2 but is not exercised prior to (a) a dissolution of the Company, or (b) an event described in Section 6.2.1 that the Company does not survive, or (c) the consummation of an event described in Section 6.1 involving a Change of Control approved by the Board, such Option or right will terminate, subject to any provision that has been expressly made by the Board, the Committee through a plan of reorganization approved by the Board or otherwise for the survival, substitution, assumption, exchange or other settlement of such Option or right.

#### 6.2.4 POSSIBLE RECISION OF ACCELERATION. If the vesting of an Award has

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been accelerated expressly in anticipation of an event or subject to shareholder approval of an event and the Committee or the Board later determines that the event will not occur, the Committee may rescind the effect of the acceleration as to any then outstanding and unexercised or otherwise unvested Awards.

#### 6.2.5 ACCELERATION UPON TERMINATION OF SERVICE IN ANTICIPATION OF, OR

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FOLLOWING A CHANGE IN CONTROL. Unless the Committee otherwise provides

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prior to a Change in Control, if any Participant's employment is terminated by the Company for any reason other than For Cause either in express anticipation of and within three months of, or within one year after a Change of Control, then all Options/Awards held by the Participant shall be deemed fully vested immediately prior to the date of termination, irrespective of the vesting provisions of the Participant's Award Agreement.

#### 6.3 EFFECT OF TERMINATION OF SERVICE ON AWARDS. The Committee will establish

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the effect of a termination of employment or service on the rights and benefits for each Award under this Plan and in so doing may make distinctions based upon the cause of termination.

##### 6.3.1 TERMINATION OF CONSULTING OR AFFILIATE SERVICES. If the Participant

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is not an Eligible Employee or director and provides services as an Other Eligible Person, the Committee shall be the sole judge of whether the Participant continues to render services to the Company, unless a contract or the Award otherwise provides. If in these circumstances the Committee notifies the Participant in writing that a termination of services of the Participant for purposes of this Plan has occurred, then (unless the contract or Award otherwise expressly provides), the Participant's termination of services for purposes of Section 2.6, 3, 4.3 or 5 shall be the date which is 10 days after the

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Committee's mailing of the notice or, in the case of a Termination For Cause, the date of the mailing of the notice.

6.3.2 EVENTS NOT DEEMED TERMINATIONS OF SERVICE. Unless Company policy or

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the Committee otherwise provides, the employment or service relationship shall not be considered terminated in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence authorized by the Company or the Committee; provided that unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than 90 days. In the case of any Eligible Employee on an approved leave of absence, continued vesting of the Award while on leave from the employ of the Company shall be suspended, unless the Committee otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term set forth in the Award Agreement.

6.3.3 EFFECT OF CHANGE OF SUBSIDIARY STATUS. For purposes of this Plan and

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any Award, if an entity ceases to be a Subsidiary a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of the Subsidiary who does not continue as an Eligible Person in respect of another entity within the Company.

6.4 COMPLIANCE WITH LAWS. This Plan, the granting and vesting of Awards under

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this Plan, the offer, issuance and delivery of shares of Common Stock, the acceptance of promissory notes and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law, federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. In addition, any securities delivered under this Plan may be subject to any special restrictions that the Committee may require to preserve a pooling of interests under generally accepted accounting principles. The person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as the Committee may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

6.5 TAX MATTERS.

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6.5.1 PROVISION FOR TAX WITHHOLDING OR OFFSET. Upon any exercise, vesting,

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or payment of any Award or upon the disposition of shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company shall have the right at its option to (a) require the Participant (or Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of the amount of any taxes which the Company may be required to withhold with respect to such Award event or payment or (b) deduct from any amount payable in cash the amount of any taxes which the Company may be required to withhold with respect to such cash payment. In any case where a tax is required to be withheld in connection with the delivery of shares of Common Stock under this Plan, the Committee may in its sole discretion (subject to Section 6.4) grant

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(either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Committee may establish, to have the Company reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares valued at their Fair Market Value, to satisfy such withholding obligation, determined in each case as of the trading day next preceding the applicable date of exercise, vesting or payment.

6.5.2 TAX LOANS. If so provided in the Award Agreement, the Company may, to

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the extent permitted by law, authorize a short-term loan of not more than nine (9) months to an Eligible Person in the amount of any taxes that the Company may be required to withhold with respect to shares of Common Stock received (or disposed of, as the case may be) pursuant to a transaction described in Section 6.5.1. Such a loan will be for a term, at a rate of interest and pursuant to such other terms and conditions as the Committee, under applicable law, may establish and such loan need not comply with the other provisions of Section 1.8.

6.6 PLAN AMENDMENT, TERMINATION AND SUSPENSION.

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6.6.1 BOARD AUTHORIZATION. The Board may, at any time, terminate or, from

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time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any suspension of this Plan or after termination of this Plan, but the Committee will retain jurisdiction as to Awards then outstanding in accordance with the terms of this Plan.

6.6.2 SHAREHOLDER APPROVAL. To the extent then required under Sections

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162(m), 422 and 424 of the Code or any other applicable law, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.

6.6.3 AMENDMENTS TO AWARDS. Without limiting any other express authority of

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the Committee under (but subject to) the express limits of this Plan, the Committee by agreement or resolution may waive conditions of or limitations on Awards to Participants that the Committee in the prior exercise of its discretion has imposed, without the consent of a Participant, and may make other changes to the terms and conditions of Awards that do not affect in any manner materially adverse to the Participant, the Participant's rights and benefits under an Award.

6.6.4 LIMITATIONS ON AMENDMENTS TO PLAN AND AWARDS. No amendment,

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suspension or termination of this Plan or change of or affecting any outstanding Award will, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes contemplated by Section 6.2 will not be deemed to constitute changes or amendments for purposes of this Section 6.6.

6.7 PRIVILEGES OF STOCK OWNERSHIP. Except as otherwise expressly authorized by

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the Committee or this Plan, a Participant will not be entitled to any privilege of stock ownership as to any shares of Common Stock not actually delivered to and held of record

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by the Participant. No adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of delivery.

6.8 EFFECTIVE DATE OF THE PLAN. This Plan is effective as of August 5, 1998,

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the date of approval by the Board. The Plan shall be submitted for and subject to shareholder approval.

6.9 TERM OF THE PLAN. No Award will be granted under this Plan after August 4,

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2008 (the "termination date"). Unless otherwise expressly provided in this Plan or in an applicable Award Agreement, any Award granted prior to the termination date may extend beyond such date, and all authority of the Committee with respect to Awards hereunder, including the authority to amend an Award, will continue during any suspension of this Plan and in respect of Awards outstanding on the termination date.

6.10 GOVERNING LAW/CONSTRUCTION/SEVERABILITY.

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6.10.1 CHOICE OF LAW. This Plan, the Awards, all documents evidencing

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Awards and all other related documents will be governed by, and construed in accordance with the laws of the State of California.

6.10.2 SEVERABILITY. If a court of competent jurisdiction holds any

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provision invalid and unenforceable, the remaining provisions of this Plan will continue in effect.

6.10.3 Plan Construction.

(a) RULE 16B-3. It is the intent of the Company that the Awards and

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transactions permitted by Awards generally satisfy and be interpreted in a manner that, in the case of Participants who are or may be subject to Section 16 of the Exchange Act, satisfies the applicable requirements of Rule 16b-3 so that such persons (unless they otherwise agree) will be entitled to the benefits of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act in respect of those transactions and will not be subjected to avoidable liability.

(b) SECTION 162(M). It is the further intent of the Company that (to the

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extent the Company or Awards under this Plan may be or become subject to limitations on deductibility under Section 162(m) of the Code), the Initial Options and Options or SARs subsequently granted with an exercise or base price not less than Fair Market Value on the date of grant and Performance-Based Awards under Section 5.2 of this Plan that are granted to or held by a person subject to Section 162(m) of the Code will qualify as performance-based compensation or otherwise be exempt from deductibility limitations under Section 162(m) of the Code, to the extent that the Committee authorizing the Award (or the payment thereof, as the case may be) satisfies any applicable administrative requirements thereof. This Plan will be interpreted consistent with such intent.

- 6.11 CAPTIONS. Captions and headings are given to the sections and subsections  
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of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any

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way material or relevant to the construction or interpretation of this Plan or any provision thereof.

- 6.12 STOCK-BASED AWARDS IN SUBSTITUTION FOR STOCK OPTIONS OR AWARDS GRANTED BY  
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OTHER CORPORATIONS. Awards may be granted to Eligible Persons under this  
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Plan in substitution for employee stock options, SARs, restricted stock or other stock-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company, in connection with a distribution, merger or reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company, directly or indirectly, of all or a substantial part of the stock or assets of the employing entity.

- 6.13 NON-EXCLUSIVITY OF PLAN. Nothing in this Plan will limit or be deemed to  
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limit the authority of the Board or the Committee to grant awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.

## 7. DEFINITIONS -----

"Award" means an award of any Option, Stock Appreciation Right, Restricted Stock, Stock Bonus, performance share award, dividend equivalent or deferred payment right or other right or security that would constitute a "derivative security" under Rule 16a-1(c) of the Exchange Act, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

"Award Agreement" means any writing setting forth the terms of an Award that has been authorized by the Committee.

"Award Date" means the date upon which the Committee took the action granting an Award or such later date as the Committee designates as the grant or award date at the time of the Award or, in the case of Awards under Section 8, the applicable dates set forth therein.

"Award Period" means the period beginning on an Award Date and ending on the expiration date of such Award.

"Beneficiary" means the person, persons, trust or trusts designated by a Participant or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant's executor or administrator if no other Beneficiary is designated and able to act under the circumstances.

"Board" means the Board of Directors of Korn/Ferry International.

"Change in Control Event" means any of the following:

(a) An acquisition by any Person (excluding one or more Excluded Persons) of beneficial ownership (within the meaning of Rule 13d 3 under Exchange Act or a pecuniary interest in (either comprising "ownership of") more than  
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30% of the Common Stock or voting securities entitled to then vote generally in the election of directors of

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Korn/Ferry International ("Voting Stock"), after giving effect to any new  
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issue in the case of an acquisition from Korn/Ferry International; or



(b) Approval by the shareholders of Korn/Ferry International of a plan of merger, consolidation, or reorganization of Korn/Ferry International or of a sale or other disposition of all or substantially all of Korn/Ferry International's consolidated assets as an entirety (collectively, a "Business Combination"), other than a Business Combination (1) in which all

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or substantially all of the holders of Voting Stock hold or receive directly or indirectly 70% or more of the voting stock of the entity resulting from the Business Combination (or a parent company), and (2) after which no Person (other than any one or more of the Excluded Persons) owns more than 30% of the voting stock of the resulting entity (or a parent company) who did not own directly or indirectly at least that amount of Voting Stock immediately before the Business Combination, and (3) after which one or more Excluded Persons own an aggregate number of shares of the voting stock at least equal to the aggregate number of shares of voting stock owned by any other Person who is not an Excluded Person (except for any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act), if any, and who owns more than 30% of the voting stock.

(c) Approval by the Board and (if required by law) by shareholders of Korn/Ferry International of a plan to consummate the dissolution or complete liquidation of Korn/Ferry International; or

(d) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with Korn/Ferry International to effect a transaction described in clause (a) or (b) of this definition) whose appointment, election, or nomination for election was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board;

For purposes of determining whether a Change in Control Event has occurred, a transaction includes all transactions in a series of related transactions.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commission" means the Securities and Exchange Commission.

"Committee" means the Board or a committee appointed by the Board to administer this Plan, provided that any committee shall be comprised only of two or more directors subject to the following restrictions:

(a) In respect of any decision of the Committee made at a time when the Participant affected by the decision may be subject to Section 162(m) of the Code, and the Awards subject to such decision are intended to satisfy the requirements for exemption therefrom,

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the decision shall be approved by a committee comprised of "outside directors" (as this term is defined in Section 162(m)) to the extent required by Section 162(m).

(b) In respect of any decision of the Committee made at a time when the Participant affected by the decision may be subject to Section 16(b) of the Exchange Act, and the Awards subject to such decision are intended to satisfy the requirements for exemption therefrom, the decision shall be approved by the Board or by a committee comprised of Non-Employee Directors (as this term is as defined in Rule 16(b)-3 of the Exchange Act) to the extent required by Rule 16(b)-3.

"Common Stock" means the Common Stock of Korn/Ferry International and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 6.2 of this Plan.

"Company" means Korn/Ferry International, a California Corporation, its successors, and/or its Subsidiaries, as the context requires, provided that with respect to the Common Stock, or the grant, exercise, or disposition of an Award or the provisions of Sections 1.8, 5.2.1, 6.2.1, 6.2.3, 6.4 and 6.10, Company means only Korn/Ferry International.

"Eligible Employee" means an officer (whether or not a director) or employee of the Company.

"Eligible Person" means an Eligible Employee, or any Other Eligible Person, as determined by the Committee.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from

time to time.

"Excluded Person" means

- (a) the Company
- (b) any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act);
- (c) any employee benefit plan of Korn/Ferry International;
- (d) any affiliates (within the meaning of the Exchange Act), successors, or heirs, descendants or members of the immediate families of the individuals identified in part (b) of this definition.

"Fair Market Value" on any date means

- (a) if the stock is listed or admitted to trade on a national securities exchange, the closing price of the stock on the Composite Tape of the principal national securities exchange on which the stock is so listed or admitted to trade, on such date, or, if there is no trading of the stock on such date, then the closing price of the stock as quoted on such Composite Tape on the next preceding date on which there was trading in such shares;
- (b) if the stock is not listed or admitted to trade on a national securities exchange, the closing price for the stock on such date, as furnished by the National Association of

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Securities Dealers, Inc. ("NASD") through the NASDAQ National Market Reporting System or a similar organization if the NASD is no longer reporting such information;

- (c) if the stock is not listed or admitted to trade on a national securities exchange and is not reported on the National Market Reporting System, the mean between the bid and asked price for the stock on such date, as furnished by the NASD or a similar organization; or
- (d) if the stock is not listed or admitted to trade on a national securities exchange, is not reported on the National Market Reporting System and if bid and asked prices for the stock are not furnished by the NASD or a similar organization, the value as established by the Committee at such time for purposes of this Plan.

Notwithstanding the foregoing, the Fair Market Value of the Common Stock for purposes of determining the exercise price of the Initial Options granted to employees under this Plan will be deemed to be the initial price at which the Common Stock is offered to the public in the IPO.

"Incentive Stock Option" or "ISO" means an Option that is designated and intended as an incentive stock option within the meaning of Section 422 of the Code, the award of that contains such provisions (including but not limited to the receipt of shareholder approval of this Plan, if the award is made prior to such approval) and is made under such circumstances and to such persons as may be necessary to comply with that section.

"Initial Options" means Options granted during or at the completion of an IPO.

"IPO" means a bona fide, firm commitment underwritten public offering of the Common Stock pursuant to a registration statement on Form S-1 (or other applicable form) that is declared effective under the Securities Act that results in Korn/Ferry International becoming a registered company in respect of the Common Stock under the Exchange Act.

"Korn/Ferry International" means Korn/Ferry International, a California Corporation, and its successors (if any).

"Nonqualified Stock Option" means an Option that is designated as a Nonqualified Stock Option and will include any Option intended as an Incentive Stock Option that fails to meet the applicable legal requirements thereof. Any Option granted hereunder that is not designated as an incentive stock option will be deemed to be designated a nonqualified stock option under this Plan and not an incentive stock option under the Code.

"Non-Employee Director" for purposes of Section 8 means a member of the Board of Directors of Korn/Ferry International who is not an officer or employee of the Company or any 50% or greater parent corporation.

"Non-Employee Director Participant" means a Non-Employee Director who holds an outstanding Award under the provisions of Section 8.

"Option" means an option to purchase Common Stock granted under this Plan. The Committee will designate any Option granted to an Eligible Person as a

"Other Eligible Person" means (a) any director, or (b) any individual consultant or advisor or agent who renders or has rendered bona fide services

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(other than services in connection with the offering or sale of securities of the Company in a capital raising transaction) to the Company, and who (to the extent provided in the next sentence) is selected to participate in this Plan by the Committee. A person who is neither an employee nor officer who provides bona fide services to the Company may be selected as an Other Eligible Person

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only if such person's participation in this Plan would not adversely affect (a) Korn/Ferry International's eligibility to use Form S-8 to register under the Securities Act of 1933, as amended, the offering and sale of shares issuable under this Plan by Korn/Ferry International or (b) Korn/Ferry International's compliance with any other applicable laws.

"Performance Share Award" means an Award of a right to receive shares of Common Stock under Section 5.1, or to receive shares of Common Stock or other compensation (including cash) under Section 5.2, the issuance or payment of that is contingent upon, among other conditions, the attainment of performance objectives specified by the Committee.

"Person" means an association, a corporation, an individual, a partnership, a trust or any other entity or organization, including a governmental entity and a "person" as that term is used under Section 13(d) or 14(d) of the Exchange Act.

"Personal Representative" means the person or persons who, upon the disability or legal incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

"Plan" means this Performance Award Plan, as may be amended from time to time.

"Restricted Shares" or "Restricted Stock" means shares of Common Stock awarded to a Participant under this Plan, subject to payment of such consideration, if any, and such conditions on vesting (which may include, among others, the passage of time, specified performance objectives or other factors) and such transfer and other restrictions as are established in or pursuant to this Plan and the related Award Agreement, for so long as such shares remain unvested or restricted under the terms of the applicable Award Agreement.

"Retirement" means retirement from active service as an employee or officer of the Company after age 65.

"Rule 16b-3" means Rule 16b-3 as promulgated by the Commission pursuant to the Exchange Act, as amended from time to time.

"Section 16 Person" means a person subject to Section 16(a) of the Exchange Act.

"Section 162(m)" means Section 162(m) of the Code and the regulations promulgated thereunder.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Stock Appreciation Right" or "SAR" means a right authorized under this Plan to receive a number of shares of Common Stock or an amount of cash, or a combination of shares and cash, the aggregate amount or value of which is determined by reference to a change in the Fair Market Value of the Common Stock.

"Stock Bonus" means an Award of shares of Common Stock granted under this Plan for no consideration other than past services and without restriction other than such transfer or other restrictions as the Committee may deem advisable to assure compliance with law.

"Stock Unit" means a bookkeeping entry which serves as a unit of measurement relative to a share of Common Stock for purposes of determining the payment of a deferred benefit or right under the Plan.

"Subsidiary" means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by Korn/Ferry International.

"Termination For Cause" means (unless otherwise expressly provided in the Award Agreement or another contract) a termination of service, based upon a

finding by the Company, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) is or has been dishonest, incompetent, or negligent in the discharge of his or her duties to the Company; or has refused to perform stated or assigned duties; or

(b) has committed a theft or embezzlement, or a breach of confidentiality or unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information, or a breach of fiduciary duty involving personal profit, or a willful or negligent violation of any law, rule or regulation or of Company rules or policy, in any material respect; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses); or

(c) has materially breached any of the provisions of any agreement with the Company or a parent corporation; or

(d) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of the Company; or has induced a customer to break or terminate any contract with the Company or an affiliate; or has induced any principal for whom the Company (or an affiliate) acts as agent to terminate such agency relationship.

A Termination For Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Board or Committee) on the date when the Company first delivers notice to the Participant of a finding of Termination For Cause and shall be final in all respects on the date following the opportunity to be heard and written notice to the Participant that his or her service is terminated.

"Total Disability" means any medically determinable physical or mental condition or impairment which prevents the Participant from performing the essential functions of his or her

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job with the Company that can be expected to result in death or that has lasted or can be expected to last for a period of 90 consecutive days or for shorter periods aggregating 180 days in any consecutive 12 month period.

#### 8. NON-EMPLOYEE DIRECTOR OPTIONS

##### 8.1 PARTICIPATION. Awards under this Section 8 will be made only to Non-

Employee Directors and will be evidenced by Award Agreements substantially in the form of Exhibit A or the form approved by the Board.

##### 8.2 OPTION GRANTS.

###### 8.2.1 INITIAL AWARD. Any person who is not an officer or employee of the

Company and who is or who thereafter becomes a director of Korn/Ferry

International upon completion of an IPO and the registration of the Common Stock of Korn/Ferry International under the Exchange Act, will automatically be granted (without any action by the Board or Committee) a Nonqualified Stock Option (the Award Date of which will be the tenth (10th) trading day after the date of such registration or the time such person takes office, as the case may be) to purchase 1,500 shares of Common Stock.

###### 8.2.2 SUBSEQUENT ANNUAL AWARDS. Subject to Section 8.2.3, at the close of

trading on the day of the annual shareholders meeting in each year during the term of the Plan commencing in 1999, there will be granted automatically (without any action by the Committee or the Board) a Nonqualified Stock Option (the Award Date of which will be such date) to each Non-Employee Director then continuing in office to purchase 1,500 shares of Common Stock.

###### 8.2.3 MAXIMUM NUMBER OF OPTIONS/SHARES. Annual grants that would otherwise

exceed the maximum number of shares under Section 1.4.1 will be prorated within such limitation. A Non-Employee Director will not receive more than one Nonqualified Stock Option under this Section 8.2 in any calendar year.

##### 8.3 OPTION PRICE. The purchase price per share of the Common Stock covered by

each Option granted pursuant to Section 8.2 will be 100% of the Fair Market Value of the Common Stock on the Award Date. The exercise price of any Option granted under this Section will be paid in full at the time of each (i) purchase in cash or by check, (ii) in shares of Common Stock valued at

their Fair Market Value on the date of exercise of the Option and, if the shares were acquired from the Company, owned by the Participant at least six months prior to the date of exercise, (iii) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, or (iv) any combination of the foregoing methods of payment.

8.4 OPTION PERIOD AND EXERCISABILITY. Each Option granted under this Section 8

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and all rights or obligations thereunder will expire on the day before the 10th anniversary of the Award Date and will be subject to earlier termination as provided below. Unless the Committee provides otherwise, an Option granted under Section 8.2 will become exercisable on the Award Date.

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8.5 TERMINATION OF DIRECTORSHIP. If a Non-Employee Director's services as a

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member of the Board terminate for any reason, an Option granted pursuant to this Section 8 and then held by the director, to the extent the Option is then exercisable, will remain exercisable for 12 months after the date of termination or until the expiration of the stated term of the Option, whichever first occurs. Any portion of an Option granted pursuant to this Section 8 that is not exercisable at the time of the termination of service will terminate upon the termination of service.

8.6 ADJUSTMENTS; ACCELERATION UPON A CHANGE IN CONTROL EVENT; TERMINATION.

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Options granted under this Section 8 will be subject to adjustment, assumption, conversion, substitution or exchange, termination and acceleration as provided in Section 6.2, but in the case of a Change in Control Event only to the extent that the changes and any Board or Committee action in respect thereof (i) are effected pursuant to the terms of a reorganization agreement approved by shareholders of Korn/Ferry International or otherwise consistent with the effect of the event on Options held by persons other than executive officers or directors of Korn/Ferry International and (ii) are consistent in respect of the underlying shares with the effect on shareholders generally.

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(domestic version,  
which is the same  
in all material  
respects as the  
international  
version)

KORN/FERRY INTERNATIONAL  
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WORLDWIDE EXECUTIVE BENEFIT  
-----

RETIREMENT PLAN  
-----

FOR U.S. EXECUTIVES  
-----

KORN/FERRY INTERNATIONAL  
-----

WORLDWIDE EXECUTIVE BENEFIT  
-----

RETIREMENT PLAN  
-----

FOR U.S. EXECUTIVES  
-----

PREAMBLE  
-----

The purpose of this Korn/Ferry International Worldwide Executive Benefit ("WEB") Retirement Plan for U.S. Executives (the "Plan") is to provide supplemental retirement benefits for eligible individuals who are Vice Presidents or above and shareholders of Korn/Ferry International (the "Company") and its Affiliates and are covered under the Company's Employee Tax-Deferred Savings (401(k)) Plan. In general, this Plan will cover eligible individuals who are United States citizens, permanent legal residents and taxpayers. The Plan will be effective as of January 1, 1997. Individuals who retired or terminated employment with the Company and its Affiliates prior to January 1, 1997 will not be eligible to participate in or receive benefits under the Plan.

ARTICLE I

DEFINITIONS  
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When used herein, the following words shall have the following meanings unless the content clearly indicates otherwise:

1.1 Actuarial Equivalent. "Actuarial Equivalent" means a benefit which is  
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actuarially equivalent to the normal form of retirement benefit commencing at age 65, using actuarial factors determined by the Committee pursuant to Section 3.6.

1.2 Affiliates. "Affiliates" means subsidiary and affiliated companies of  
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Korn/Ferry International.

1.3 Annual Benefits Schedule. "Annual Benefits Schedule" means a written  
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schedule in the form attached to this Plan which will be issued annually by the Company to notify Participants of the retirement benefits available under this Plan and may be changed by the Company from time to time in its complete and sole discretion.

1.4 Annual Benefit Statement. "Annual Benefit Statement" means an annual  
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written statement which will be issued by the Company to notify each Participant of the Participant's annual and cumulative accrual percentage of his or her retirement benefit under the Plan for the applicable Plan Year.

1.5 Base Salary. "Base Salary" means a Participant's base salary prior to -----  
deductions for deferrals under any Company sponsored qualified or non-qualified plans. Base salary excludes all bonuses, incentive and supplemental compensation and other payments and benefits, except fixed base salary.

1.6 Beneficiary. "Beneficiary" means the person or persons designated as -----  
such in accordance with Article IV.

1.7 Board. "Board" means the Board of Directors of Korn/Ferry -----  
International or any committee thereof acting within the scope of its authority.

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1.8 Code. "Code" means the Internal Revenue Code of 1986, as amended -----  
from time to time.

1.9 Committee. "Committee" means the administrative committee -----  
appointed by the Board to administer the Plan pursuant to Article V.

1.10 Company. "Company" means Korn/Ferry International and, Whenever -----  
applicable, its Affiliates.

1.11 Effective Date. "Effective Date" means January 1, 1997.  
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1.12 ERISA. "ERISA" means the Employee Retirement Income Security Act -----  
of 1974, as amended from time to time.

1.13 Final Average Salary. "Final Average Salary" means the -----  
participant's highest average monthly Base Salary during the 36 consecutive months out of the final 72 months of active, full-time (at least 30 hours per week) employment with the Company or its Affiliates.

1.14 Participant. "Participant" means an eligible Vice -----  
President/Shareholder who has completed the eligibility requirements to participate in the Plan in accordance with the provisions of Article II and has been notified in writing that his or her participation has been approved by the Company.

1.15 Plan. "Plan" means this Worldwide Executive Benefit Retirement -----  
Plan for U.S. Executives as set forth in this document and as the same may be amended, administered or interpreted from time to time.

1.16 Plan Year. "Plan Year" means the fiscal year of the Company which -----  
begins on May 1 and ends on April 30.

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1.17 Vice President/Shareholder. "Vice President/Shareholder" means -----  
any Vice President or more senior officer of the Company or its Affiliates who is or becomes a shareholder of the Company at the next subscription offering under the Company's Equity Participation Program and abides by the provisions of such program as determined by the Committee.

## ARTICLE II

### PARTICIPATION -----

2.1 Participation. Any Vice President/Shareholder who is actively -----  
employed on a full-time basis (at least 30 hours per week) and who is eligible for retirement benefits in accordance with the Annual Benefits Schedule for this Plan, which will be issued and updated by the Company from time to time, may enroll in the Plan by completing the underwriting requirements and any other enrollment steps required by the Company for coverage to begin. An eligible Vice

President/Shareholder shall become a Participant in the Plan upon being notified in writing that his or her participation has been approved by the Company.

2.2 Commencement of Coverage. Subject to the limitations of Section

2.1, (i) a Vice President/Shareholder who is eligible for coverage on January 1, 1997 will be covered under the Plan as of January 1, 1997, and (ii) any other eligible Vice President/Shareholder will be covered under the Plan on May 1 after his or her participation is approved by the Company.

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ARTICLE III

RETIREMENT BENEFITS

3.1 Eligibility for Retirement Benefits. A Participant who is not

terminated for "Cause" (as defined in Section 3.10) and who does not violate the non-compete provisions of Section 3.11 will be eligible to receive retirement benefits under this Plan.

3.2 Determination of Amount of Retirement Benefits.

(a) The amount of the monthly retirement benefit payable to a Participant commencing at age 65 will be a specific percentage (determined as set forth below) of the Participant's Final Average Salary. The specific percentage will be the cumulative accrual percentage earned by the Participant, which will be the sum of the annual accrual percentages awarded to the Participant for each complete Plan Year of service, up to a maximum of 20 years of service.

(b) A Participant will only earn benefits under the Plan for service after the Effective Date (or service after May 1, 1994, as provided below) while actively employed on a full-time basis (at least 30 hours per week). No annual accrual percentage will be awarded to a Participant for any Plan Year (or any portion of a Plan Year) during which the Participant was not in active, full-time employment (at least 30 hours per week) with the Company or its Affiliates during the entire Plan Year.

(c) Annual accrual percentages will be awarded retroactively to a Participant commencing with the later of the Plan Year which began on May 1, 1995, or the first Plan Year in

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which the Participant met the eligibility requirements to participate in the Plan. A Participant's cumulative accrual percentage will be the sum of the annual accrual percentages awarded to the Participant during the first 20 years of full-time service as a Participant in the Plan. A Participant will not accrue any additional annual accrual percentages under the Plan after the first 20 years of full-time service while participating in the Plan.

(d) The target annual accrual percentages will be one-twentieth (1/20) of the target retirement percentages for each Plan Year, as set forth in the Annual Benefits Schedule for this Plan which will be issued by the Company and is subject to change by the Company from time to time in its complete and sole discretion. Actual awards for each Plan Year will be determined by the Board and may vary from the target awards. Annual accrual percentages awarded under the Plan for each Plan Year will be based on the Company's success in meeting its profitability goals for the Plan Year. If the Company does not meet the profitability goals which are established by the Board for a particular Plan Year, a reduced annual accrual percentage (which may be zero) may be awarded under the Plan for that Plan Year. In a Plan Year when the Company exceeds its profitability goals, the Board, in its sole discretion, may determine to award annual accrual percentages which exceed the target awards. Any increase or decrease in the actual awards from the target awards for a Plan Year will be made ratably on the same proportionate basis for all Participants in the Plan. There is no guarantee by the Company of any total retirement benefit under the Plan.

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(e) The Participant's annual accrual percentage and cumulative accrual percentage will be reported for each Plan Year in an Annual Benefit Statement issued by the Company to the Participant. In the event of any difference between the annual or cumulative accrual percentages set forth in the most recent Annual Benefit Statement issued to the Participant and the percentages determined from the Annual Benefits Schedule, the annual and cumulative accrual percentages determined from the Annual Benefits Schedules



issued by the Company shall be controlling.

(f) A Participant will be 100% vested at all times in the annual and cumulative accrual percentages which have been earned by the Participant under the Plan, except as provided in Sections 3.10 and 3.11.

### 3.3 Definition of Retirement.

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(a) Early retirement means termination of service with the Company and its Affiliates after a Participant attains age 55, but before attaining age 65.

(b) Normal retirement means termination of service with the Company and its Affiliates when a Participant attains age 65.

(c) Late retirement means termination of service with the Company and its Affiliates when a Participant continues in employment after age 65.

### 3.4 Form of Retirement Benefit Payments. The normal form of payment

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of retirement benefits will be a single life annuity payable at age 65 for unmarried Participants and a joint and 50% survivor annuity payable at age 65 for married

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Participants. A Participant may, however, elect payment in one of the following forms:

- (1) Single life annuity
- (2) Single life annuity with 10 year certain
- (3) Joint & 50% survivor annuity
- (4) Joint & 100% survivor annuity

Spousal consent is required for all elections by married Participants.

### 3.5 Commencement of Retirement Benefit Payments. Retirement benefit

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payments will commence on the May 1 or November 1 following a Participant's retirement, unless the Participant has elected a later commencement date. Participants may elect to have retirement benefits commence a certain number of years after retirement. In such event retirement benefits will commence on May 1 or November 1 following the number of years elected. Notwithstanding any election made by a Participant or any other provision of the Plan, if a Participant retires prior to age 65, retirement benefits will not commence until the May 1 or November 1 following two years after termination of service or the Participant's attainment of age 65, whichever is sooner.

Retirement benefits must commence no later than May 1 or November 1 following the month in which a Participant attains age 70, even if the Participant is still employed with the Company or its Affiliates. If a Participant is actively employed on a full-time basis past age 65, the Participant will continue to earn additional annual accrual percentages up to the maximum of the first 20 years of full-time service while participating in

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the Plan. If the Participant is still working at the time when retirement benefit payments commence, the initial retirement benefit payments will be based on the Participant's accrued retirement benefit on the date when payments commence. If the Participant continues to accrue additional retirement benefits, the retirement benefit payments will be adjusted each year to reflect the additional accrual, if any. No adjustment shall be made for past retirement benefit payments.

All payments of retirement benefits are subject to the limitations of Sections 3.10 and 3.11.

### 3.6 Actuarial Adjustment for Early or Late Commencement of Retirement

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Benefit Payments. Retirement benefit payments which commence prior to or after

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the date when a Participant attains age 65 will be adjusted actuarially using Actuarial Equivalent factors determined by the Committee. Initially, the Actuarial Equivalent factors will be 80% of the 1983 GAM Mortality Table and a discount rate not greater than 120% of the long-term "applicable federal rate" (as defined in Section 1274(d) of the Code). In the future the Committee may use such mortality tables and discount rates as the Committee may determine, in its sole discretion.

### 3.7 Election of Form and Commencement of Retirement Benefit Payments.

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When a Participant becomes eligible to accrue a benefit in accordance with the Annual Benefits Schedule, the Participant will be required to make an election of form and commencement date of retirement benefit payments during the initial enrollment under the Plan.

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A Participant may change the election of form and commencement date of retirement benefit payments at any time prior to 12 months before the Participant's early, normal or late retirement without a penalty, but in no event later than age 65, except as provided below. A Participant may make a subsequent change in the election of form and commencement date of retirement benefit payments within 12 months prior to early, normal or late retirement or after age 65 with a 10% penalty.

In the event of a change in a Participant's marital status or the death of a Participant's designated Beneficiary after a Participant attains age 65, the Participant may change the election of form and commencement date of retirement benefit payments without a penalty at any time prior to 12 months before retirement benefit payments commence.

In no event may a Participant change the form or commencement date of retirement benefit payments (or the Beneficiary designated to receive any survivor benefits following the Participant's death) after retirement benefit payments have commenced, either with or without a penalty.

3.8 Disability. A Participant who becomes disabled while employed

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with the Company or its Affiliates will not accrue additional benefits under the Plan during any Plan Year when the Participant is not an active, full-time employee during the entire Plan Year. A disabled Participant will not be eligible to receive retirement benefits before the earliest date when the Participant would have been eligible to retire under the Plan. Retirement benefit payments to a disabled Participant will be made in accordance with the Participant's election of form and

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commencement date of retirement benefits in the same manner as for any other Participant.

3.9 Termination of Employment Before Age 55. A Participant who

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terminates employment with the Company and its Affiliates before attaining age 55 will not be eligible to receive retirement benefits until age 55 or two years after termination of service, whichever is later. Subject to the foregoing limitation and Sections 3.10 and 3.11, retirement benefit payments to a terminated Participant will be made in accordance with the Participant's election of form and commencement date of retirement benefits. Retirement benefits will commence after the same number of years the Participant elected to have retirement benefits commence following retirement, but measured from the date when the Participant terminated employment, or two years after termination of service or when the Participant attains age 55, whichever is latest. For example, if the Participant terminates service at age 54 and had elected to have retirement benefits commence two years after retirement, retirement benefits will commence when the Participant attains age 56 (which will be two years after termination of service). If the Participant terminates service at age 51 and had elected to have retirement benefits commence two years after retirement, retirement benefits will commence when the Participant attains age 55.

3.10 Termination for Cause. Notwithstanding any other provision of

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the Plan, any Participant whose employment is terminated for "cause" and the Beneficiaries of any such Participant will not be entitled to receive any benefits under

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the Plan. For purposes of this Plan, "cause" means the Participant's (i) commission of a crime, (ii) refusal to follow, without good cause, directions of the Board, (iii) misappropriation of property or money from the Company or its Affiliates, (iv) commission of any act resulting in material harm to the financial condition or reputation of the Company or its Affiliates, or (v) commission of any fraudulent act relating to or arising out of the Participant's employment. Notwithstanding any date of retirement or voluntary termination of employment by the Participant, if the Company or any of its Affiliates notifies the Participant that he or she is being terminated for cause within 90 days of such date of retirement or voluntary termination by the Participant, the Participant shall be considered terminated for cause for purposes of this Plan.

3.11 Non-Compete Provisions. If a Participant becomes employed as an

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executive search consultant or obtains employment in any capacity for any other executive search firm within two years after the date of his termination of

service (including early, normal or late retirement) with the Company or its Affiliates, the Participant (or his or her Beneficiary following the Participant's death) will not be entitled to receive any benefits under the Plan.

3.12 Small Payments. If the monthly payments under the Plan to a

Participant (or his or her Beneficiary following the Participant's death) are \$500 or less, the Company, in its sole discretion, may convert the benefit to a lump sum payment, notwithstanding any other provision of the Plan.

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#### ARTICLE IV

##### SURVIVOR BENEFITS AND DESIGNATION OF BENEFICIARY

#### 4.1 Survivor Benefits.

##### (a) Post-Retirement After Retirement Benefits Have Commenced. If the

Participant dies after retirement benefits have commenced, the Beneficiary will receive the continuation of the survivor portion, if any, of the annuity the Participant elected. If the Participant elected a single life only annuity, no survivor benefit will be payable.

##### (b) After Eligible for Retirement or Post-Retirement Before

Retirement Benefits Commence. If the Participant dies after becoming eligible

for retirement, but before retirement benefits have commenced, the Beneficiary will receive the survivor portion, if any, of the annuity the Participant elected. Survivor benefits will commence after the same number of years the Participant elected to have retirement benefits commence following retirement, but measured from the Participant's death. For example, if the Participant had elected to have retirement benefits commence two years after retirement, survivor benefits will commence two years after the Participant's death.

##### (c) Pre-Retirement. If the Participant dies before eligibility for

retirement, the Beneficiary will receive the survivor portion, if any, of the annuity the Participant elected. Survivor benefits will commence on the May 1 or November 1 following the month in which the Participant would have attained age 55 if the Participant had lived.

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##### (d) Hardship. In the event of a financial hardship (including

payment of estate taxes) due to the delay in commencement of survivor benefits, the Beneficiary may submit a written petition to the Committee asking to have survivor benefits commence on an earlier date. The Committee may grant or deny the petition in its sole discretion.

##### (e) Actuarial Adjustment of Survivor Benefits. When retirement

benefits have not commenced during the Participant's lifetime, survivor benefits which commence before or after the Participant attained or would have attained age 65 will be actuarially adjusted in the manner described in Section 3.6.

#### 4.2 Designation of Beneficiary. Each Participant shall have the

right to designate a Beneficiary to whom payment of survivor benefits under a joint and survivor annuity elected by the Participant under this Plan shall be made in the event of the Participant's death. Such designation shall be made on a form prescribed by and delivered to the Company. The Participant shall have the right to change or revoke any such designation of a Beneficiary from time to time prior to commencement of retirement benefit payments by filing a new designation or notice of revocation with the Company, and no notice to any Beneficiary nor consent by any Beneficiary shall be required to effect any such change or revocation except as provided below. The spouse of a married Participant must consent in writing to any designation of a Beneficiary other than the spouse, and any designation of a Beneficiary by a married Participant other than the spouse of such Participant will be null and void without the written consent of the spouse in the form required by the

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Company. A subsequent marriage or divorce of the Participant prior to commencement of retirement benefit payments shall revoke all prior designations of a Beneficiary. A Participant may not change his or her Beneficiary after retirement benefit payments commence.

4.3 Failure to Designate Beneficiary. If a Participant shall fail

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to designate a Beneficiary, or if no designated Beneficiary survives the Participant, no survivor benefits will be payable after the Participant's death except as provided in the following sentence. If the Participant is married at the time of death and has not designated a Beneficiary, the survivor benefits, if any, will be paid to the Participant's spouse, unless the Participant elected a single life annuity.

ARTICLE V

ADMINISTRATION

5.1 Administrator. The Board shall appoint a Committee consisting

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of three or more persons to administer the Plan and shall have authority to appoint and remove members from the Committee. The Committee shall have the administrative responsibilities hereinafter described with respect to the Plan. Whenever any action is required or permitted to be taken in the administration of the Plan, such action shall be taken by the Committee unless the Committee's power is expressly limited herein or by operation of law. The Committee shall be the Plan "Administrator" (as such term is defined in Section 3(16) (A) of

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ERISA). The Committee may delegate its duties and responsibilities as it, in its sole discretion, deems necessary or appropriate to the execution of such duties and responsibilities. The Committee as a whole or any of its members may serve in more than one capacity with respect to the Plan. A member of the Committee shall not vote or act upon any matter which relates solely to the member in his or her individual capacity as a Participant.

5.2 Powers and Duties. The Committee, or its delegates, shall

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maintain and keep (or cause to be maintained and kept) such records as are necessary for the efficient operation of the Plan or as may be required by any applicable law, regulation or ruling and shall provide for the preparation and filing of such forms, reports, information, and documents as may be required to be filed with any governmental agency or department and furnished to Participants and/or Beneficiaries.

Except to the extent expressly reserved to the Company or the Board, the Committee shall have all powers necessary to administer the Plan and to satisfy the requirements of any applicable laws. These powers shall include, by way of illustration and not limitation, the exclusive powers and discretionary authority necessary to:

(a) construe and interpret the Plan; declare and amend the Annual Benefits Schedule; decide all questions of eligibility, including whether a person shall participate in the Plan for U.S. or International Executives; decide all questions of fact relating to claims for benefits; and determine the

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amount, time, manner, method, and mode of payment of any benefits hereunder;

(b) direct the Company and/or the trustee of any trust established at the discretion of the Company to provide for the payment of benefits under the Plan, including the amount, time, manner, method, and mode of payment of any benefits hereunder;

(c) prescribe procedures to be followed and forms to be used by Participants and/or other persons in filing applications or elections;

(d) prepare and distribute, in such manner as may be required by law or as the Committee deems appropriate, information explaining the Plan; provided, however, that no such explanation shall contravene the terms of this Plan or increase the rights of any Participant or Beneficiary or the liabilities of the Company; and

(e) perform all functions otherwise imposed upon a plan administrator by ERISA which are not expressly reserved to the Company or the Board.

5.3 Claims Procedure. The right of any Participant or Beneficiary

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to receive a benefit hereunder and the amount of such benefit shall be determined in accordance with the procedures for determination of benefit claims established and maintained by the Committee in compliance with the requirements of Section 503 of ERISA.

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## ARTICLE VI

### AMENDMENT AND TERMINATION OF PLAN

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Subject to the limitations of Article VII, the Board may, at any time in its complete and sole discretion, amend or terminate the Plan in whole or in part, change the benefits under the Plan, or otherwise modify the Annual Benefits Schedule for the Plan, provided that no such action may deprive Participants or Beneficiaries of benefits which have accrued prior to such action. Written notice of any amendment or termination of the Plan shall be given to each affected Participant in the Plan.

## ARTICLE VII

### CHANGE OF CONTROL

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In the event of a "Change of Control" of the Company (as defined below), the Plan may not be amended or terminated, and the Annual Benefits Schedule and benefits under the Plan may not be modified or changed, during the two year period after the Change of Control. All Participants who remain in employment with the Company or its Affiliates shall continue to accrue benefits under the Plan for the Plan Years which commence during such two year period in accordance with the provisions of the Plan.

For purposes of this Plan, a "Change of Control" shall mean (i) the sale or other transfer of 50% or more of the voting stock of the Company, other than to (a) shareholders of the Company, (b) a pension, profit-sharing, stock bonus or similar

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plan established for the benefit of employees of the Company or its Affiliates or (c) an entity in which the former shareholders of the Company hold 50% or more of the value of the outstanding stock; (ii) a merger, consolidation, business combination or other reorganization of the Company in which the former shareholders of the Company hold 50% or more of the value of the outstanding stock; or (iii) the sale or other transfer of all or substantially all of the assets of the Company, other than to (a) shareholders of the Company, (b) a pension, profit-sharing, stock bonus or similar plan established for the benefit of employees of the Company or its Affiliates or (c) an entity in which the former shareholders of the Company hold 50% or more of the value of the outstanding stock.

## ARTICLE VIII

### MISCELLANEOUS

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#### 8.1 ERISA Plan. This Plan is covered by Title I of the Employee

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Retirement Income Security Act of 1974 ("ERISA") as a "top hat" pension benefit plan. The Company is the "named fiduciary" of the Plan for purposes of Section 402(a) (2) of ERISA. The Plan is intended to be "unfunded" and maintained "primarily for the purpose of providing deferred compensation for a select group of management of highly compensated employees" for purposes of ERISA, and as such is intended not to be covered by Parts 2 through 4 of Subtitle B of Title I of ERISA (relating to participation and vesting, funding and fiduciary responsibility).

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#### 8.2 Employment Not Guaranteed. Nothing contained in this Plan nor any

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action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in employment with the Company or its Affiliates.

#### 8.3 Protective Provisions. Each Participant shall cooperate with

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the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other relevant action as may be requested by the Company. If a Participant refuses so to cooperate, the Company shall have no further obligation to the Participant or his or her Beneficiary under the Plan. If a Participant makes any material misstatement of information or nondisclosure of medical history or commits suicide within two years after becoming a Participant in the Plan, then no

benefits will be payable hereunder to such Participant's Beneficiary, provided, that in the Company's sole discretion, benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of any such action, misstatement or nondisclosure.

8.4 Arbitration. Any controversy or claim arising out of or  
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relating to this Plan, or the breach thereof, shall be settled by arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall occur in Los Angeles, California. The fees and

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expenses of any arbitration shall be awarded by the arbitrator(s).

8.5 Gender, Singular & Plural. All pronouns and any variations  
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thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.6 Captions. The captions of the articles, sections and paragraphs  
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of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

8.7 Validity. In the event any provision of this Plan is held  
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invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of this Plan, and this Plan shall be deemed to be modified to the least extent possible to make it valid and enforceable in its entirety.

8.8 Notices and Elections. Any notice or election required or  
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permitted to be given to the Company or the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the President. Such notice or election shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

8.9 Withholding; Employment Taxes. To the extent required by the law  
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in effect at the time payments are made, the

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Company shall withhold any taxes required to be withheld by the federal or any state or local government from payments made hereunder.

8.10 Applicable Law. This Plan shall be construed, regulated and  
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administered in accordance with the laws of the State of California, except insofar as state law is preempted by ERISA.

8.11 Waiver of Breach. The waiver by the Company of any provision of  
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this Plan shall not operate or be construed as a waiver of any subsequent breach by the Participant.

8.12 Benefit. The rights and obligations of the Company under this  
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Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

8.13 No Right to Company Assets. Neither the Participant nor any  
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other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Company whatsoever including, without limiting the generality of the foregoing, any specific funds or assets which the Company, in its sole discretion, may set aside in anticipation of a liability hereunder, nor in or to any policy or policies of insurance on the life of the Participant owned by the Company. No trust shall be created in connection with or by the execution or adoption of this Plan, and any benefits which become payable hereunder shall be paid from the general assets of the Company. The Participant shall have only a contractual right to the amounts, if any, payable hereunder unsecured by any asset of the Company.

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8.14 Offset. If at the time payments or installments of payments are

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to be made hereunder the Participant or the Beneficiary or both are indebted or obligated to the Company, then the payments remaining to be made to the Participant or the Beneficiary or both may, at the discretion of the Company, be reduced by the amount of such indebtedness or obligation, provided, however, that an election by the Company not to reduce any such payment or payments shall not constitute a waiver of its claim for such indebtedness or obligations.

8.15 Nonassignability. Neither the Participant nor any other person

-----  
shall have any right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Executive or any other person, or be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency.

8.16 Trust Fund. The Company shall be responsible for the payment of

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all benefits provided under the Plan. At its discretion, the Company may establish one or more trusts, with such trustees as the Board or the Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the

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extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company.

ARTICLE IX

DISCLAIMER OF RESPONSIBILITIES FOR TAX CONSEQUENCES

-----  
The Company and its Affiliates assume no responsibility, and do not purport to provide any tax or legal advice or counsel, with respect to any tax consequences or liabilities which result from the benefits which are provided under this Plan. Participants and Beneficiaries must look solely to their own tax and legal advisers for such advice and counsel.

IN WITNESS WHEREOF, the Company has caused this Worldwide Executive Benefit Retirement Plan for U.S. Executives to be executed this 1st day of

January, 1997, effective as of January 1, 1997.  
-----

KORN/FERRY INTERNATIONAL

By: /s/ Peter L. Dunn

-----  
Title:

Attest:

By: /s/ Kristine E. Key

-----  
Title:

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KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
RETIREMENT PLAN  
FOR U.S. EXECUTIVES

ANNUAL BENEFITS SCHEDULE  
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The retirement benefit for each Participant is subject to all of the terms of the Korn/Ferry International Worldwide Executive Benefit Retirement Plan for U.S. Executives. The Company will furnish an Annual Benefit Statement to each Participant which will set forth the annual and cumulative accrual percentage

for calculating the Participant's retirement benefit under the Plan for the applicable Plan Year. The target annual accrual percentage for each Plan Year will be based on this Annual Benefits Schedule, as modified from time to time. The actual annual accrual percentage for each Plan Year will be determined by the Board of Directors based on the profitability of the Company for the Plan Year. In the event of any difference between the annual or cumulative accrual percentages set forth in the most recent Annual Benefit Statement issued to the Participant and the percentages determined from the Annual Benefits Schedules, the annual and cumulative accrual percentages determined from the Annual Benefits Schedules issued by the Company shall be controlling, subject to the limitations set forth in the Plan. The Company reserves the right, at any time except during the two year period after a Change of Control, in its complete and sole discretion, to amend or terminate the Plan in whole or in part, change the normal retirement benefit or annual accrual percentage under the Plan or otherwise modify this Annual Benefits Schedule, provided that no such action may deprive Participants or Beneficiaries of benefits which have accrued prior to such action.

KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
RETIREMENT PLAN  
FOR U.S. EXECUTIVES

ANNUAL BENEFITS SCHEDULE

May 1, 1994 to April 30, 1995

COUNTRY	WEB TARGET	WEB TARGET
	NORMAL RETIREMENT BENEFIT*	ANNUAL ACCRUAL PERCENTAGE**
United States	.25% of Final Average Salary	.00% of Final Average Salary

- \* After 20 Plan Years of full-time service as a Participant in the Plan.  
\*\* For each full Plan Year of full-time service (to a maximum of 20) as a Participant in the Plan.

A supplemental contribution was made to the 401(k) plan for the 1994 Plan Year on behalf of eligible participants.

1/1/97	/s/ Peter L. Dunn
-----	-----
Date	Signature

KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
RETIREMENT PLAN  
FOR U.S. EXECUTIVES

ANNUAL BENEFITS SCHEDULE

MAY 1, 1995 TO APRIL 30, 1996

COUNTRY	WEB TARGET	WEB TARGET
	NORMAL RETIREMENT BENEFIT*	ANNUAL ACCRUAL PERCENTAGE**
United States	9.25% of Final Average Salary	0.4625% of Final Average Salary

- \* After 20 Plan Years of full-time service as a Participant in the Plan.  
\*\* For each full Plan Year of full-time service (to a maximum of 20) as a Participant in the Plan.

1/1/97	/s/ Peter L. Dunn
-----	-----
Date	Signature

KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
RETIREMENT PLAN



FOR U.S. EXECUTIVES  
ANNUAL BENEFITS SCHEDULE

MAY 1, 1996 TO APRIL 30, 1997

COUNTRY	WEB TARGET NORMAL RETIREMENT BENEFIT*	WEB TARGET ANNUAL ACCRUAL PERCENTAGE**
United States	9.25% of Final Average Salary	.4625% of Final Average Salary

\* After 20 Plan Years of full-time service as a Participant in Plan.

\*\* For each full Plan Year of full-time service (to a maximum of 20) as a Participant in the Plan.

4/30/97

Date

/s/ Peter L. Dunn

Signature

(domestic version,  
which is the same  
in all material  
respects as the  
international  
version)

KORN/FERRY INTERNATIONAL  
-----

WORLDWIDE EXECUTIVE BENEFIT  
-----

LIFE INSURANCE PLAN  
-----

FOR U.S. EXECUTIVES  
-----

KORN/FERRY INTERNATIONAL  
-----

WORLDWIDE EXECUTIVE BENEFIT  
-----

LIFE INSURANCE PLAN  
-----

FOR U.S. EXECUTIVES  
-----

PREAMBLE  
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The purpose of this Korn/Ferry International Worldwide Executive Benefit ("WEB") Life Insurance Plan for U.S. Executives (the "Plan") is to provide life insurance coverage for eligible individuals who are Vice Presidents or above and shareholders of Korn/Ferry International (the "Company") and its Affiliates and are eligible under the Company's U.S. group life insurance plan. In general, this Plan will cover eligible individuals who are United States citizens, permanent legal residents and taxpayers. The Plan will be effective as of January 1, 1997.

ARTICLE I

DEFINITIONS  
-----

When used herein, the following words shall have the following meanings unless the content clearly indicates otherwise:

1.1 Affiliates. "Affiliates" means subsidiary and affiliated  
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companies of Korn/Ferry International.

1.2 Annual Benefits Schedule. "Annual Benefits Schedule" means a  
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written schedule in the form attached to this Plan which will be issued annually by the Company to notify Participants of the amount of their life insurance coverage

available under this Plan and may be changed by the Company from time to time in its complete and sole discretion.

1.3 Annual Benefit Statement. "Annual Benefit Statement" means an  
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annual written statement which will be issued by the Company to notify each Participant of the amount (in U.S. dollars) of his or her life insurance coverage under the Plan for the applicable year.

1.4 Base Salary. "Base Salary" means a Participant's annual base  
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salary as of the first day of the month in which he or she is enrolled in the Plan and thereafter as of May 1 preceding the last Coverage Adjustment Date preceding his or her death, prior to deductions for deferrals under any Company sponsored qualified or non-qualified plans. Base salary excludes all bonuses, incentive and supplemental compensation and other payments and benefits, except fixed base salary.

1.5 Beneficiary. "Beneficiary" means the person or persons  
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designated as such in accordance with Article VI.

1.6 Board. "Board" means the Board of Directors of Korn/Ferry  
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International or any committee thereof acting within the scope of its authority.

1.7 Code. "Code" means the Internal Revenue Code of 1986, as  
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amended from time to time.

1.8 Committee. "Committee" means the administrative committee  
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appointed by the Board to administer the Plan pursuant to Article VII.

1.9 Company. "Company" means Korn/Ferry International and, whenever  
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applicable, its Affiliates.

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1.10 Coverage Adjustment Date. "Coverage Adjustment Date" means June  
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1 of each year (or any other date selected by the Committee from time to time in its discretion), on which changes or increases in life insurance coverage will take effect.

1.11 Economic Benefit. "Economic Benefit" means the value of the  
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economic benefit of life insurance coverage under this Plan for income tax purposes, determined based on the Code, revenue rulings issued by the Internal Revenue Service and other applicable authorities.

1.12 Effective Date. "Effective Date" means January 1, 1997.  
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1.13 ERISA. "ERISA" means the Employee Retirement Income Security  
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Act of 1974, as amended from time to time.

1.14 Insurance Company. "Insurance Company" means an insurance  
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company selected by the Company to provide life insurance coverage for Participants pursuant to the terms of the Plan.

1.15 Net Cumulative Premiums. "Net Cumulative Premiums" means  
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premiums paid by the Company on a Policy net of any withdrawals or loans from cash value of the Policy made to the Company.

1.16 Participant. "Participant" means an eligible Vice  
-----  
President/Shareholder who has completed the underwriting requirements of the Insurance Company, has elected to participate in the Plan in accordance with the provisions of Article II, and has been notified in writing that his or her participation has been approved by the Company.

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1.17 Plan. "Plan" means this Worldwide Executive Benefit Life  
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Insurance Plan for U.S. Executives as set forth in this document and as the same may be amended, administered or interpreted from time to time.

1.18 Plan Year. "Plan Year" means May 1 through April 30.  
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1.19 Policy. "Policy" means a life insurance policy providing life  
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insurance coverage under this Plan.

1.20 Vice President/Shareholder. "Vice President/Shareholder" means  
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any Vice President or more senior officer of the Company (or a subsidiary or affiliated company) who is or becomes a shareholder of the Company at the next subscription offering under the Company's Equity Participation Program and abides by the provisions of such program as determined by the Committee.

## ARTICLE II

### PARTICIPATION

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#### 2.1 Participation. Any Vice President who becomes a shareholder of

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the Company and is actively employed on a full-time basis (at least 30 hours per week) and who is eligible for life insurance benefits in accordance with the Annual Benefits Schedule for this Plan, which will be issued and updated by the Company from time to time, may enroll in the Plan by electing to participate and completing the underwriting requirements of the Insurance Company and any other enrollment steps required by the Company for coverage to begin. An eligible Vice President/Shareholder shall become a Participant in the Plan upon

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being notified in writing that his or her participation has been approved by the Company.

#### 2.2 Insurability. Eligible Vice President/Shareholders are not

-----

automatically entitled to all insurance coverage offered under the Plan. Each eligible Vice President/Shareholder must satisfy the Insurance Company's requirements for obtaining insurance before he or she becomes covered under the Plan. Notwithstanding any other provision of the Plan, a Participant's life insurance coverage under the Plan will be limited to the insurance coverage approved and issued by the Insurance Company on the Participant's life under this Plan less the Net Cumulative Premiums paid by the Company.

#### 2.3 Commencement of Coverage. Subject to the limitations of

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Sections 2.1 and 2.2, (i) a Vice President/Shareholder who is eligible for coverage on January 1, 1997 will be covered under the Plan as of January 1, 1997, and (ii) any other eligible Vice President/Shareholder will be covered under the Plan when coverage is approved and issued by the Insurance Company.

#### 2.4 Increases or Changes in Coverage. When a Participant's Base

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Salary is increased, the amount of his or her life insurance coverage under this Plan will increase on the next Coverage Adjustment Date, except as provided in this Section 2.4. Any increase in coverage will not take effect until such additional coverage is approved and issued by the Insurance Company, and a Participant may be required to satisfy the Insurance Company's requirements for obtaining additional insurance before he or she becomes covered for an additional

-5-

amount of life insurance coverage under the Plan. A Participant's coverage under the Plan will be limited to the coverage issued by the Insurance Company. If a Participant's Base Salary is reduced, the amount of his or her life insurance coverage under this Plan will decrease on the next Coverage Adjustment Date.

#### 2.5 Declining Coverage. An eligible Vice President/Shareholder may

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decline coverage under the Plan. However, any such person will be required to satisfy the Insurance Company's requirements for obtaining insurance before he or she may become covered under the Plan at a later date.

## ARTICLE III

### LIFE INSURANCE COVERAGE

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#### 3.1 Amount of Insurance. A Participant who is employed by the

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Company at the time of his or her death will have life insurance coverage under this Plan. The amount of the life insurance benefit which will be payable to the Beneficiary designated by the Participant will be the amount (in U.S. dollars) set forth in the most recent Annual Benefit Statement issued by the Company to the Participant. This amount will be based on the Annual Benefits Schedule for this Plan, which will be issued by the Company and is subject to change by the Company from time to time in its complete and sole discretion. In the event of any difference between the amount set forth in the most recent Annual Benefit Statement issued to the Participant and the amount determined from the Annual Benefits Schedule, the amount determined from the most recent Annual Benefits Schedule issued

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by the Company shall be controlling, subject to the limitations set forth below.

(a) Limitations on Amount of Coverage. Notwithstanding any other

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provision of the Plan, the amount of the Participant's life insurance coverage under the Plan will be limited to the amount of coverage issued by the Insurance Company on the Participant under this Plan less the Net Cumulative Premiums paid by the Company. If a Participant commits suicide, the Participant's life insurance benefit will be limited to the amount of the death benefits paid by the Insurance Company on Policies issued on the Participant under this Plan less the Net Cumulative Premiums paid by the Company.

(b) Coverage After Termination of Employment. After termination

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of employment with the Company for any reason, a Participant will have no life insurance coverage under this Plan. However, when a Participant terminates employment, the Participant will have an opportunity to purchase the policy insuring the Participant under this Plan pursuant to Article IV.

3.2 Insurance Policy. To provide the life insurance coverage under

-----  
the Plan, the Company shall acquire one or more insurance policies ("Policy" or "Policies") on the life of each Participant. Except as otherwise specifically provided, the Company will be the owner and hold all the incidents of ownership in these Policies, including the rights to borrow and make withdrawals from any Policies, and the entire interest in the cash value with respect to these Policies shall belong to the Company. The Company may withdraw cash value from a Policy up to the Net Cumulative Premiums paid by the Company on the Policy at

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or after a Participant's retirement or termination of employment. The Participant will have no right to borrow or withdraw cash value from a Policy.

The Participant may specify in writing to the Company the Beneficiary or Beneficiaries for his or her life insurance coverage under this Plan. Upon receipt of a written request from the Participant, the Company will immediately take such action as shall be necessary to implement such Beneficiary designation. Any death benefits under Policies on the life of the Participant that exceed the amount payable to the Participant's Beneficiary under this Plan shall be payable to the Company. Notwithstanding any other provision of this Plan, the Company shall be entitled to receive death benefits under each Policy issued under this Plan of not less than the Net Cumulative Premiums paid by the Company on such Policy.

3.3 Assignment. A Participant may assign, revocably or irrevocably,

-----  
to one or more individuals or trustees all or any part of the right, title, claim, interest, benefit and all other incidents of ownership which he or she may have in any Policies providing his or her life insurance coverage under this Plan. Such assignee shall then have all rights and obligations which have been assigned and otherwise are the Participant's under this Plan. In the event that there has been such an assignment, the term Participant shall mean the Participant's assignee (or any subsequent assignee) as the context requires, in connection with ownership, actions, elections, or other events concerning life insurance coverage on the Participant.

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3.4 Payment of Premiums and Contributions. All premiums for life

-----  
insurance coverage under this Plan while a Participant is employed with the Company will be paid by the Company. The Participant will be required each year to reimburse to the Company an amount equivalent to the Economic Benefit of this coverage.

3.5 Lump Sum Death Benefit. The Company will provide all life

-----  
insurance benefits payable under the Plan through a lump sum life insurance benefit paid directly from the Insurance Company to the Participant's Beneficiary under a split dollar life insurance program.

The Company shall notify the Insurance Company of the portion of the death benefit under each Policy to which the Participant is entitled under the Plan. The Participant's interest in the Policy shall be subject to the terms and conditions of the Plan.

ARTICLE IV

OPTION TO PURCHASE INSURANCE POLICY ON TERMINATION OF EMPLOYMENT

-----  
When a Participant terminates employment with the Company for any reason, the Participant may elect to purchase the Policy providing the

Participant's coverage under the Plan for a lump sum cash payment equal to the cash value of the Policy. A Participant who purchases a Policy will thereafter be required to pay all future premiums on the Policy.

A Participant must notify the Company in writing of his or her interest in purchasing a Policy within thirty (30) days

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after termination of employment. Upon receipt of such notification, the Company will provide information about the Policy to the Participant, including premiums, cash value and a Policy illustration. The Participant must elect in writing to purchase the Policy and make a lump sum cash payment of the full purchase price for the Policy to the Company within thirty (30) days after receipt of information about the Policy from the Company. A Participant's life insurance coverage under this Plan will remain in effect after termination of employment during the period when the Participant is entitled to purchase the Policy providing his or her life insurance coverage under the Plan. Any Participant who dies during the period while he or she is entitled to purchase the Policy will automatically be deemed to have elected to purchase the Policy.

If the Participant does not timely elect to purchase the Policy, the Participant's life insurance coverage under the Plan will automatically cease, and all incidents of ownership of the Policy (if any) held by the Participant shall automatically be transferred to the Company. After the Participant purchases the Policy, or the Participant's incidents of ownership of the Policy are transferred to the Company, the Company shall have no further legal or equitable obligations of any kind to the Participant under this Plan.

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#### ARTICLE V

##### OPTION TO PURCHASE INSURANCE POLICY UPON ELIMINATION OF COVERAGE -----

Any Participant whose life insurance coverage has been in force at least two years and is eliminated pursuant to Article VIII of this Plan (without being replaced with an equivalent amount of coverage under another plan of the Company) shall have the option to purchase the Policy providing his or her life insurance coverage under this Plan immediately prior to the elimination of such coverage. The purchase price and terms and procedures for purchase shall be the same as under Article IV, except that the applicable time periods shall commence upon elimination of coverage, rather than termination of employment.

#### ARTICLE VI

##### BENEFICIARY DESIGNATION -----

###### 6.1 Designation of Beneficiary. Each Participant (or his or her -----

assignee in the case of an assignment of the Participant's life insurance coverage pursuant to Section 3.3 of this Plan) shall have the right to designate a Beneficiary or Beneficiaries to whom payment of the Participant's life insurance benefit under this Plan shall be made in the event of the Participant's death. Such designation shall be made on a form prescribed by and delivered to the Company. Except where such designation is irrevocable, the Participant shall have the right to change or revoke any such designation from time to time by filing a new designation or notice of revocation with the

-11-

Company, and no notice to any Beneficiary nor consent by any Beneficiary shall be required to effect any such change or revocation except as provided below. The spouse of a married Participant must consent in writing to any designation of a Beneficiary other than the spouse. Any designation of a Beneficiary for a married Participant other than the spouse of such Participant will be null and void without the written consent of the spouse in the form required by the Company. A subsequent marriage or divorce of the Participant shall revoke all prior designations of a Beneficiary, except for any prior designation which was irrevocable.

###### 6.2 Failure to Designate Beneficiary. If a Participant shall fail to -----

designate a Beneficiary before his or her demise, or if no designated Beneficiary survives the Participant, the Committee shall direct the Insurance Company to make payment under this Plan to the Participant's spouse, if the Participant was married at the time of death, or otherwise to the executor or administrator for the Participant's estate.

ARTICLE VII

ADMINISTRATION

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7.1 Administrator. The Board shall appoint a Committee consisting of

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three or more persons to administer the Plan and shall have authority to appoint and remove members from the Committee. The Committee shall have the administrative responsibilities hereinafter described with respect to the Plan. Whenever any action is required or permitted to be taken in the

-12-

administration of the Plan, such action shall be taken by the Committee unless the Committee's power is expressly limited herein or by operation of the law. The Committee shall be the Plan "Administrator" (as such term is defined in Section 3(16) (A) of ERISA). The Committee may delegate its duties and responsibilities as it, in its sole discretion, deems necessary or appropriate to the execution of such duties and responsibilities. The Committee as a whole or any of its members may serve in more than one capacity with respect to the Plan. A member of the Committee shall not vote or act upon any matter which relates solely to the member in his or her individual capacity as a Participant.

7.2 Powers and Duties. The Committee, or its delegates, shall maintain and

-----

keep (or cause to be maintained and kept) such records as are necessary for the efficient operation of the Plan or as may be required by any applicable law, regulation or ruling and shall provide for the preparation and filing of such forms, reports, information, and documents as may be required to be filed with any governmental agency or department and furnished to Participants and/or Beneficiaries.

Except to the extent expressly reserved to the Company or the Board, the Committee shall have all powers necessary to administer the Plan and to satisfy the requirements of any applicable laws. These powers shall include, by way of illustration and not limitation, the exclusive powers and discretionary authority necessary to:

(a) construe and interpret the Plan; declare and amend the Annual Benefits Schedule; decide all questions of

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eligibility, including whether a person shall participate in the Plan for U.S. or International Executives; decide all questions of fact relating to claims for benefits; and determine the amount, time, manner, method, and mode of payment of any benefits hereunder;

(b) direct the Company and/or the trustee or custodian of any trust or custodial account established at the discretion of the Company to provide for the payment of benefits under the Plan, including the amount, time, manner, method, and mode of payment of any benefits hereunder;

(c) prescribe procedures to be followed and forms to be used by Participants and/or other persons in filing applications or elections;

(d) prepare and distribute, in such manner as may be required by law or as the Committee deems appropriate, information explaining the Plan; provided, however, that no such explanation shall contravene the terms of this Plan or increase the rights of any Participant or Beneficiary or the liabilities of the Company; and

(e) perform all functions otherwise imposed upon a plan administrator by ERISA which are not expressly reserved to the Company or the Board.

7.3 Claims Procedure. The right of any Participant or Beneficiary

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to receive a benefit hereunder and the amount of such benefit shall be determined in accordance with the procedures for determination of benefit claims established and maintained by the Committee in compliance with the requirements of Section 503 of ERISA.

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ARTICLE VIII

AMENDMENT AND TERMINATION OF PLAN

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Subject to the limitations of Article V, the Board may, at any time in its complete and sole discretion, amend or terminate the Plan in whole or in part, change the amount of coverage under the Plan, or otherwise modify the Annual Benefits Schedule for the Plan. Except as provided in Article V, the

Company is not obligated to continue any life insurance benefit, any insurance coverage or any insurance policy after such action. Written notice of any amendment or termination of the Plan shall be given to each affected Participant in the Plan.

#### ARTICLE IX

##### MISCELLANEOUS

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#### 9.1 ERISA Plan. This Plan is covered by Title I of the Employee

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Retirement Income Security Act of 1974 ("ERISA") as a welfare benefit plan. The Company is the "named fiduciary" of the Plan for purposes of Section 402(a) (2) of ERISA.

#### 9.2 Employment Not Guaranteed. Nothing contained in this Plan nor any

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action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in employment with the Company or its Affiliates.

#### 9.3 Protective Provisions. Each Participant shall cooperate with the

-----

Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder, taking such physical examinations as the

-15-

Company may deem necessary and taking such other relevant action as may be requested by the Company. If a Participant refuses so to cooperate, the Company shall have no further obligation to the Participant or his or her Beneficiary under the Plan. If a Participant makes any material misstatement of information or nondisclosure of medical history or commits suicide within two years after becoming a Participant in the Plan, then no benefits will be payable hereunder to such Participant's Beneficiary, provided, that in the Company's sole discretion benefits may be payable in an amount reduced to compensate the Company for any loss, cost, damage or expense suffered or incurred by the Company as a result in any way of any such action, misstatement or nondisclosure.

#### 9.4 Arbitration. Any controversy or claim arising out of or relating

-----

to this Plan, or the breach thereof, shall be settled by arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall occur in Los Angeles, California. The fees and expenses of any arbitration shall be awarded by the arbitrator(s).

#### 9.5 Gender, Singular & Plural. All pronouns and any variations

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thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

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#### 9.6 Captions. The captions of the articles, sections and paragraphs of

-----

this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

#### 9.7 Validity. In the event any provision of this Plan is held invalid,

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void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of this Plan, and this Plan shall be deemed to be modified to the least extent possible to make it valid and enforceable in its entirety.

#### 9.8 Notices and Elections. Any notice or election required or permitted

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to be given to the Company or the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the President. Such notice or election shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

#### 9.9 Notice to Insurance Company. The Company shall be responsible for

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notifying the Insurance Company which issues any Policy or Policies under this Plan of any changes in the ownership rights and interests of the Participant



and the Company and of any changes in the Beneficiaries to receive death benefits under the Plan, and the Insurance Company shall be entitled to rely upon such notification received from the Company.

9.10 Applicable Law. This Plan shall be construed, regulated and  
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administered in accordance with the laws of the

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State of California, except insofar as state law is preempted by ERISA.

9.11 Waiver of Breach. The waiver by the Company of any provision of  
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this Plan shall not operate or be construed as a waiver of any subsequent breach by the Participant.

9.12 Benefit. The rights and obligations of the Company under this  
-----  
Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

#### ARTICLE X

##### DISCLAIMER OF RESPONSIBILITIES FOR TAX CONSEQUENCES -----

The Company and its Affiliates assume no responsibility, and do not purport to provide any tax or legal advice or counsel, with respect to any tax consequences or liabilities which result from the life insurance coverage and benefits which are provided under this Plan. Participants and Beneficiaries must look solely to their own tax and legal advisers for such advice and counsel.

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IN WITNESS WHEREOF, the Company has caused this Worldwide Executive Benefit Life Insurance Plan for U.S. Executives to be executed this 31st day of December, 1996, effective as of January 1, 1997.

KORN/FERRY INTERNATIONAL

By /s/ Peter L. Dunn  
-----

Title:

Attest:

By /s/ Kristine E. Key  
-----

Title:

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KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
LIFE INSURANCE PLAN  
FOR U.S. EXECUTIVES

ANNUAL BENEFITS SCHEDULE  
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The life insurance coverage for each Participant is subject to all of the terms of the Korn/Ferry International Worldwide Executive Benefit Life Insurance Plan for U.S. Executives. The Company will furnish an Annual Benefit Statement to each Participant which will set forth the actual amount (in U.S. dollars) of his or her life insurance coverage under the Plan for the applicable year. The amount of life insurance coverage will be based on this Annual Benefits Schedule. In the event of any difference between the amount set forth in the most recent Annual Benefit Statement issued to the Participant and the amount determined from this Annual Benefits Schedule, the amount determined from the most recent Annual Benefits Schedule issued by the Company shall be controlling, subject to the limitations set forth in the Plan. In particular, the amount of life insurance coverage will in all events be limited to the amount of coverage issued by the Insurance Company on the Participant under the Plan less the Net Cumulative Premiums paid by the Company. The Company reserves the right, at any time in its complete and sole discretion, to amend or terminate the Plan in whole or in part, change the amount of coverage under the Plan or otherwise modify this Annual Benefits Schedule.

=====

KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
LIFE INSURANCE PLAN  
FOR U.S. EXECUTIVES  
ANNUAL BENEFITS SCHEDULE  
-----

JANUARY 1, 1997 TO APRIL 30, 1997  
-----

COUNTRY	GOVERNMENT & KF PROGRAM OFFSET	WEB - LIFE INSURANCE PLAN BENEFIT
United States	\$50,000	3x Base Salary less \$50,000

- a. Effective January 1, 1997  
b. Rounded to the nearest \$10,000

4/30/97 /s/ Peter L. Dunn  
-----  
Date Signature

KORN/FERRY INTERNATIONAL  
WORLDWIDE EXECUTIVE BENEFIT  
LIFE INSURANCE PLAN  
FOR U.S. EXECUTIVES  
ANNUAL BENEFITS SCHEDULE

MAY 1, 1997 TO APRIL 30, 1998  
-----

COUNTRY	GOVERNMENT & KF PROGRAM OFFSET	WEB - LIFE INSURANCE PLAN BENEFIT
United States	\$50,000	3x Base Salary less \$50,000

- a. Coverage increases effective June 1

4/30/98 /s/ Peter L. Dunn  
-----  
Date Signature

## ACCEPTANCE - LONG TERM DISABILITY INSURANCE POLICY

Policy GLTD-3201 issued to Korn/Ferry International (the Policyholder) is hereby  
accepted.

Signed for the Policyholder:

/s/ Kristine E. Key

-----  
Signature

Vice President Administrative Services

-----  
Title

April 14, 1997

-----  
Date

Signed for Delaware American Life Insurance Company:

/s/ Michael F. McGarrity

REGISTRAR

-----  
Title

December 31, 1996

-----  
Date

DELAMLIFE

DELAWARE AMERICAN  
LIFE INSURANCE COMPANY  
P.O. BOX 667, WILIMINGTON, DELAWARE 19899  
A CAPITAL STOCK COMPANY  
(hereinafter called the Company)

GROUP

LONG TERM DISABILITY INSURANCE

ADMINISTRATION MANUAL

FOR

KORN/FERRY INTERNATIONAL

PROGRAM SUMMARY

-----

- A. Policy Number: GLTD-3201
- B. Program Effective: January 1, 1997
- C. Program Anniversary Date: January 1, 1998 and January 1 of each year  
thereafter.
- D. Employees eligible are: All active, full-time executive employees who are  
classified as vice presidents who become  
shareholders and who (a) reside outside of the USA  
and (b) normally work at least 30 hours per week
- E. Waiting Period for new employees (the period of employment required before  
an employee is eligible to join this program):  
None
- F. Insurance for new employees is effective on the date the Waiting Period has  
been completed.
- G. Schedule of Benefits - Below - subject to a maximum monthly benefit of

\$10,000

LOCATION	AMOUNT OF INSURANCE
-----	-----
1. Austria	54% of Basic Monthly Earnings
2. Brazil	40% of Basic Monthly Earnings
3. Canada	31% of Basic Monthly Earnings
4. Germany	18% of Basic Monthly Earnings
5. Hong Kong	35% of Basic Monthly Earnings
6. Hungary	25% of Basic Monthly Earnings
7. Luxembourg	15% of Basic Monthly Earnings
8. Mexico	10% of Basic Monthly Earnings
9. Norway	30% of Basic Monthly Earnings
10. Singapore	40% of Basic Monthly Earnings
11. Spain	40% of Basic Monthly Earnings
12. Switzerland	30% of Basic Monthly Earnings

\*\*\*\*\*IMPORTANT\*\*\*\*\*

Subject to all other provisions of the Group Policy, no change in an employee's Amount of Insurance due to a change in location will become effective until the Company is notified of such change.

H. Rate: 1.61% of Total Covered Benefit per month

I. EliminationPeriod: 180 days

A period of consecutive days of total disability commencing with the first day for which no monthly benefit is payable. Premiums must be paid for the insured during the Qualifying Period.

J. Date Premium is due and Premium Accounting Period:

Due Date: First of the Month

Premium Accounting Period: Monthly

K. Insurance is terminated at: Retirement.

L. Enrollment cards, application cards, change forms, termination information and premium should be sent to:

Delaware American Life Insurance Company  
P.O. Box 667  
Wilmington, DE 19899  
U.S.A.

ATTN: GMD Administration

M. Claim forms and claim related questions should be directed to:

Delaware American Life Insurance Company  
P.O. Box 667  
Wilmington, DE 19899  
U.S.A.

ATTN: GMD Claims - 7th Floor

While this manual describes certain features of your program in general terms, it is not to be considered part of the master policy. The conditions, limitations and exclusions of the master policy determine the program and govern the contents of this administration manual.

ENROLLMENT PROCEDURES

NEW EMPLOYEES

- 
- 1) All employees eligible (D of the Summary) will be furnished an enrollment form together with whatever announcement material you are using to describe your plan (if any).
  - 2) All enrollment forms should be checked to confirm they are complete, legible and signed by the employee. Much unnecessary extra work can be avoided if all forms can be easily read by everyone. Enrollment forms should be processed as follows:
    - a) All information should be typed or printed.
    - b) The full name of the employee must be shown. A married woman's name should be stated as "Mary A. Doe" not "Mrs. John A. Doe".

- 3) When completed enrollment forms are returned, enter your Policy Number (A of the Summary) in the space provided and forward the forms to the Insurance Company. This should be done in advance of the effective date when possible. Be sure the employee has signed and dated the form.

#### EFFECTIVE DATE - -----

Insurance for employees eligible on or prior to the original effective date of the program who enroll on or prior to such effective date will become effective on the program's effective date.

For employees who enroll after the effective date of the program and within 30 days of becoming eligible, insurance will be effective in accordance with F of the Summary.

For employees who must submit an application with answers to health questions, insurance will become effective upon approval of the application by the Insurance Company.

However, eligible employees absent from work by reason of injury or sickness on the date insurance would otherwise become effective will become insured when they have returned to work on a full-time basis.

#### CERTIFICATES OF INSURANCE - -----

After each employee's enrollment form has been processed, he or she is to receive a Certificate of Insurance.

Lost Certificate-

An insured employee who loses his or her Certificate of Insurance may secure a duplicate from his or her employer.

#### PREMIUM PAYMENTS -----

Changes (additions and deletions) are to be listed on the census and submitted along with new enrollment cards; beneficiary changes, etc.

Premium payments should be sent to:

Delaware American Life Insurance Company  
P.O. Box 667  
Wilmington, DE 19899  
U.S.A.

ATTN: GMD Administration

The changes indicated on the Census will be reflected on the next bill

The remittance, any Group Adjustment Reports, new enrollment cards, beneficiary changes, etc. should be attached to the Group Premium Statement and forwarded to the location shown in Section L. of this Summary.

#### TERMINATION OF AN EMPLOYEE'S INSURANCE -----

#### Termination Date - -----

The insurance of an insured employee will immediately terminate on the earliest of the following dates:

- 1) On the date the employee is no longer an eligible employee (D and K of the summary), withdraws from the program, or takes a leave of absence or furlough in excess of 30 days (for reasons other than disability);
- 2) As of any premium due date, if the employer fails to pay the required premium for the employee except as the result of an inadvertent error, subject to the grace period provided in the Policy;
- 3) On the date the employee ceases to be eligible by reason of attained age (K of the Summary); or
- 4) On the date the Master Policy is terminated.

Termination of the Master Policy or of an employee's coverage for any reason will not affect any claims originating prior to termination.

#### Processing Termination - -----

When an employee's insurance terminates, cross the employee's name off the next

billing statement.

CLAIM PROCEDURES  
-----

Naturally, this is one of the most important phases of this program. So that our best service may be provided to your employees, please follow the claim procedures described below carefully.

How to File a Claim  
-----

A Preliminary Statement of Disability must be completed for every claim about one (1) month prior to the completion of the Qualifying Period (defined in the Summary of Benefits section).

1. Have the employee complete the EMPLOYEE section of the claim form.
2. We suggest that the Administrator indicate the Policy Number in the Employer section and forward the form to the attending physician noting to him or her that the form should be returned to you. (You are then certain that the form is submitted properly.)

NOTE: Any and all medical or other personal information obtained from an applicant, insured or physician on behalf of the Insurance Company is to be held in the strictest confidence by the policyholder and will not be used for any purpose other than insurance administration. Such information will be used solely by the Insurance Company for insurance purposes.

3. Once returned by the physician, you (the policyholder) should complete the EMPLOYER section.
4. Attach a copy of the claimant's job description to the claim form.

NOTE: If the disabled employee is over age 55 when the claim is originally submitted, also forward a copy of his or her birth certificate.

Supplementary Claim forms to be completed by the employee and his or her physician will be provided periodically.

WAIVER OF PREMIUM (discontinuing employee premium payments to the Insurance Company)

Upon the start of benefit payments and only upon notification from the Insurance Company premium payments for the claimant should be discontinued. Report this as a termination. (Refer to the EMPLOYEE TERMINATION section.)

When the claimant returns to work, report this as an addition on your next report.

DELAWARE AMERICAN  
LIFE INSURANCE COMPANY  
P.O. BOX 667, WILMINGTON, DELAWARE 19899  
A CAPITAL STOCK COMPANY  
(hereinafter called the Company)

POLICYHOLDER: Korn/Ferry International

GROUP POLICY NUMBER: GLTD-3201

EFFECTIVE DATE: January 1, 1997

POLICY ANNIVERSARIES: January 1, 1998 and each succeeding January 1

INITIAL MONTHLY PREMIUM: 1.61% of Total Covered Benefit per month.

DELAWARE AMERICAN LIFE INSURANCE COMPANY (herein called the Company) in consideration of the application for this GROUP POLICY, attached to and made a part of this Group Policy, and of the payment of premiums as provided in the Group Policy, hereby

AGREES TO PAY

benefits in accordance with and subject to the terms of the Group Policy.

The Group Policy takes effect on the Effective Date.

Premiums are payable by the policyholder in amounts determined as hereinafter provided. The first premium is due on the Effective Date, and subsequent premiums are, during the continuation of the Group Policy due monthly.

The Sections set forth on the following pages are part of the Group Policy.

IN WITNESS WHEREOF, Delaware American Life Insurance Company has caused the Group Policy to be executed as of the Effective Date.

/s/ Robert E. Tully  
-----  
Registrar

GROUP LONG TERM DISABILITY  
INSURANCE POLICY

/s/ Elizabeth M. Tuck  
-----

/s/ RJ O'Connell  
-----

Secretary

President

This policy is divided into sections as follows:

Section I	SCHEDULE OF BENEFITS
Section II	DEFINITIONS
Section III	ELIGIBILITY AND EFFECTIVE DATES
Section IV	BENEFITS
Section IV	TERMINATION PROVISIONS
Section VI	GENERAL POLICY PROVISIONS
Section VII	PREMIUMS
	SECTION I - SCHEDULE OF BENEFITS

Eligible Classes of Employees

All active, full-time executive employees who are classified as vice presidents who become shareholders and who (a) reside outside of the USA and (b) normally work at least 30 hours per week

Waiting Period	
Present Employees.....	None
New Employees.....	None

Amount of Insurance.....As shown in the attached Schedule  
of Locations and benefit amounts.

Maximum Monthly Benefit.....\$10,000

Elimination Period.....180 Days

Pre-Existing Conditions Limitation.....6/12/24

Benefit Duration:

Age at Disability	Benefit Duration
-----	-----
Less than 60	To Age 65 but not less than
	60 months
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
69 and over	12 months
-----	-----

SCHEDULE OF LOCATIONS AND BENEFIT AMOUNTS

<TABLE>	
<CAPTION>	
Location	Amount of Insurance
-----	-----
<S>	<C>
1. Austria.....	54% of Basic Monthly Earnings
2. Brazil.....	40% of Basic Monthly Earnings
3. Canada.....	31% of Basic Monthly Earnings

4. Germany.....	18% of Basic Monthly Earnings
5. Hong Kong.....	35% of Basic Monthly Earnings
6. Hungary.....	25% of Basic Monthly Earnings
7. Luxembourg.....	15% of Basic Monthly Earnings
8. Mexico.....	10% of Basic Monthly Earnings
9. Norway.....	30% of Basic Monthly Earnings
10. Singapore.....	40% of Basic Monthly Earnings
11. Spain.....	40% of Basic Monthly Earnings
12. Switzerland.....	30% of Basic Monthly Earnings

</TABLE>

\*\*\*\*\*IMPORTANT\*\*\*\*\*

Subject to all other provisions of the Group Policy, no change in an employee's Amount of Insurance due to a change in location will become effective until the Company is notified of such change.

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SECTION II - DEFINITIONS

For the purposes of this policy:

"ACTIVE EMPLOYMENT" means the employee must be working:

1. for the employer on a full-time basis and paid regular earnings (temporary or seasonal employees are excluded);
2. at least 30 hours per week; and either
3. at the employer's usual place of business; or
4. at a location to which the employer's business requires the employee to travel.

"ACQUIRED IMMUNE DEFICIENCY SYNDROME" (AIDS) shall have the meanings assigned to it by the World Health Organization. The term opportunistic infection shall include but not be limited to Pneumocystis carini pneumonia, organism of chronic enteritis, virus and/or disseminated fungi infection. The term malignant neoplasm shall include but not be limited to Karposi's sarcoma, central nervous system lymphoma and/or other malignancies now known or which become known as immediate causes of death in the presence of acquired immune deficiency. Acquired immune deficiency syndrome shall include H.I.V. (Human Immune Deficiency Virus), encephalopathy (dementia) and H.I.V. (Human Immune Deficiency Virus) wasting syndrome.

"CERTIFICATE" means a written statement prepared by the Company including all riders and supplements, if any, setting forth a summary of:

1. the insurance benefits to which an employee is entitled;
2. to whom the benefits are payable; and
3. limitations or requirements that may apply.

"DISABILITY" OR "DISABLED" - see last page of this Section.

"ELIGIBILITY DATE" means the date an employee becomes eligible for insurance under this policy. Classes eligible are shown in the Schedule of Benefits.

"ELIMINATION PERIOD" means a period of consecutive days of disability for which no benefit is payable. The elimination period is shown in the Schedule of Benefits and begins on the first day of disability.

For accumulating the elimination period, the following will apply:

1. The disability will be treated as continuous if disability stops during the elimination period for a total number of accumulated days which is not more than 14 days or less.
2. But days that the insured is not disabled will not count toward the elimination period.

"EMPLOYEE" means a person in active employment with the employer.

"EMPLOYER" means the policyholder and includes any division, any subsidiary or any affiliated company named in the application.

"EVIDENCE OF INSURABILITY" means a statement or proof of an employee's medical history upon which acceptance for insurance will be determined by the Company.

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"GRACE PERIOD" is the 31 days following a premium due date during which premium payment may be made.

"INJURY" means bodily injury resulting directly from an accident and independently of all other causes. The injury must occur and disability must begin while the employee is insured under this policy.

"INSURED" means an employee insured under this policy.

Male pronoun whenever used includes the female.

"MONTHLY BENEFIT" means the amount payable by the Company to the disabled insured.

"PHYSICIAN" means a person who is:

1. operating within the scope of his license; and either
2. licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
3. legally qualified as a medical practitioner and required to be recognized, under this policy for insurance purposes, according to the insurance statutes or the insurance regulations of the governing jurisdiction.

It will not include an employee or his spouse, daughter, son, father, mother, sister or brother.

"SICKNESS" means illness or disease. It will include pregnancy. The disability must begin while the employee is insured under this policy.

"WAITING PERIOD" shown in the Schedule of Benefits, means the continuous length of time an employee must serve in an eligible class to reach his eligibility date.

"TOTAL DISABILITY" AND "TOTALLY DISABLED" mean that because of injury or sickness:

1. the insured cannot perform each of the material duties of his regular occupation; and
2. after benefits have been paid for 24 months, the insured cannot perform each of the material duties of any gainful occupation for which he is reasonably fitted by training, education or experience.

"PARTIAL DISABILITY" AND "PARTIALLY DISABLED" mean that because of injury or sickness, the insured, while unable to perform all of the material duties of his regular occupation on a full-time basis, is:

1. performing at least one of the material duties of his regular occupation or another occupation on a part-time or full-time basis; and
2. earning currently at least 20% less per month than his indexed pre-disability earnings due to that same injury or sickness.

"DISABILITY" means total or partial disability.

For employees employed as airplane pilots, copilots and crew members:

"DISABILITY" AND "DISABLED" mean that because of injury or sickness the insured cannot perform each of the material duties of any gainful occupation for which he is reasonably fitted by training, education or experience. The loss of a pilot's license for any reason does not, in itself, constitute disability.

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### SECTION III-ELIGIBILITY AND EFFECTIVE DATES

#### A ELIGIBLE CLASSES

The classes eligible for insurance are shown in the Schedule of Benefits.

#### B. ELIGIBILITY DATE

An employee in an eligible class will be eligible for insurance on the later of:

1. the policy effective date; or
2. the day after the employee completes the waiting period.

If a former employee is rehired within one year of the date his employment terminated, his previous service in an eligible class will apply toward the waiting period to determine that employee's eligibility date.

#### C. EFFECTIVE DATES OF INSURANCE

1. Insurance will be effective at 12:01 a.m. on the day determined as

follows, but only if the employee's written application for insurance is:

- a. made with the Company through his employer; and
  - b. on a form satisfactory to the Company.
2. An employee will be insured for non contributory insurance on his eligibility date.
  3. An employee will be insured for contributory insurance on the latest of these dates:
    - a. the employee's eligibility date, if he has made written application for insurance on or before this date.
    - b. the date the employee makes written application for insurance, if he does it on or before the 31st day after his eligibility date.
    - c. the date the Company gives its approval, if the employee:
      - i. makes written application for insurance more than 31 days after his eligibility date; or
      - ii. terminated his insurance while continuing to be eligible.

In the case of i. and ii. above, the employee must submit an application and evidence of insurability to the Company for approval. This will be at the employee's expense.
  4. Delayed Effective Date for Insurance - The effective date of any initial, increased or additional insurance will be delayed for an employee if he is not in active employment because of a disability. The initial, increased or additional insurance will start on the date that employee returns to active employment.

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#### SECTION IV - BENEFITS

##### TOTAL DISABILITY

When the Company receives proof that an insured is totally disabled due to sickness or injury and requires the regular attendance of a physician, the Company will pay the insured a monthly benefit after the end of the elimination period. The benefit will be paid for the period of disability if the insured gives to the Company proof of continued:

1. disability; and
2. regular attendance of a physician.

##### PARTIAL DISABILITY

When the Company receives proof that an insured is partially disabled due to the same sickness or injury for which a total disability benefit has been payable and within 31 days of the end of the period for which such total disability benefit was payable, the Company will pay the insured a monthly benefit.

All proof must be given upon request and at the insured's expense.

The monthly benefit will not:

1. exceed the insured's amount of insurance; nor
2. be paid for longer than the maximum benefit period.

The amount of insurance and the maximum benefit period are shown in the Schedule of Benefits.

##### MONTHLY BENEFIT

The monthly benefit for each insured will be the amount shown in the attached Schedule of Locations and Benefit Amounts. This amount will be adjusted annually on the anniversary of the date benefit payments began. Each adjustment will be based on the lesser of (a) 10% or (b) the current annual percentage increase to the Consumer Price Index.

##### MINIMUM MONTHLY BENEFIT

The benefit payable will never be less than \$100.00 or 10% of the gross monthly benefit, whichever is greater.

##### TERMINATION OF DISABILITY BENEFITS

Disability benefits will cease on the earliest of:

1. the date the insured is no longer disabled;
2. the date the insured dies;
3. the end of the maximum benefit period.

#### RECURRENT DISABILITY

"Recurrent disability" means a disability which is related to or due to the same cause(s) of a prior disability for which a monthly benefit was payable.

A recurrent disability will be treated as part of the prior disability if, after receiving disability benefits under this policy, an insured:

1. returns to his regular occupation on a full-time basis for less than six months; and
2. performs all the material duties of his occupation.

Benefit payments will be subject to the terms of this policy for the prior disability.

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#### SECTION IV - BENEFITS (CONTINUED)

If an insured returns to his regular occupation on a full-time basis for six months or more, a recurrent disability will be treated as a new period of disability. The insured must complete another elimination period.

In order to prevent overinsurance because of duplication of benefits, benefits payable under this Recurrent Disability provision will cease if benefits are payable to the insured under any other group long term disability policy.

#### SURVIVOR BENEFIT

The Company will pay a benefit to the eligible survivor when proof is received that an insured died:

1. after disability had continued for 180 or more consecutive days; and
2. while receiving a monthly benefit.

The benefit will be an amount equal to three times the insured's gross monthly benefit.

If payment becomes due to the insured's children, payment will be made to:

1. the children; or
2. a person named by the Company to receive payments on the children's behalf. This payment will be valid and effective against all claims by others representing or claiming to represent the children.

"Eligible survivor" means the insured's spouse, if living, otherwise the insured's children under age 25. But, if there are no eligible survivors, payment will be made to the insured's estate.

#### GENERAL EXCLUSIONS

This policy does not cover any disability due to:

1. war, declared or undeclared, or any act of war;
2. intentionally self-inflicted injuries;
3. active participation in a riot;
4. Acquired Immune Deficiency Syndrome (AIDS).

#### PRE-EXISTING CONDITIONS EXCLUSIONS

This policy will not cover any disability:

- a. caused by, contributed to by, or resulting from a pre-existing condition; and
- b. which begins before:
  - (1) a period of 12 consecutive months starting on or after the insured's effective date of coverage, during which the insured has not received medical treatment, consultation, care or services including diagnostic measures, or taken prescribed drugs or medicines; or
  - (2) 24 months after the insured's effective date of insurance.

A "pre-existing condition" means any sickness or injury for which the insured received medical treatment, consultation, care or services including diagnostic measures or took prescribed drugs or medicines within six months prior to the insured's effective date of insurance.

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#### SECTION IV - BENEFITS (CONTINUED)

#### MENTAL ILLNESS, ALCOHOLISM AND DRUG ADDICTION LIMITATION

Benefits for disability due to mental illness, alcoholism or drug addiction will

not exceed 24 months of monthly benefit payments unless the insured meets one of these situations.

1. The insured is in a hospital or institution at the end of the 24 month period. The monthly benefit will be paid during the confinement.

If the insured is still disabled when he is discharged, the monthly benefit will be paid for a recovery period of up to 90 days.

If the insured becomes reconfined during the recovery period for at least 14 days in a row, benefits will be paid for the confinement and another recovery period up to 90 more days.

2. The insured continues to be disabled and becomes confined:

- a. after the 24 month period; and
- b. for at least 14 days in a row.

The monthly benefit will be payable during the confinement.

The monthly benefit will not be payable beyond the maximum benefit period.

"Hospital" or "institution" means facilities licensed to provide care and treatment for the condition causing the insured's disability.

"Mental illness" means disability due to or resulting from psychiatric or psychological conditions, regardless of cause, such as:

1. schizophrenia,
2. depression,
3. manic depressive or bipolar illness,
4. anxiety,
5. personality disorders; and/or
6. adjustment disorders or other conditions, usually treated by a mental health provider or other qualified provider using psychotherapy, psychotropic drugs or other similar modalities used in the treatment of the above conditions.

This limitation does not apply to dementia, if due to:

1. stroke,
2. trauma,
3. viral infection,
4. Alzheimer's disease, or
5. other such conditions not listed above which are not usually treated by a mental health provider using psychotherapy, psychotropic drugs, or other similar modalities.

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## SECTION V - TERMINATION PROVISIONS

### A. TERMINATION OF EMPLOYEE'S INSURANCE

An employee will cease to be insured on the earliest of the following dates:

1. the date this policy terminates;
2. the date the employee is no longer in an eligible class;
3. the date the employee's class is no longer included for insurance;
4. the last day for which any required employee contribution has been made;
5. the date employment terminates. Cessation of active employment will be deemed termination of employment, except:

- a. the insurance will be continued for a disabled employee during:

- i. the elimination period; and
- ii. the period during which premium is being waived.

- b. the employer may continue the employee's insurance by paying the required premiums, subject to the following:

- i. insurance may be continued to the end of the policy month following the policy month in which the layoff or leave of absence begins for an employee who is:

- (a) temporarily laid off, or
- (b) given leave of absence.

- ii. The employer must act so as not to discriminate unfairly among employees in similar situations.

### B. TERMINATION OF POLICY

1. Termination of this policy under any conditions will not prejudice any payable claim which occurs while this policy is in force.
2. If the policyholder fails to pay any premium within the grace period, this policy will automatically terminate at 12:00 midnight of the last day of the grace period. The policyholder may terminate this policy by advance written notice delivered to the Company at least 31 days prior to the termination date. But, this policy will not terminate during any period for which premium has been paid. The policyholder will be liable to the Company for all premiums due and unpaid for the full period for which this policy is in force.
3. The Company may terminate this policy on any premium due date by giving written notice to the policyholder at least 31 days in advance if:
  - a. the number of employees insured is less than 10; or
  - b. less than 100% of the employees eligible for any noncontributory insurance are insured for it; or
  - c. less than 75% of the employees eligible for any contributory insurance are insured for it; or
  - d. the policyholder fails to furnish promptly any information which the Company may reasonably require; or fails to perform any other obligations pertaining to this policy.
4. The Company may discontinue this policy or for any class of employees on a premium due date after it has been in force for a year. The Company will send written notice of discontinuance to the policyholder at least 31 days before it is effective.
5. Termination may take effect on an earlier date when both the policyholder and the Company agree.

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#### SECTION VI - GENERAL POLICY PROVISIONS

##### A. STATEMENTS

In the absence of fraud, all statements made in any application are considered representations and not warranties (absolute guarantees). No representation by:

1. the policyholder in applying for this policy will make it void unless the representation is contained in the application; or
2. any employee in applying for insurance under this policy will be used to reduce or deny a claim unless a copy of the application for insurance is or has been given to the employee.

##### B. COMPLETE CONTRACT - POLICY CHANGES

1. This policy is the complete contract. It consists of:
  - a. all of the pages;
  - b. the attached application of the policyholder;
  - c. each employee's application for insurance (employee retains his own copy).
2. This policy may be changed in whole or in part. Only an officer or a registrar of the Company may approve a change. The approval must be in writing and endorsed on or attached to this policy.
3. Any other person, including an agent, may not change this policy or waive any part of it.

##### C. EMPLOYEE'S CERTIFICATE

The Company will provide a certificate to the policyholder for delivery to each insured. If the terms of a certificate and this policy differ, this policy will govern.

##### D. FURNISHING OF INFORMATION - ACCESS TO RECORDS

1. The employer will furnish at regular intervals to the Company:
  - a. information relative to employees:
    - i. who qualify to become insured;
    - ii. whose amounts of insurance change; and/or
    - iii. whose insurance terminates.
  - b. any other information about this policy that may be reasonably required.

The employer's records which, in the opinion of the Company, have a

bearing on the insurance will be opened for inspection by the Company at any reasonable time.

2. Clerical error or omission will not:
  - a. deprive an employee of insurance;
  - b. affect an employee's amount of insurance; or
  - c. affect or continue an employee's insurance which otherwise would not be in force.

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#### SECTION VI - GENERAL POLICY PROVISIONS (CONTINUED)

##### E. MISSTATEMENT OF FACTS

If relevant facts about any employee were not accurate:

1. a fair adjustment of premium will be made; and
2. the true facts will decide if and in what amount insurance is valid under this policy.

##### F. NOTICE AND PROOF OF CLAIM

1. Notice
  - a. Written notice of claim must be given to the Company within 30 days of the date disability starts, if that is possible. If that is not possible, the Company must be notified as soon as it is reasonably possible to do so.
  - b. When the Company has the written notice of claim, the Company will send the insured its claim forms. If the forms are not received within 15 days after written notice of claim is sent, the insured can send the Company written proof of claim without waiting for the form.
2. Proof
  - a. Proof of claim must be given to the Company. This must be done no later than 90 days after the end of the elimination period.
  - b. If it is not possible to give proof within these time limits, it must be given as soon as reasonably possible. But proof of claim may not be given later than one year after the time proof is otherwise required.
  - c. Proof of continued disability and regular attendance of a physician must be given to the Company within 30 days of the request for the proof.
  - d. The proof must cover:
    - i. the date disability started;
    - ii. the cause of disability; and
    - iii. how serious the disability is.

##### G. EXAMINATION

The Company, at its own expense, will have the right and opportunity to have an employee, whose injury or sickness is the basis of a claim:

1. examined by a physician, other health professional or vocational expert of its choice; and/or
2. interviewed by an authorized Company representative.

This right may be used as often as reasonably required.

##### H. LEGAL PROCEEDINGS

A claimant or the claimant's authorized representative cannot start any legal action:

1. until 60 days after proof of claim has been given; nor
2. more than 3 years after the time proof of claim is required.

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#### SECTION VI - GENERAL POLICY PROVISIONS (CONTINUED)

##### I. TIME OF PAYMENT OF CLAIMS

When the Company receives proof of claim, benefits payable under this

policy will be paid monthly during any period for which the Company is liable.

J. PAYMENT OF CLAIMS

All benefits are payable to the employee. But if a benefit is payable to an employee's estate, an employee who is a minor, or an employee who is not competent, the Company has the right to pay up to \$1,000 to any of the employee's relatives whom the Company considers entitled. If the Company pays benefits in good faith to a relative, the Company will not have to pay such benefits again.

K. WORKERS' OR WORKMEN'S COMPENSATION

This policy is not in lieu of, and does not affect, any requirement for coverage by workers' or workmen's compensation insurance.

L. AGENCY

For all purposes of this policy, the policyholder acts on its own behalf or as agent of the employee. Under no circumstances will the policyholder be deemed the agent of the Company.

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SECTION VII- PREMIUMS

A. PREMIUM RATES

The initial premium is determined on the basis of the rates shown on the face page of this policy.

The Company may establish new rates for the computation of all future premiums as well as the one then due:

1. when the terms of this policy are changed;
2. when a division, subsidiary, or affiliated company is added to this policy; or
3. for reasons other than 1. and 2. above, such as, but not limited to a change in factors bearing on the risk assumed. But, the rates may not be changed within the first 12 months following the policy effective date.

No premium may be increased unless the Company notifies the employer at least 31 days in advance of the increase. Premium increases may take effect on an earlier date when both the Company and the employer agree.

B. PAYMENT OF PREMIUMS

1. Premium payment calculations:
  - a. will be based on the coverage provided under this policy; and
  - b. are determined by the covered payroll.
2. All premiums due under this policy, including adjustments, if any, are payable by the employer on or before their respective due dates at the Company's home office. The due dates are specified on the first page of this policy.
3. Premiums payable to the Company will be paid in United States dollars and Canadian dollars.
4. If premiums are payable on a monthly basis, premiums for additional or increased insurance becoming effective during a policy month will be charged from the next premium due date.
5. The premium charge for insurance terminated during a policy month will cease at the end of the policy month in which such insurance terminates. This manner of charging premium is for accounting purposes only and will not extend insurance coverage beyond a date it would have otherwise terminated as shown in the "Termination of Employee's Insurance" section of this policy.
6. If premiums are payable on other than a monthly basis, premiums for additional, increased, reduced or terminated insurance will cause a pro rata adjustment on the next premium due date.
7. Except for fraud, premium adjustments, refunds or charges will be made for only:
  - a. the current policy year; and
  - b. the prior policy year.

C. WAIVER OF PREMIUM

Premium payments for an employee are waived during any period for which benefits are payable.  
Premium payments may be resumed following a period during which they were waived.

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DELAMLIFE

DELAWARE AMERICAN  
LIFE INSURANCE COMPANY  
P.O. BOX 667, WILMINGTON, DELAWARE 19899  
A CAPITAL STOCK COMPANY

Final Application for Group Long Term Disability Insurance

1. Legal Name of Policyholder KORN/FERRY INTERNATIONAL  
-----  
2. Address of Policyholder 1800 Century Park East, Ste. 900, Los Angeles CA 90  
-----  
3. Name of Subsidiaries, Divisions or Affiliates to be covered N/A  
-----  
4. Nature of Business Executive Search Consulting  
-----  
5. Effective Date 12:01 A.M. Month January Day 1 Year 1997  
-----  
6. Deposit of \$ 11,210.45 to apply on the first premium.  
-----  
6A. Employee application must include Medical data.  
[\_] Yes [XX] No

EMPLOYEE ELIGIBILITY

7. Eligible Classes Executives who are Vice Presidents and Shareholders.  
-----  
8. Employees will remain Eligible  
[--] No Age Limit  
[XX] To Age 65  
[--] To Age 70  
9. Waiting Period  
Present Employees 0  
-----  
New Employees 0  
-----  
10. Number of Employees  
A. 37 Eligible  
-----  
B. Enrolled  
11. Will Employees Contribute Towards Cost?  
[XX] Yes [--] No  
12. Prior Employment to count for people rehired within 12 months.  
[XX] Yes  
[--] No

POLICY FEATURES

13. Amount of Insurance Stated percentage for each participant per attached schedule (census).  
[ ] % of Basic Monthly Earnings not to exceed a maximum monthly benefit of \$  
[ ] % of the first \$ of Basic Monthly Earnings plus % of the next \$ of Basic Monthly Earnings not to exceed a maximum monthly benefit of \$  
14. Mental Illness Limitation [XX] 24 Months  
15. Elimination Period 180 Days  
-----



[ ] None

16. Minimum Monthly Benefit \$50

17. Two Year Survivor Income  
Benefit to be Included

[ ] Yes

[XX] No

18. Pre-existing Conditions  
Exclusion

[XX] Option A - (3/12)

[ ] Option B - (5 Day)

19. Basic Monthly Earnings to Include

Commissions [ ] Yes [XX] No

Bonuses [ ] Yes [XX] No

20. Minimum Indemnity for Accidental Dismemberment and Loss of Sight to be  
Included

[ ] YES

[XX] NO

BENEFIT DURATION (Make only one selection from either box 21, 22 or 23.)

21. [XX] Reducing Benefit Duration

22. [--] 65/5/70

AGE AT DISABILITY	BENEFIT DURATION	AGE AT DISABILITY	BENEFIT DURATION
Less than 60	To age 65	Less than 60	To age 65
60	60 Months	60-64	5 Years
61	48 Months	65-69	To age 70, but
62	42 Months		not less than
63	36 Months		1 Year
64	30 Months	70 and over	1 Year
65	24 Months		
66	21 Months		
67	18 Months		
68	15 Months		
69 and over	12 Months		

23. Other

[--] To age 70

[--] 5 Years or age 70, whichever first occurs

[--] 10 Years or age 70, whichever first occurs

[--] To age 65

[--] 5 Years or age 65, whichever first occurs

[--] 10 Years or age 65, whichever first occurs

[--] Other, specify below

None of the above options extend the maximum benefit period beyond the age  
selected except for a minimum one year benefit.

SOCIAL SECURITY INTEGRATION

24. Other Income Benefits Include N/A

[--] Primary Social Security

[--] Primary & Family Social Security

25. 70% All Sources Limitation to be included

[ ] Yes

[XX] No

CONTINUITY OF COVERAGE

26. Is this a replacement of  
similar coverage?

27. Continuity of coverage is to be  
included

[ ] Yes  
[XX] No

[ ] Yes Mandatory on  
[ ] No takeover cases

28. Termination Date of Prior Plan\_\_\_\_\_

29. Previous Company\_\_\_\_\_

-----  
It is understood and agreed that this Application shall be made a part  
of the Policy applied for and that no insurance shall be effective  
until approved by the Insurance Company at its Home Office.  
-----

/s/ Marcia A. Kostos  
-----

SIGNATURE OF WITNESS

/s/ Kristine E. Key  
-----

SIGNATURE AND TITLE  
Kristine E. Key for Korn/Ferry Interna-  
tional, Vice President Administration  
and Human Resources

/s/ Peter W. Mullin  
-----

AGENT OR BROKER  
Peter W. Mullin

PENDING  
-----

LICENSE NUMBER

FOR: KORN /FERRY INTERNATIONAL  
-----

(NAME OF APPLICANT)

Los Angeles, CA  
-----

DATED AT

12/20/96  
-----

DATE

(international version,  
which is the same as  
the domestic version in  
all material respects)

KORN/FERRY INTERNATIONAL

ENHANCED EXECUTIVE BENEFIT AND WEALTH ACCUMULATION PLAN

FOR INTERNATIONAL EXECUTIVES

The purpose of this KORN/FERRY INTERNATIONAL ENHANCED EXECUTIVE BENEFIT AND WEALTH ACCUMULATION PLAN FOR INTERNATIONAL EXECUTIVES (the "Plan") is to provide a further means whereby KORN/FERRY INTERNATIONAL and its subsidiary and affiliated companies (the "Company") may afford financial security to certain international executives/shareholders who are not covered under the Company's Employee Tax-Deferred Savings (401 (k)) Plan, but who have rendered and continue to render valuable service to the Company, constituting an important contribution toward its continued growth and success, by providing for additional future compensation so that they may be retained and their productive efforts encouraged. In general, this Plan will cover eligible individuals who are permanent legal residents and taxpayers of a country other than the United States.

I

DEFINITIONS AND CERTAIN PROVISIONS

1.1 "Agreement" means the written agreement (substantially in the form attached to this Plan) entered into between the Company and the Executive for each Contribution Unit to carry out the Plan with respect to such Executive.

1.2 An "Executive" means (i) any Vice President or other officer of the Company (or a subsidiary or affiliated company) who is designated as eligible to participate in the Plan by the Company, (ii) who is or becomes a shareholder of the Company at the next subscription offering under the Company's Equity Participation Program effective December 1991 and abides by the provisions of such program as determined by the Committee and (iii) who is not eligible for the Company's Employee Tax-Deferred Savings (401(K)) Plan. In addition, an "Executive" means an employee of the Company who is currently a participant in the KORN/FERRY EXECUTIVE BENEFIT AND WEALTH ACCUMULATION PLAN (the "WAP") who elects to rollover his WAP participation and WAP contributions into this Plan.

1.3 "Service" means continuous full-time or substantially full-time service with the Company as an employee.

1.4 A "year of service" means a complete year of continuous, full-time service with the Company. A "year of participation" means a year of service in which an Executive is enrolled in the Plan and in which an Executive makes or has made required contributions of compensation. A "year" is a period of 12 consecutive calendar months.

1.5 A "Contribution Unit" is an eight year period of participation, including an Initial Contribution Unit, during which an Executive elects to contribute compensation pursuant to Article II and for which an Agreement has been submitted by the Executive to the Committee.

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1.6 An "Initial Contribution Unit" means an Executive's first Contribution Unit created pursuant to Article II by (i) an election to enroll in the Plan, or (ii) a rollover of participation and contributions from the WAP. It is the only Contribution Unit to which Disability Benefits attach.

1.7 A "Completed Contribution Unit" means a Contribution Unit in which an Executive has completed eight full years of service while enrolled in that Contribution Unit and made all required contributions of compensation for that Contribution Unit.

1.8 "Normal Retirement Date" for a Contribution Unit means the date of termination of service of the Executive after he attains age 65 or, if later, completes eight years of service with the Company while enrolled in that Contribution Unit.

1.9 "Early Retirement Date" for a Contribution Unit means the date of termination of service of the Executive for reasons other than death or Disability prior to attainment of age 65 but after he (i) attains age 55, (ii) completes fifteen years of service with the Company, and (iii) completes eight years of service with the Company while enrolled in that Contribution Unit.

1.10 "Termination for cause" means (i) the commission of a crime, (ii) the refusal to follow, without good cause, the directions of the Company's Board of Directors, (iii) the misappropriation of property or money from the Company, (iv) the commission of any act resulting in material harm to the financial condition or reputation of the Company, or (v) the commission of

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any fraudulent act relating to or arising out of the Executive's employment. Notwithstanding any date of retirement or voluntary termination by the Executive, if the Company notifies the Executive that he is being terminated for cause within 90 days of such date of retirement or voluntary termination by the Executive, the Executive shall be considered terminated for cause for purposes of this Plan.

1.11 "Termination of service" means the Executive's ceasing his service with the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of death or Disability.

1.12 "Disability" means a condition that totally and continuously prevents the Executive, for at least six consecutive months, from engaging in an "occupation" for compensation or profit. During the first 24 months of total disability, "occupation" means the Executive's occupation at the time the disability began. After that period, "occupation" means any occupation for which the Executive is or becomes reasonably fitted by education, training or experience. Disability may also include any other condition which qualifies as a total disability under a long term disability insurance policy which is in effect to provide disability insurance coverage for the Executive under this Plan. Notwithstanding the foregoing, a Disability shall not exist for purposes of this Plan if the Executive fails to qualify for disability benefits under the Social Security Act, unless the Committee determines, in its sole discretion that a Disability exists.

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1.13 "Committee" means the Administrative Committee appointed to manage and administer the Plan pursuant to Section 4.1.

1.14 "Beneficiary" means the person or persons designated by an Executive pursuant to Section 3.12.

1.15 A "Plan Year" means the calendar year, except as provided in Section 2.2.

1.16 References to an Executive's, Beneficiary's, or spouse's age are to his or her chronological age.

## II

### ELIGIBILITY AND PARTICIPATION

2.1 Eligibility to Participate. Any Executive is eligible to  
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participate in the Plan after entering into an Agreement with the Company and after completing the enrollment steps required by the Company.

2.2 Participation in the Plan.  
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(a) Executives who are hired or promoted after October 1, 1993 and who are selected by the Committee and notified in writing that their participation has been approved by the Company may participate in this Plan. The Initial Contribution Unit of an eligible Executive is the first eight year period of participation for which the Executive elects to contribute compensation under this Plan. The Executive's Initial Contribution Unit shall begin on January 1 and have a calendar Plan Year. After completing five or more years of participation

in an Initial Contribution Unit, the Executive may elect a new additional Contribution Unit. Thereafter, the Executive may enroll in an additional Contribution Unit for each additional five year period that he has actively participated in the Plan. All additional Contribution Units shall also begin on January 1 and have a calendar Plan Year.

(b) If an Executive is currently a participant in the WAP, in order to participate in this Plan such Executive must rollover his WAP participation and WAP contributions into this Plan. The rollover of WAP contributions will become the Executive's Initial Contribution Unit and all years of participation in the WAP will be counted as years of participation in this Plan. Thus, the Executive's Initial Contribution Unit will be measured from the date the Executive began participation in the WAP. After an Executive has rolled over to this Plan, an Executive may for each five years of participation in the WAP and/or this Plan (or any combination thereof), elect to participate in a new Contribution Unit, which shall begin on January 1 and have a calendar Plan Year. However, if, at rollover, an Executive has been a participant in the WAP for five or more years, he may immediately enroll in a new additional Contribution Unit as of October 1, 1993 and his Plan Year for that new additional Contribution Unit shall be from October 1 to September 30. Thereafter, all new additional Contribution Units shall begin on January 1 and have a calendar Plan Year.

#### 2.3 Executive Contribution. For each Contribution Unit, an Executive shall

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execute an Agreement and irrevocably elect to make regular specified contributions payable in the manner and times at which the Company, in its discretion, may determine, and in the amounts and with respect to the years specified in Paragraph 3 of the Agreement, in order to participate in the Plan.

Participation in a Contribution Unit for any Executive, whether enrolled by election or by rollover, shall commence after (i) the Executive and the Company have executed an Agreement, and (ii) the Executive has made his first contribution.

Although an Executive must have completed eight years of service with the Company while enrolled in a Contribution Unit and have completed all of his contributions by the eighth anniversary of the date a Contribution Unit began in order to complete a Contribution Unit, an Executive may elect to accelerate his contributions for a Contribution Unit into a shorter period of time. However, an Executive may not increase his total contribution amount. Any such acceleration of contributions shall not result in any change in the benefits payable under the Plan. Any election to accelerate contributions shall be irrevocable and shall only reduce the amount of compensation earned and payable on or after the date on which the election is made.

#### 2.4 Failure to Make Timely Contribution. Failure of the Executive to

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make a timely contribution, as specified in Section 3 of the Agreement, within sixty (60) days of the due

date as determined by the Committee pursuant to Section 2.3, will operate as an effective termination of participation in the applicable Contribution Unit under the Plan. Upon such termination the Executive shall be entitled to the Termination Benefit for such Contribution Unit as specified in Section 3.8.

### III

#### BENEFITS

##### 3.1 Normal Retirement Benefit. If the Executive has a termination of

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service on a Normal Retirement Date, for each Completed Contribution Unit the Company shall pay, subject to the provisions of Sections 3.10, 3.11 and 3.13, to the Executive in equal monthly installments commencing on the first day of the month following his Normal Retirement Date, as compensation earned for services rendered prior to such date, one-twelfth of the amount per annum specified as the Normal Retirement Benefit in his Agreement for the Contribution Unit for fifteen years (the "Normal Retirement Benefit").

If the Executive continues in service with the Company after he attains age 65 or, if later, completes eight years of service with the Company while enrolled in a Contribution Unit, his monthly Normal Retirement Benefit payments for the Contribution Unit shall commence on the first day of the month following his termination of service and shall be adjusted upward to reflect the later date of commencement of his Normal Retirement Benefit payments. Such

upward adjustment of his

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Normal Retirement Benefit shall be made for the period from the date that the Executive attains age 65 or, if later, completes eight years of service with the Company while enrolled in the Contribution Unit to the date such Executive terminates service at a rate equal to (i) six percent (6%) per annum (i.e., a

- -

0.5 percent (0.5%) increase per month), or (ii) such other per annum rate as may be determined by the Committee from time to time, but not to exceed 120 percent (120%) of the long-term Applicable Federal Rate (as determined under Section 1274(d) of the Internal Revenue Code).

If an Executive dies before he has received all of his monthly Normal Retirement Benefit payments, his Normal Retirement Benefit payments shall cease, and the Company shall pay to the Executive's Beneficiary a Survivor's Benefit pursuant to Section 3.5(a).

3.2 Early Retirement Benefit. If the Executive has a termination of

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service on an Early Retirement Date, for each Completed Contribution Unit the Company shall pay, subject to the provisions of Sections 3.10, 3.11 and 3.13, to the Executive in equal monthly installments commencing on the first day of the month after he attains age 65, as compensation earned for services rendered prior to such time, one-twelfth of the amount per annum specified as the Normal Retirement Benefit in his Agreement for the Contribution Unit for fifteen years (the "Early Retirement Benefit").

Any time prior to twelve months prior to such termination of service, the Executive may instead elect to

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commence payment of his Early Retirement Benefit, subject to the provisions of Sections 3.10, 3.11 and 3.13, as early as the first day of the month after he attains age 55. In this event, the Company shall pay, subject to the provisions of Sections 3.10, 3.11 and 3.13, to the Executive in equal monthly installments, as compensation earned for services rendered prior to such time, one-twelfth of a reduced equivalent of the amount per annum specified as the Normal Retirement Benefit in his Agreement for the Contribution Unit for fifteen years. Such reduced equivalent shall be equal to the Executive's Normal Retirement Benefit specified in his Agreement for the Contribution Unit for the period from the date that the Executive terminates service to the date the Executive attains age 65 at a rate equal to (i) six percent (6%) per annum (i.e., a 0.5 percent

- -

(0.5%) reduction per month), or (ii) such other per annum rate as may be determined by the Committee from time to time, but not to exceed 120 percent (120%) of the long-term Applicable Federal Rate.

If an Executive dies before he has received all of his monthly Early Retirement Benefit payments, his Early Retirement Benefit payments shall cease, and the Company shall pay to the Executive's Beneficiary a Survivor's Benefit pursuant to Section 3.5(b).

3.3 Incentive Benefit. If an Executive has a termination of service

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after five or more years of participation in a Contribution Unit (i.e.,

- -

completion of five or more years of service with the Company while enrolled in the Contribution

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Unit), but prior to his Normal or Early Retirement Date for the Contribution Unit, the Executive will be eligible for an Incentive Benefit for that Contribution Unit, subject to the provisions of Sections 3.10, 3.11 and 3.13. For each such Contribution Unit in which the Executive has participated for at least five years, the Company shall pay, subject to the provisions of Sections 3.10, 3.11 and 3.13, to the Executive in equal monthly installments commencing on the first day of the month following the day he reaches age 65, as compensation earned for services rendered prior to such date, one-twelfth of the amount per annum specified as the Normal Retirement Benefit in his Agreement for the Contribution Unit for the same number of years that the Executive has participated in the Contribution Unit up to a maximum of fifteen years (the "Incentive Benefit").

Any time prior to twelve months prior to termination of service, the Executive may instead elect to commence his Incentive Benefit as early as the first day of the month after he attains age 55. In this event, for each Contribution Unit in which the Executive has participated for at least five years when he has a termination of service prior to his Early Retirement Date for the Contribution Unit, the Company shall pay, subject to the provisions of Sections 3.10, 3.11 and 3.13, to the Executive in equal monthly installments, as compensation earned for services rendered prior to such time, one-twelfth of a reduced equivalent of the amount per annum specified as the Normal Retirement

Benefit in his Agreement for the Contribution Unit for the same number of years that the Executive has participated in

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the Contribution Unit up to a maximum of fifteen years. Such reduced equivalent shall be equal to the Executive's Normal Retirement Benefit specified in his Agreement for the Contribution Unit reduced for the period from the date that the Executive terminates service to the date the Executive attains age 65 at a rate equal to (i) six percent (6%) per annum (i.e., a 0.5 percent (0.5%)

reduction per month), or (ii) such other per annum rate as may be determined by the Committee from time to time, but not to exceed 120 percent (120%) of the long-term Applicable Federal Rate.

If an Executive dies before he has received all of his monthly Incentive Benefit payments, his Incentive Benefit payments shall cease, and the Company shall pay to the Executive's Beneficiary a Survivor's Benefit pursuant to Section 3.6.

As a second alternative, any time prior to twelve months prior to termination of service the Executive may instead elect to receive, subject to the provisions of Sections 3.10, 3.11 and 3.13, a lump sum termination benefit instead of an Incentive Benefit for a Contribution Unit within thirty (30) days following his termination of service. If an Executive so elects, for each Contribution Unit in which the Executive has participated for at least five years the Company shall pay, subject to the provisions of Sections 3.10, 3.11 and 3.13, to the Executive, within thirty (30) days following his termination of service, a lump sum equal to the amounts of his prior contributions pursuant to Schedule A of his Agreement, plus

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interest thereon credited at the rate of six percent (6%) per annum from the date each contribution was made and compounded annually.

If the Executive dies before he has received his lump sum termination benefit, the Executive's right to a lump sum benefit will cease, and the Company shall pay to the Executive's Beneficiary a lump sum Survivor's Benefit pursuant to Section 3.6.

#### 3.4 Survivor's Benefit. If the Executive dies while in service with

the Company and a participant in the Plan before reaching age 50, for each Contribution Unit of the Executive the Company shall pay to the Executive's Beneficiary in equal monthly installments commencing on the first day of the month after the Executive's death and receipt of required documentation, one-twelfth of the amount per annum specified as the Survivor's Benefit in the Executive's Agreement for the Contribution Unit (the "Survivor's Benefit") until the Executive would have attained age 65. If the Executive dies while in service with the Company and a participant in the Plan after reaching age 50, for each Contribution Unit of the Executive the Company shall pay to the Executive's Beneficiary in equal monthly installments commencing on the first day of the month after the Executive's death and receipt of required documentation, one-twelfth of the amount per annum specified as the Survivor's Benefit in the Executive's Agreement for the Contribution Unit (the "Survivor's Benefit") for 180 months. In lieu of such monthly payments, the Committee may determine, in its sole discretion, to make an

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equivalent present-value lump sum payment to the Beneficiary. In such case, the Committee shall determine the present-value lump sum payment using such discount rate as the Committee may determine, provided that such rate will not be greater than 120 percent (120%) of the long-term Applicable Federal Rate.

#### 3.5 Post-Retirement Survivor's Benefit.

(a) If an Executive who is receiving or is entitled to receive a Normal Retirement Benefit for a Completed Contribution Unit dies after his Normal Retirement Date, the Company shall pay, subject to the provisions of Sections 3.10 and 3.11, to his Beneficiary, for each such Completed Contribution Unit of the Executive, the remaining monthly Normal Retirement Benefit payments, if any, that would have been paid to the Executive if the Executive had survived until he received 180 monthly Normal Retirement Benefit payments. The Beneficiary's monthly benefit payments will commence on the first day of the month following the date of the Executive's death and receipt of required documentation. After completion of the remainder of 180 monthly Normal Retirement Benefit payments to the Executive's Beneficiary, the Executive's spouse at the time of the Executive's death, if any, shall be entitled, subject to the provisions of Sections 3.10 and 3.11, to receive fifty percent (50%) of the monthly Normal Retirement Benefit payments, which were payable to the Executive commencing on the first day of the month after the Executive's death, payable monthly during the remaining lifetime of the spouse, subject to an

the spouse is more than three years younger than the Executive. In lieu of such monthly benefit payments, the Committee may determine, in its sole discretion, to make an equivalent present-value lump sum payment to the Beneficiary and/or an actuarially determined equivalent lump sum payment to the spouse. The Committee shall determine the present-value lump sum payment to the Beneficiary using such discount rate as the Committee may determine, provided that such rate will not be greater than 120 percent (120%) of the long-term Applicable Federal Rate and shall determine the actuarial equivalent lump sum payment to the spouse using mortality tables and annuity rates selected by the Committee.

(b) If an Executive who is receiving or is entitled to receive an Early Retirement Benefit for a Completed Contribution Unit dies after his Early Retirement Date, the Company shall pay, subject to the provisions of Sections 3.10 and 3.11, to his Beneficiary, for each such Completed Contribution Unit of the Executive, the remaining monthly Early Retirement Benefit payments, if any, that would have been paid to the Executive if the Executive had survived until he received 180 monthly Early Retirement Benefit payments. The Beneficiary's monthly benefit payments will commence on the first day of the month following the date of the Executive's death and receipt of required documentation. In lieu of such monthly payments, the Committee may determine, in its sole discretion, to make an equivalent present-value lump sum payment to the Beneficiary. In such case, the Committee shall determine the present-value lump

sum payment using such discount rate as the Committee may determine, provided that such rate will not be greater than 120 percent (120%) of the long-term Applicable Federal Rate.

### 3.6 Post-Termination Survivor Benefits. If an Executive is eligible

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for an Incentive Benefit for a Contribution Unit at the time of his death following termination of service, the Company shall pay, subject to the provisions of Sections 3.10 and 3.11, to his Beneficiary, for each such Contribution Unit of the Executive, the same benefits that the Executive would have received had he lived. Unless the Executive made an election prior to termination of service under Section 3.3 to receive a lump sum termination benefit in lieu of an Incentive Benefit, the Beneficiary's monthly payments will commence on the first day of the month following the date of the Executive's death and receipt of required documentation. In lieu of such monthly payments, the Committee may determine, in its sole discretion, to make an equivalent present-value lump sum payment to the Beneficiary. In such case, the Committee shall determine the present-value lump sum payment using such discount rate as the Committee may determine, provided that such rate will not be greater than 120 percent (120%) of the long-term Applicable Federal Rate.

If the Executive made an election prior to termination of service to receive a lump sum termination benefit in lieu of an Incentive Benefit for a Contribution Unit, the Company shall pay, subject to the provisions of Sections 3.10 and 3.11, to the Beneficiary, within thirty (30) days following the Executive's death and receipt of required documentation, a lump sum equal to

the amounts of the Executive's prior contributions pursuant to Schedule A of the Executive's Agreement, plus interest thereon credited at the rate of six percent (6%) per annum commencing from the date each contribution was made and compounded annually.

If an Executive is not at least eligible for an Incentive Benefit for a Contribution Unit under Section 3.3 at the time of his death following termination of service, his Beneficiary will not receive a Survivor's Benefit for such Contribution Unit, except pursuant to Section 3.8.

### 3.7 Disability Benefit. If the Company is able to obtain a long term

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disability insurance policy which is in effect to provide Disability Benefits for the Executive under the Plan, Disability Benefits will be payable to the Executive. However, Disability Benefits are only payable with respect to an Executive's Initial Contribution Unit. There are no Disability Benefits associated with additional Contribution Units. Under the Initial Contribution Unit, if an Executive has a termination of service due to a Disability (as defined in Section 1.12) which results from a bodily injury sustained or sickness which first manifests itself while his Agreement is in effect, the Company shall pay to the Executive in equal monthly installments, commencing on the first day of the month after the Executive has been disabled for a period of six consecutive months, an amount equal to one-twelfth of the amount per annum specified as the Disability Benefit in his Agreement for the Initial Contribution Unit (the "Disability Benefit") until the Executive ceases to be



totally and continuously disabled, or if earlier, reaches the later of (i) age of sixty-five, or (ii) as follows:

Total Disability Starting - -----	Payment -----
Before age 61	To age 65
At age 61 but before age 62	48 months
At age 62 but before age 63	42 months
At age 63 but before age 64	36 months
At age 64 but before age 65	30 months
After age 65 but before age 75	24 months
At or after age 75	12 months

However, the Disability Benefits described above for the Initial Contribution Unit will only be payable if the Company obtains a long term disability insurance policy which is in effect to provide such Disability Benefits, and any Disability Benefits payable under this Plan will be limited to the disability benefits payable under such a long term disability insurance policy which covers the Executive.

An Executive will continue to be eligible for all Normal Retirement Benefits and Survivor Benefits, pursuant to Sections 3.1, 3.4 and 3.5, for all Completed Contribution Units during the period of the Executive's Disability. If the Executive's Disability occurs before he completes eight years of participation in a Contribution Unit, he may continue to make contributions equal to the amount specified in Schedule A of the Agreement for the remainder of such eight years to complete the

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Contribution Unit. For the purposes of completing the eight year participation (service with the Company) requirement for a Contribution Unit, years of Disability will count as years of participation in a Contribution Unit. An Executive will continue to be eligible for Survivor Benefits pursuant to Sections 3.4 and 3.5 with respect to a Contribution Unit if the Executive is in the process of continuing to make contributions to complete the Contribution Unit at the time of his death.

Retirement benefits for Completed Contribution Units will commence at age 65 or when Disability Benefits cease, if later. For purposes of this Section 3.7, eligibility for retirement and survivor benefits for incomplete Contribution Units will terminate when the Executive ceases to be disabled, unless the Executive returns to service with the Company within 60 days after ceasing to be disabled. If an Executive does not return to active employment with the Company within 60 days after ceasing to be disabled, his Contribution Units shall be paid out as of the date his Disability ceases under the Incentive Benefit or Termination Benefit provisions, pursuant to Sections 3.3 and 3.8, respectively. In its sole discretion, the Committee may reinstate an Executive's eligibility for retirement or survivor benefits for an Executive who does not return to service with the Company within 60 days after his Disability ceases.

Any incomplete Contribution Units will be paid out, depending on the Executive's years of participation in such Contribution Unit, under the Incentive Benefit or Termination Benefit provisions, pursuant to Section 3.3 and 3.8,

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respectively, beginning when the Incentive Benefit or Termination Benefit would normally commence or when the Executive ceases to continue to make contributions for the Contribution Unit, if later. Survivor benefits for incomplete Contribution Units will be limited to the post-termination survivor benefits, if any, which are payable pursuant to Sections 3.6 and 3.8, except for an Executive who is in the process of continuing to make contributions to complete a Contribution Unit at the time of his death.

3.8 Termination Benefit. Except as provided in Sections 3.2, 3.3, 3.4,  
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3.5, 3.6, and 3.7, following any termination of service of the Executive before he attains age 65 or, if later, completes eight years of service with the Company while enrolled in a Contribution Unit, for each such Contribution Unit the Company shall pay, subject to the provisions of Section 3.13, to the Executive, depending on the Executive's years of participation in each Contribution Unit, a lump sum equal to the amount set forth below (the "Termination Benefit"):

- (i) If an Executive terminates service during the first year of a Contribution Unit, his lump sum payment will be an amount equal to the amounts of his contributions pursuant to Schedule A of his Agreement, without interest.
- (ii) If an Executive terminates service during the second or third year of participation in a Contribution Unit, his lump sum payment will be an amount equal to the amounts of his contributions

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pursuant to Schedule A of his Agreement, plus interest thereon credited at the rate of six percent (6%) per annum commencing from the date each contribution was made after the beginning of the second year of the Contribution Unit and compounded annually, to the date of termination.

- (iii) If an Executive terminates service during the fourth or fifth year of participation in a Contribution Unit, his lump sum payment will be an amount equal to the amounts of his contributions pursuant to Schedule A of his Agreement, plus interest thereon credited at the rate of six percent (6%) per annum commencing from the date each contribution was made and compounded annually, to the date of termination.
- (iv) If an Executive terminates service after the fifth year of participation in a Contribution Unit, he is eligible for an Incentive Benefit as provided in Section 3.3 of this Plan.

For purposes of this Section 3.8, all payments shall be made within ninety (90) days following the Executive's termination of service, except as otherwise provided in Section 3.13. If the Executive dies prior to receiving such payments, such payments will be made to the Executive's Beneficiary.

Notwithstanding any other provision of the Plan, upon any termination of the Executive's participation in a Contribution Unit under the Plan while the Executive continues in

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the service of the Company, the Executive shall immediately cease to be eligible for any other benefits under the Plan with respect to the Contribution Unit and shall only be entitled to receive his Termination Benefit following his termination of service with the Company. In its sole discretion, the Committee may pay the Termination Benefit to the Executive on an earlier date at any time subsequent to his termination of participation in the Contribution Unit.

3.9 Emergency Benefit. In the event that the Committee, upon the written  
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petition of the Executive, determines, in its sole discretion, that the Executive has suffered an unforeseeable financial emergency, the Company shall pay to the Executive, as soon as practicable following such determination, an amount necessary to meet the emergency not in excess of the Termination Benefit

for one or more Contribution Units to which the Executive would have been entitled pursuant to Section 3.8 if he had a termination of service on the date of such determination (the "Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. The amount of the Executive's benefit for a Contribution Unit otherwise payable under Section 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7

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or 3.8 shall thereafter be reduced, as determined by the Committee, to reflect the early payment of the Emergency Benefit.

3.10 Non-Compete Provisions. If an Executive becomes employed as an

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executive search consultant or obtains employment in any capacity for any other executive search firm within two years after the date of his termination of service with the Company, the Executive (or his Beneficiary following the Executive's death) will forfeit any Early Retirement Benefit or Incentive Benefit to which he is entitled to under the Plan (and any post-retirement or post-termination survivor benefit, except pursuant to Section 3.8, which would otherwise be payable to his Beneficiary, if applicable), and no interest will be credited to his account balance for Contribution Units after the Executive's termination of service. The Executive (or his Beneficiary following the Executive's death) will be reimbursed within three years from the date payments would otherwise have been made in a lump sum payment for his contributions for each Contribution Unit for which he was otherwise entitled to receive an Early Retirement Benefit or Incentive Benefit under this Plan, plus interest thereon credited at the rate of six percent (6%) per annum through the date of the Executive's termination of service less any Early Retirement Benefit or Incentive Benefit payments that may have been paid to the Executive prior to his violation of the non-compete provisions of this Section 3.10. In addition, any excess Early Retirement Benefit or Incentive Benefit

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payments that may have been paid to the Executive for a Contribution Unit prior to such violation may be subtracted from the remaining amounts payable to the Executive for any of his Contribution Units.

3.11 Termination For Cause. If an Executive is terminated for cause,

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the Executive (or his Beneficiary or his spouse, if applicable, following the Executive's death) will forfeit any Normal Retirement Benefit, Early Retirement Benefit or Incentive Benefit to which he is entitled to under the Plan (and any post-retirement or post-termination survivor benefit, except pursuant to Section 3.8, which would otherwise be payable to his Beneficiary or his spouse, if applicable), and no interest will be credited to his account balance for Contribution Units after the Executive's termination for cause. Notwithstanding any date of retirement or voluntary termination by the Executive, if the Company notifies the Executive that he is being terminated for cause within 90 days of such date of retirement or voluntary termination by the Executive, the Executive shall be considered terminated for cause for purposes of this Plan. The Executive (or his Beneficiary following the Executive's death) will be reimbursed within three years from the date payments would otherwise have been made in a lump sum payment for his contributions for each Contribution Unit for which he was otherwise entitled to receive a Normal Retirement Benefit, Early Retirement Benefit or Incentive Benefit under this Plan, plus interest thereon credited at the rate of six percent (6%) per annum through the date of the Executive's termination for cause.

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3.12 Recipients of Payments; Designation of Beneficiary. All

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payments to be made under the Plan shall be made to the Executive during his lifetime, provided that if the Executive dies prior to the completion of such payments, then all subsequent payments under the Plan (other than any payment to the Executive's spouse under Section 3.5 (a)) shall be made by the Company to the Beneficiary or Beneficiaries determined in accordance with this Section 3.12. The Executive may designate a Beneficiary or Beneficiaries by filing a written notice of such designation with the Committee. The Executive may from time to time change the designated Beneficiary or Beneficiaries without the consent of such Beneficiary or Beneficiaries by filing a new designation in writing with the Committee. The spouse of a married Executive must consent in writing to any designation of a Beneficiary or Beneficiaries other than the spouse, and any designation of a Beneficiary by a married Executive other than the spouse of such Executive will be null and void without the written consent of the spouse in the form required by the Company. A subsequent marriage or divorce of the Executive prior to commencement of any benefit payments shall revoke all prior designations of a Beneficiary. If no designation shall be in effect at the time when any benefits payable under this Plan shall become due,

the Beneficiary shall be the spouse of the Executive, or if no spouse is then living, the representatives of the Executive's estate.

3.13 Deferral of Payment. The Committee may, in its sole  
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discretion, defer the payment of any benefit provided for by

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Sections 3.1, 3.2, 3.3, and 3.8 to a date other than those provided for in such Sections, provided, however, that any such payment shall be made, in all events,  
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no later than three (3) years following the date of payment otherwise provided for in such Sections unless the Executive consents to a later payment. In the event that a payment is deferred pursuant to this Section 3.13, the amount payable shall be increased by an amount equal to interest on such amount from the date otherwise payable to the date of payment, compounded annually, at an annual rate equal to the lowest rate of interest charged from time to time by Bank of America (i.e., the lowest rate of interest charged to its most creditworthy commercial borrowers on unsecured loans maturing in ninety (90) days or less).

This Section 3.13 shall not apply, and no payments shall be deferred hereunder, in the event of termination of the Plan or termination of service of an Executive within three (3) years following a "Change of Control" of the Parent Company. For this purpose a "Change of Control" shall mean (i) the sale or other transfer of 50% or more of the voting stock of the Parent Company, other than to (a) shareholders of the Parent Company, (b) a pension, profit-sharing, stock bonus or similar plan established for the benefit of employees of the Company or (c) an entity in which the former shareholders of the Parent Company hold 50% or more of the value of the outstanding stock; (ii) a merger, consolidation, business combination or other reorganization of the Company in which the former shareholders of the Parent Company hold less than 50% of the value of the

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outstanding stock of the surviving corporation; or (iii) the sale or other transfer of all or substantially all of the assets of the Parent Company, other than to (a) shareholders of the Parent Company, (b) a pension, profit-sharing, stock bonus or similar plan established for the benefit of employees of the Company or (c) an entity in which the former shareholders of the Parent Company hold 50% or more of the value of the outstanding stock. For the purposes of this Section 3.13, the "Parent Company" shall mean Korn/Ferry International.

3.14 Election to Defer Payment. With the consent of the Committee, in  
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its sole discretion, an Executive may elect any time prior to twelve months prior to his termination of service to defer payment of any benefits provided for by the Plan, with payments to be increased, as determined by the Committee, to reflect the later commencement date.

3.15 Withholding; Employment Taxes. To the extent required by the law  
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in effect at the time payments are made, the Company shall withhold any taxes required to be withheld by the federal or any state, local or foreign government from payments made hereunder.

3.16 Approved Leave of Absence. If an Executive is absent from service  
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by reason of a leave of absence for a specified period of time which is formally approved in writing by the Committee, no contributions shall be made by the Executive during the approved leave of absence. If an Executive returns to service with the Company within thirty (30) days following the end of the specified period of the approved leave of absence, the

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Executive shall resume making contributions in the annual amounts which the Executive previously elected until contributions are completed.

During any approved leave of absence, interest shall continue to be credited for purposes of computing any Termination Benefit payable pursuant to Section 3.8, and the Executive shall continue to be eligible for the Survivor's Benefit payable pursuant to Section 3.4. An approved leave of absence shall not constitute a termination of service or break in continuous service unless the Executive fails to return to service with the Company within thirty (30) days following the end of the specified period of the approved leave of absence.

The period of such approved leave of absence shall normally not be counted as years of service with the Company or years of participation in the Plan, but shall not cause a break in consecutive years of participation in the

Plan; however, the Committee, in its sole discretion, may determine to count such period as years of service with the Company and years of participation in the Plan, provided all contributions have been completed prior to commencement of the approved leave of absence.

IV

CONDITIONS RELATED TO BENEFITS

4.1 Administration of Plan.  
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(a) The Board of Directors of the Company (the "Board") shall appoint an Administrative Committee consisting of

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three or more persons to administer the Plan and to interpret and apply its provisions in accordance with its terms. The Committee shall select the Executives who are eligible to participate in the Plan. A member of the Committee shall not vote or act upon any matter which relates solely to such member as an Executive. In the absence of the appointment of an Administrative Committee, references herein to the Committee shall mean the Board of Directors of the Company. If the Employee Retirement Income Security Act of 1974 ("ERISA") applies to this Plan, the Committee shall be the Plan "Administrator" (as such term is defined in Section 3(16)(A) of ERISA).

(b) The right of any Executive or Beneficiary to receive a benefit hereunder and the amount of such benefit shall be determined in accordance with the procedures for determination of benefit claims established and maintained by the Committee, which shall be in compliance with requirements of Section 503 of ERISA if ERISA applies to this Plan.

4.2 Rights on Termination of Service. Except as expressly provided in  
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this Plan, the Company shall not be required or be liable to make any payment under this Plan subsequent to the termination of service of the Executive.

4.3 No Right to Company Assets. Neither the Executive nor any other  
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person shall acquire by reason of the Plan or an Agreement any right in or title to any assets, funds or property of the Company whatsoever including, without limiting the generality of the foregoing, any specific funds or assets which the Company, in its sole discretion, may set aside in

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anticipation of a liability hereunder, nor in or to any policy or policies of insurance on the life of the Executive owned by the Company. No trust shall be created in connection with or by the execution or adoption of this Plan or an Agreement, and any benefits which become payable hereunder, if payable by the Company, shall be paid from the general assets of the Company. The Executive shall have only a contractual right to the amounts, if any, payable hereunder unsecured by any asset of the Company.

4.4 No Employment Rights. Nothing herein shall constitute a contract of  
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continuing service or in any manner obligate the Company to continue the services of the Executive, or obligate the Executive to continue in the service of the Company, and nothing herein shall be construed as fixing or regulating the bonuses or other compensation payable to the Executive.

4.5 Company's Right to Terminate. The Board reserves the sole right to  
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terminate the Plan and/or any Agreement pertaining to the Executive at any time prior to the commencement of payment of his benefits. In the event of any such termination, the Executive shall be entitled to the amount specified in Section 3.8 of this Plan at the time of termination of the Plan and/or his Agreement. In addition, the Board may, at any time in its complete and sole discretion amend the Plan or an Agreement in whole or in part, provided that no such amendment may deprive Executives or Beneficiaries of benefits which have accrued prior to such amendment.

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4.6 Protective Provisions. The Executive will cooperate with the  
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Company by furnishing any and all information requested by the Company, in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other actions as may be requested by the Company. If the Executive refuses to cooperate, the Company shall have no further obligation to the Executive or his Beneficiary under the Plan or his Agreement. In the event of the Executive's suicide during the first two years of his Agreement for a Contribution Unit or if the Executive makes any material misstatement of information or nondisclosure of medical

history, then no benefits will be payable to the Executive under the Plan or his Agreement for the Contribution Unit, or in the Company's sole discretion, benefits may be payable in a reduced amount.

4.7 Offset. If at the time payments or installments of payments are

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to be made hereunder the Executive or the Beneficiary or both are indebted or obligated to the Company, then the payments remaining to be made to the Executive or the Beneficiary or both may, at the discretion of the Company, be reduced by the amount of such indebtedness or obligation, provided, however, that an election by the Company not to reduce any such payment or payments shall not constitute a waiver of its claim for such indebtedness or obligation.

4.8 Arbitration. Any controversy or claim arising out of or relating

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to this Plan or an Agreement, or the breach thereof, shall be settled by arbitration in accordance with the

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Employment Dispute Resolution Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall occur in Los Angeles, California. The fees and expenses of any arbitration shall be awarded by the arbitrator(s).

V

MISCELLANEOUS

5.1 Nonassignability. Neither the Executive nor any other person

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shall have any right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Executive or any other person, or be transferable by operation of law in the event of the Executive's or any other person's bankruptcy or insolvency.

5.2 Gender and Number. Wherever appropriate herein, the masculine may

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mean the feminine and the singular may mean the plural or vice versa.

5.3 Trust Fund. The Company shall be responsible for the payment of

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all benefits provided under the Plan. At its

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discretion, the Company may establish one or more trusts, with such trustees as the Board of Directors or the Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company.

5.4 Notice. Any notice or election required or permitted to be given

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under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, and if given to the Company, delivered to the principal office of the Company, directed to the attention of the President of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

5.5 Not ERISA Plan. The Company intends that this Plan is not covered

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by Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") because the Plan is maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens of the United States. However, if ERISA applies to the Plan, the Company is the "named fiduciary" of the Plan for purposes of Section 402(a)(2) of ERISA, and the Plan is intended to be "unfunded" and maintained "primarily for the purpose of

providing deferred

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compensation for a select group of management of highly compensated employees" for purposes of ERISA, and as such is intended not to be covered by Parts 2 through 4 of Subtitle B of Title I of ERISA (relating to participation and vesting, funding and fiduciary responsibility).

5.6 Applicable Law. This Plan shall be construed, regulated and  
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administered in accordance with the laws of the State of California, except insofar as state law is preempted by ERISA if ERISA applies.

VI

DISCLAIMER OF RESPONSIBILITY FOR TAX CONSEQUENCES

The Company assumes no responsibility, and does not purport to in any way advise or counsel as to the tax consequences and/or liabilities, if any, or the effect on any benefits similar to United States Social Security benefits, if any, as a result of the provisions of this Plan. Executives and Beneficiaries must look solely to their own tax and legal advisers for such advice and counsel.

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IN WITNESS WHEREOF, the Company has adopted this KORN/FERRY INTERNATIONAL ENHANCED EXECUTIVE BENEFIT AND WEALTH ACCUMULATION PLAN FOR INTERNATIONAL EXECUTIVES on January 1st, 1994, effective as of January 1st, 1994.

KORN/FERRY INTERNATIONAL

By /s/ Peter L. Dunn  
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Its \_\_\_\_\_

Attest:

/s/ Kristine E. Key  
-----  
Title:

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Exhibit 10.7  
(domestic version, which  
is the same as the  
international version in  
all material respects)

KORN/FERRY INTERNATIONAL  
SENIOR EXECUTIVE INCENTIVE PLAN  
FOR U.S. EXECUTIVES  
KORN/FERRY  
SENIOR EXECUTIVE INCENTIVE PLAN  
FOR U.S. EXECUTIVES

The purpose of this KORN/FERRY SENIOR EXECUTIVE INCENTIVE PLAN FOR U.S. EXECUTIVES (the "Plan") is to provide a further means whereby KORN/FERRY INTERNATIONAL (the "Parent Company") and its subsidiary and affiliated companies (together the "Company") may afford additional financial security to a select group of senior Executives who have been selected to participate in the Plan by the Parent Company's Board of Directors and who have rendered and continue to render valuable service to the Company, constituting an important contribution toward its continued growth and success. The Plan is designed to provide additional future compensation to the selected Executives so that they may be retained and their productive efforts encouraged.

I

DEFINITIONS AND CERTAIN PROVISIONS

1.1 "Agreement" means the written agreement (substantially in the form attached to this Plan) entered into between the Company and the Executive to carry out the Plan with respect to such Executive.

1.2 An "Executive" means any corporate Vice President or other officer of the Company (or a subsidiary or affiliated company) who is designated as an "Executive" by the Company and has been selected to participate in the Plan by the Parent Company's Board of Directors and enters into an Agreement.

1.3 "Service" means continuous full-time or substantially full-time service with the Company as an employee.

1.4 A "year of service" means a complete year of continuous, full-time service with the Company. A "year" is a period of 12 consecutive calendar months.

1.5 A "Benefit Unit" means a unit enrolled in by an Executive pursuant to Article II providing the benefits described in Article III.

1.6 "Normal Benefit Date" means the January 1st which is ten (10) years after the commencement of deferrals by the Executive with respect to a Benefit Unit.

1.7 "Termination of service" means the Executive's ceasing his service with the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of death or disability.

1.8 "Disability" means a condition that totally and continuously prevents the Executive, for at least six consecutive

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months, from engaging in an "occupation" for compensation or profit. During the first 24 months of total disability, "occupation" means the Executive's occupation at the time the disability began. After that period, "occupation" means any occupation for which the Executive is or becomes reasonably fitted by education, training or experience. Notwithstanding the foregoing, a disability shall not exist for purposes of this Plan if the Executive fails to qualify for disability benefits under the Social Security Act, unless the Committee determines, in its sole discretion, that a disability exists.

1.9 "Committee" means the Administrative Committee appointed to manage and administer the Plan pursuant to Section 4.1.



1.10 "Beneficiary" means the person or persons designated by an Executive pursuant to Section 3.7.

1.11 "Moody's" means with respect to any Plan Year the Moody's Long Term Corporate Bond Index-Monthly Average Corporates as published by Moody's Investor's Service, Inc. (or any successor thereto) for the month of July before the Plan Year in question, or, if such yield is no longer published, a substantially similar average selected by the Committee. Whenever the Moody's rate is applicable in crediting interest,

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interest shall be credited for each Plan Year using the separate Moody's rates which are applicable for each Plan Year.

1.12 "Plan Year" means the calendar year.

1.13 References to an Executive's or Beneficiary's age are to his or her chronological age.

## II

### ELIGIBILITY TO PARTICIPATE AND EXECUTIVE COMPENSATION REDUCTION

2.1 Eligibility to Participate. Eligibility to participate in this

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Plan will be at the sole discretion of the Parent Company's Board of Directors. The Board of Directors will select the Executives who are eligible to participate in the Plan and determine the number of Benefit Units (or fraction of a Benefit Unit) which each Executive is eligible to receive. In order to participate in this Plan, an Executive must now be participating in or have elected to participate in the Company's Executive Benefit and Wealth Accumulation Plan, unless waived by the Committee in its sole discretion.

2.2 Executive's Compensation Reduction. Each Executive shall execute

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an Agreement with respect to his Benefit Unit(s) (and/or fraction of a Benefit Unit) and irrevocably elect to reduce the amount of his compensation otherwise earned and

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payable on or after the date on which his election is made, in the amounts and with respect to the years specified in Paragraph 3 of the Agreement, in order to participate in the Plan. An Executive may elect to accelerate his deferrals at such times and in such manner as the Committee may permit in its sole discretion, but may not increase his total deferrals. Any such acceleration shall not result in any change in the benefits payable under the Plan. Any election to accelerate deferrals shall be irrevocable and shall only reduce the amount of compensation earned and payable on or after the date on which the election is made.

## III

### BENEFITS

3.1 Incentive Benefit.

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(a) Payment Commencing on Normal Benefit Date. Subject to the

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Executive's continuation of service until his Normal Benefit Date, the Company shall pay to the Executive in equal monthly installments commencing on his Normal Benefit Date, as compensation earned for services rendered prior to such date, one-twelfth of the amount per annum specified in Paragraph 4 of the Agreement for fifteen years (the "Incentive Benefit").

(b) Deferred Payment of Incentive Benefit. With the consent of the

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Committee, an Executive may elect to have his Incentive Benefit payments commence on any January 1st subsequent

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to his Normal Benefit Date, but not later than his retirement or attainment of age 65, whichever is later. Such election may be made at such time and in such manner as the Committee may permit in its sole discretion. In such event the Incentive Benefit payments (and continuation of Incentive Benefits) shall be actuarially increased as determined by the Committee to reflect the later date of commencement of the Incentive Benefit payments.

(c) Early Payment of Incentive Benefit. With the consent of the

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Committee, an Executive may elect to have his Incentive Benefit payments with respect to a Benefit Unit commence prior to his Normal Benefit Date if he has (1) retired from the Company after attaining age 65, (2) completed deferrals for such Benefit Unit and (3) completed at least four years of service after enrolling in such Benefit Unit. Such election may be made at such time and in such manner as the Committee may permit in its sole discretion.

All payments of Incentive Benefits (and continuation of Incentive Benefits) which commence prior to the Normal Benefit Date shall be reduced on account of such early payment. Such payments shall be reduced by one-half of one percent (0.50%) for each month between the date when such payments commence and the Normal Benefit Date. However, the Committee may adjust this reduction factor, in its sole discretion, at any time when the prime rate of interest charged by Security Pacific National Bank (i.e., the lowest rate of

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interest charged to its most creditworthy commercial borrowers on unsecured loans maturing in ninety (90) days or less) exceeds twelve percent (12%) per annum.

3.2 Continuation of Incentive Benefit. If an Executive who is

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entitled to the Incentive Benefit dies after his Normal Benefit Date, his Beneficiary shall be entitled to receive the remaining Incentive Benefit payments, if any, that would have been paid to the Executive if the Executive had survived until he received 180 monthly Incentive Benefit payments. In lieu of such monthly payments, the Committee may determine, in its sole discretion, to make an actuarially determined equivalent lump sum payment to the Beneficiary.

3.3 Disability. If the Executive has a termination of service before

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his Normal Benefit Date due to a Disability (as defined in Section 1.8), the Executive shall be entitled to receive the Incentive Benefit for the Benefit Unit commencing on his Normal Benefit Date (or a reduced benefit commencing at age 65 if he would have qualified for such benefit under Section 3.1(c)). At its sole discretion, the Committee may commence such payments at an earlier date. The Executive shall receive the Termination Benefit under Section 3.4 with respect to any Benefit Unit for which he has not completed his deferrals.

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3.4 Termination Benefit. Except as provided in Sections 3.1, 3.3 and

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3.5, upon any termination of service of the Executive before his Normal Benefit Date, the Company shall pay to the Executive, as compensation earned for services rendered prior to his termination of service, a lump sum equal to the amounts by which his compensation has been reduced pursuant to Paragraph 3 of the Agreement, plus interest on the aforesaid amounts at the rate per annum specified in the next paragraph compounded annually from the dates of making such reductions in the compensation paid to the Executive (the "Termination Benefit"). Such payment shall be made within sixty (60) days following termination of service.

Interest shall be credited with respect to each Benefit Unit at a rate per annum based on the Executive's number of years of participation in such Benefit Unit at the time of his termination of service in accordance with the following schedule:

Years of Participation in Benefit Unit -----	Interest Rate -----
0 - 2	6%
3 - 5	8%
6 - 8	Moody's (but not less than 8% nor more than 12%)
9 - 10	Moody's + 2% (but not less than 8% nor more than 12%)

The applicable interest rate based on the Executive's years of participation in the Benefit Unit (i.e., 6%, 8%, Moody's (but not less than 8% nor more than 12%), or Moody's + 2% (but

-8-

not less than 8% nor more than 12%)) will apply on a retroactive basis for all years of participation in the Benefit Unit. Whenever the Moody's rate is applicable in crediting interest, interest shall be credited for each Plan Year

using the separate Moody's rates which are applicable for each Plan Year. The Moody's rate which shall be used in crediting interest earned during any Plan Year will be the Moody's rate for the month of July before the Plan Year in question.

Notwithstanding any other provision of the Plan, upon any termination of the Executive's participation in a Benefit Unit under the Plan while the Executive continues in the service of the Company, the Executive shall immediately cease to be eligible for any other benefits under the Plan with respect to such Benefit Unit and shall only be entitled to receive his Termination Benefit at the time of his termination of service with the Company. In its sole discretion, the Committee may pay the Termination Benefit to the Executive on an earlier date at any time subsequent to his termination of participation in the Benefit Unit under the Plan.

3.5 Survivor's Benefit. If the Executive dies while in service with

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the Company before his Normal Benefit Date, the Company shall pay to the Executive's Beneficiary in equal monthly installments commencing on the first day of the month after the Executive's death one-twelfth of the amount per annum specified in Paragraph 5 of the Agreement for fifteen years (the

-9-

"Survivor's Benefit"). At its sole discretion, the Committee may accelerate the manner and time of payment of the Survivor's Benefit, which shall be actuarially adjusted as determined by the Committee.

3.6 Emergency Benefit. In the event that the Committee, upon the

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written petition of the Executive, determines, in its sole discretion, that the Executive has suffered an unforeseeable financial emergency, the Company shall pay to the Executive, as soon as practicable following such determination, the Termination Benefit to which the Executive would have been entitled pursuant to Section 3.4 if he had a termination of service on the date of such determination (the "Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. Upon payment of an Emergency Benefit with respect to a Benefit Unit, the Executive shall immediately cease to be eligible for any other benefits under the Plan with respect to such Benefit Unit.

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3.7 Recipients of Payments; Designation of Beneficiary. All payments

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to be made by the Company under the Plan shall be made to the Executive during his lifetime, provided that if the Executive dies prior to the completion of such payments, then all subsequent payments under the Plan shall be made by the Company to the Beneficiary or Beneficiaries determined in accordance with this Section 3.7. The Executive may designate a Beneficiary or Beneficiaries by filing a written notice of such designation with the Committee. The Executive may from time to time change the designated Beneficiary or Beneficiaries without the consent of such Beneficiary or Beneficiaries by filing a new designation in writing with the Committee. The spouse of a married Executive shall join in any designation of a Beneficiary or Beneficiaries other than the spouse. If no designation shall be in effect at the time when any benefits payable under this Plan shall become due, the Beneficiary shall be the spouse of the Executive, or if no spouse is then living, the representatives of the Executive's estate.

3.8 Deferral of Payment. Except as provided herein, the Committee

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may, in its sole discretion, defer the payment of any benefit provided for by Section 3.4 to a date other than those provided for in such Section, provided, however, that any such payment shall be made, in all events, no later than three  
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(3) years following the date of payment otherwise provided for in

-11-

such Section unless the Executive consents to a later payment. In the event that a payment is deferred pursuant to this Section 3.8, the amount payable pursuant to Section 3.4 shall be increased by an amount equal to interest on such amount from the date otherwise payable to the date of payment, compounded annually, at an annual rate equal to the prime rate of interest charged from time to time by Security Pacific National Bank (i.e., the lowest rate of interest charged to its most creditworthy commercial borrowers on unsecured loans maturing in ninety (90) days or less) or twelve percent (12%) per annum, whichever is less. This Section 3.8 shall not apply, and no payments shall be deferred hereunder, in the event of termination of the Plan or termination of service within three (3) years following a "Change of Control" of the Parent Company. For this purpose a "Change of Control" shall mean (i) the sale or other transfer of 50% or more of

the voting stock of the Parent Company, (ii) a merger, consolidation, business combination or other reorganization of the Company in which the former shareholders of the Parent Company hold less than 50% of the value of the outstanding stock of the surviving corporation, or (iii) the sale or other transfer of all or substantially all of the assets of the Parent Company.

3.9 Election to Defer Payment. With the consent of the Committee,  
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the Executive may elect to defer payment of any

-12-

benefits provided for by the Plan, with payments to be actuarially increased as determined by the Committee.

3.10 Withholding; Employment Taxes. To the extent required by the law  
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in effect at the time payments are made, the Company shall withhold any taxes required to be withheld by the federal or any state or local government from payments made hereunder.

3.11 Approved Leave of Absence. If an Executive is absent from  
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service by reason of a leave of absence for a specified period of time which is formally approved in writing by the Committee, no deferrals shall be made by the Executive during the approved leave of absence. If an Executive returns to service with the Company within thirty (30) days following the end of the specified period of the approved leave of absence, the Executive shall resume making deferrals in the annual amounts which the Executive previously elected until deferrals are completed for all Benefit Units.

During any approved leave of absence, interest shall continue to be credited for purposes of computing any Termination Benefit payable pursuant to Section 3.4, and the Executive shall continue to be eligible for the Survivor's Benefit payable pursuant to Section 3.5. An approved leave of absence shall not constitute a termination of service unless the Executive fails to return to service with the Company within thirty (30) days

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following the end of the specified period of the approved leave of absence. However, the period of such approved leave of absence shall not be counted as years of participation in a Benefit Unit. Also, the Normal Benefit Date (as defined in Section 1.6) shall be extended by any approved leave of absence and shall be determined by disregarding any period of approved leave of absence in calculating ten (10) years after commencement of deferrals with respect to a Benefit Unit.

IV

CONDITIONS RELATED TO BENEFITS

4.1 Administration of Agreement. The Parent Company's Board of  
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Directors shall appoint an Administrative Committee consisting of three or more persons to administer the Plan and to interpret and apply its provisions in accordance with its terms. The Board of Directors shall select the Executives who are eligible to participate in the Plan and determine the number of Benefit Units (or fraction of a Benefit Unit) which each Executive is eligible to receive. A member of the Committee shall not vote or act upon any matter which relates solely to such member as an Executive. In the absence of the appointment of an Administrative Committee, references herein to the Committee shall mean the Board of Directors of the Parent Company.

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4.2 Rights on Termination of Service. Except as expressly provided  
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in this Plan, the Company shall not be required or be liable to make any payment under this Plan subsequent to the termination of service of the Executive.

4.3 No Right to Company Assets. Neither the Executive nor any other  
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person shall acquire by reason of the Plan or Agreement any right in or title to any assets, funds or property of the Company whatsoever including, without limiting the generality of the foregoing, any specific funds or assets which the Company, in its sole discretion, may set aside in anticipation of a liability hereunder, nor in or to any policy or policies of insurance on the life of the Executive owned by the Company. No trust shall be created in connection with or by the execution or adoption of this Plan or the Agreement, and any benefits which become payable hereunder shall be paid from the general assets of the Company. The Executive shall have only a contractual right to the amounts, if any, payable hereunder unsecured by any asset of Company.

4.4 No Employment Rights. Nothing herein shall constitute a contract

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of continuing service or in any manner obligate the Company to continue the services of the Executive, or obligate the Executive to continue in the service of the Company, and nothing herein shall be construed as fixing or

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regulating the bonuses or other compensation payable to the Executive.

4.5 Company's Right to Terminate. The Company reserves the sole right

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to terminate the Plan and/or the Agreement pertaining to the Executive at any time prior to the commencement of payment of his benefits. In the event of any such termination, the Executive shall be entitled to the amount specified in Section 3.4 of this Plan at the time of termination of the Plan and/or his Agreement.

4.6 Protective Provisions. The Executive will cooperate with the

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Company by furnishing any and all information requested by the Company, in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Company may deem necessary and taking such other actions as may be requested by the Company. If the Executive refuses to cooperate, the Company shall have no further obligation to the Executive under the Plan or his Agreement. In the event of the Executive's suicide during the first two years of his Agreement or if the Executive makes any material misstatement of information or non-disclosure of medical history, then no benefits will be payable to the Executive under the Plan or his Agreement, or in the Company's sole discretion, benefits may be payable in a reduced amount.

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4.7 Offset. If at the time payments or installments of payments are

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to be made hereunder the Executive or the Beneficiary or both are indebted or obligated to the Company, then the payments remaining to be made to the Executive or the Beneficiary or both may, at the discretion of the Company, be reduced by the amount of such indebtedness or obligation, provided, however, that an election by the Company not to reduce any such payment or payments shall not constitute a waiver of its claim for such indebtedness or obligation.

4.8 Arbitration. Any controversy or claim arising out of or relating

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to this Plan or the Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall occur in Los Angeles, California. The fees and expenses of any arbitration shall be awarded by the arbitrator(s).

V

MISCELLANEOUS

5.1 Nonassignability. Neither the Executive nor any other person

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shall have any right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer,

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hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Executive or any other person, or be transferable by operation of law in the event of the Executive's or any other person's bankruptcy or insolvency.

5.2 Gender and Number. Wherever appropriate herein, the masculine

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may mean the feminine and the singular may mean the plural or vice versa.

5.3 Notice. Any notice required or permitted to be given under the

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Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, and if given to the Company, delivered to the principal office of the Company, directed to the attention of the President of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

IN WITNESS WHEREOF, the Company has adopted this KORN/FERRY SENIOR EXECUTIVE INCENTIVE PLAN FOR U.S. EXECUTIVES effective on January 1, 1987.

KORN/FERRY INTERNATIONAL

By /s/ Norman A. Glick

Its

By /s/ Peter L. Dunn

Its

AMENDMENT TO

KORN/FERRY SENIOR EXECUTIVE INCENTIVE PLAN

FOR U.S. EXECUTIVES

This Amendment to the KORN/FERRY SENIOR EXECUTIVE INCENTIVE PLAN FOR U.S. EXECUTIVES (the "Plan") shall be effective as of January 1, 1987.

I. Section 3.11 of the Plan is hereby amended to read as follows:

"3.11 Approved Leave of Absence. If an Executive is absent from service by

reason of a leave of absence for a specified period of time which is formally approved in writing by the Committee, no deferrals shall be made by the Executive during the approved leave of absence. If an Executive returns to service with the Company within thirty (30) days following the end of the specified period of the approved leave of absence, the Executive shall resume making deferrals in the annual amounts which the Executive previously elected until deferrals are completed for all Benefit Units.

During any approved leave of absence, interest shall continue to be credited for purposes of computing any Termination Benefit payable pursuant to Section 3.4, and the Executive shall continue to be eligible for the Survivor's Benefit payable pursuant to Section 3.5. An approved leave of absence shall not constitute a termination of service or break in continuous service unless the Executive fails to return to service with the

Company within thirty (30) days following the end of the specified period of the approved leave of absence.

The period of such approved leave of absence shall normally not be counted as years of participation in a Benefit Unit; however, the Committee, in its sole discretion, may determine to count such period as years of participation in a Benefit Unit, provided all deferrals with respect to the Benefit Unit have been completed prior to commencement of the approved leave of absence. Also, the Normal Benefit Date (as defined in Section 1.6) shall be extended by any approved leave of absence and shall be determined by disregarding any period of approved leave of absence in calculation ten (10) years after commencement of deferrals with respect to a Benefit Unit, unless otherwise determined by the Committee in its sole discretion."

IN WITNESS WHEREOF, the Company has adopted this AMENDMENT TO KORN/FERRY SENIOR EXECUTIVE INCENTIVE PLAN FOR U.S. EXECUTIVES by authority of its Board of Directors on July 14, 1987.

KORN/FERRY INTERNATIONAL

By /s/ Richard M. Ferry

Its President

ATTEST

/s/ Peter L. Dunn

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Asst Secretary

## EXECUTIVE SALARY CONTINUATION PLAN

ELIGIBILITY All Vice Presidents of Korn/Ferry International

EFFECTIVE DATE May 1, 1974

## DESCRIPTION OF PLAN

The Executive Salary Continuation Plan will pay Korn/Ferry

Vice Presidents a partial salary of \$7,000 per year for the five year period following retirement totalling \$35,000 in

additional compensation to supplement Social Security and the existing Profit Sharing Plan.

In the event of the death of a Vice President before retirement, this plan provides that the Vice President's family will be kept on the Korn/Ferry payroll for a ten year period, paying \$10,000 to the family per year, a benefit which totals \$100,000.

This Salary Continuation Plan is provided in lieu of the existing Excess Group Life Insurance Plan, which provides a \$50,000 death benefit in the event of death before retirement and has no post-retirement benefits.

## SIGNIFICANCE TO PARTICIPANT

## A. Current Benefits

Korn/Ferry Vice Presidents will no longer incur the tax burden they currently realize due to the taxable income (economic benefit) they now report under the Group plan. This will amount to a savings of \$6,735 (or \$337 per year) in taxes for an executive who is age 45 and works until retirement.

## B. Deferred Benefits

Since the Korn/Ferry Vice President will receive \$35,000 in cash at retirement, this entire amount is an increase over the existing plan.

Assuming a 45 year old executive is in the 40% marginal tax bracket (\$22,000 of taxable income) he would have to earn an additional \$1,270 per year and invest it at 8% gross rate of return in order to equal the after-tax amount of the Salary Continuation benefit at retirement.

## C. Estate and Family Benefits

As mentioned earlier, the executive's family will receive \$10,000 per year for a 10-year period in the event of death before retirement.

The family may elect to take the commuted present value in a lump sum if desired, although income tax considerations may make this choice an undesirable one.

## FUNDING

Funding for this plan will be provided through insurance contracts purchased by and owned by Korn/Ferry International on the lives of participating officers. This will insure the monies necessary to provide the plan benefits.



#### VESTING

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No benefits are vested and in the event of termination before retirement, no benefits will be payable.

#### QUALIFICATION

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It is necessary for each participating executive to provide the necessary medical information to the insurance carrier for the insurance contracts to be issued. The existing group insurance plan will remain in force until the new coverage becomes

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effective.

You will be contacted directly about the necessary data.

#### AGREEMENTS

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Plan specifications will be elaborated on in a separate Salary Continuation Agreement which you will receive shortly.

#### COSTS

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The entire cost of the plan will be borne by Korn/Ferry International and you will have no tax liability during your working years.

#### TAXATION

- -----

All plan benefits will be taxable income to the recipients as received.

#### OTHER CONSIDERATIONS

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This Plan in no way effects the \$70,000 Basic Group Life Insurance coverage for each Vice President which will remain in force. Only the Excess Group Life is being replaced.

## STOCK REPURCHASE AGREEMENT

THIS STOCK REPURCHASE AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry International, a California corporation (the "Company"), and \_\_\_\_\_, an individual (the "Shareholder").

## RECITALS

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. The Shareholder is a participant in the Korn/Ferry International Retirement Plan ("Retirement Plan"). It is anticipated that the Retirement Plan will be terminated, and that shares of the Company will be distributed to the Shareholder pursuant to such termination.

C. The Company and the Shareholder acknowledge that the shares of the Company to be distributed to the Shareholder pursuant to the termination of the Retirement Plan shall be subject to this Stock Repurchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following definitions apply:

"Book Value" means the book value of a Share, as determined in accordance with generally accepted accounting principals applied in accordance with the usual accounting practices of the Company.

"Fiscal Year" means the fiscal year of the Company, which begins each May 1 and ends each April 30.

"Shares" means the shares of Company Common Stock currently held or acquired by Shareholder in the future.

"Value" means, for purposes of determining the price at which a Share will be sold or purchased pursuant to this Agreement, (a) the Book Value of such Share as of the end of the Fiscal Year immediately preceding such sale or purchase, or (b) such other value or formula for determining value as may be specified from time to

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time after the date hereof in a resolution adopted by a majority of the shareholders of the Company as the value or formula for determining Value to be used in connection with any sales and purchases of Shares by the Company, including, without limitation, sales and purchases pursuant to the equity plans adopted by the Company in 1991 (the Executive Participation Program, the Foreign Executive Participation Program and the 1991 Executive Stock Purchase Plan (collectively referred to herein as the "Equity Plans")).

2. COMPLIANCE WITH AGREEMENT. Except as expressly set forth herein, the Shareholder shall not sell, transfer, hypothecate, pledge or otherwise dispose of the Shares or any interest therein held by Shareholder (a "Transfer") without the prior written consent of the Company. Any purported Transfer not in compliance with the terms and conditions of this Agreement shall be void and of no force and effect. If the Shares are Transferred, in whole or part, voluntarily or involuntarily, by operation of law or otherwise, by reason of insolvency or bankruptcy of the Shareholder, or otherwise in violation of the provisions of this Agreement, the recipient of any of the Shares shall not be registered on the books of the Company and shall not be recognized as the holder of the Shares by the Company and shall not acquire any voting, dividend or other rights in respect thereof.

3. INVESTMENT INTENT. The Shareholder hereby represents and warrants to the Company that the Shareholder's holds the shares for his or her own account, for investment purposes only and not with a view to distribution or resale of the Shares. The Shares have not been, and will not be, registered under the Securities Act of 1933, as amended, or the securities laws of any state. The Shareholder may not sell the Shares unless they have been so registered or unless, in the opinion of counsel satisfactory to the Company, such registration is not required.

4. RESTRICTION ON CERTIFICATES. The Shareholder understands and

agrees that the certificate(s) issued to him or her representing the Shares:

(i) Shall contain the following legend:

"TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY REQUIRE REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND THIS CERTIFICATE MAY NOT BE TRANSFERRED WITHOUT EVIDENCE OF SUCH REGISTRATION OR OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE ACT. THE RIGHT TO SELL, TRANSFER OR OTHERWISE DISPOSE OF OR PLEDGE THE SHARES REPRESENTED BY THIS CERTIFICATE IS PROHIBITED BY THE TERMS OF A STOCK REPURCHASE AGREEMENT. A COPY OF SUCH AGREEMENT IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS."

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(ii) May contain additional legends as required by state securities laws.

(iii) Shall contain the following legend, if the Shareholder is not a U.S. Person, as defined in the Act and Regulation S promulgated thereunder.

"THE TRANSFER OF THESE SECURITIES IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED."

5. POSSESSION OF CERTIFICATES. The Company shall hold the

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certificates evidencing the Shares as custodian to protect its interests hereunder. In furtherance thereof, Shareholder shall execute and deliver to the Company an assignment in blank in the form of Exhibit A hereto, for the transfer of such certificates. The Company will deliver to Shareholder a receipt for such Shares in the form of Exhibit B hereto.

6. REPURCHASE OF SHARES BY COMPANY. Upon the termination of

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Shareholder's employment with the Company (for any reason whatsoever), and subject to any prohibitions on the purchase of Shares by the Company under applicable law or any agreement binding on the Company, the Shareholder shall sell and the Company shall purchase the Shares at a price per share equal to the Value of a share of Company Common Stock as of the date on which such Shares are to be purchased by the Company. Company and Shareholder agree that Company shall purchase the Shares on a date specified by Company, which shall not be later than 90 days after termination of Shareholder's employment with the Company. Notwithstanding the foregoing, if the Company is prohibited from purchasing the Shares by applicable law or by any contract or agreement binding on the Company, including without limitation any loan agreement, the Company will purchase the Shares as soon as practicable after it determines in good faith that it is legally and contractually permitted to do so. If Shareholder paid for all or any part of the Shares with a promissory note or notes payable to the Company, the Company will, and Shareholder hereby authorizes the Company to, offset against any amounts owing to Shareholder by the Company with respect to Shares purchased hereunder any amounts outstanding for principal or accrued interest under such promissory note(s). Any amount so offset shall be deducted from the purchase price to be paid under this section upon the purchase of the Shares by the Company. The balance of the purchase price for the Shares, if any, shall be paid by the Company, in its sole and absolute discretion, either in cash or by delivery of a non-transferable promissory note in the form of Exhibit C hereto (the "Note"); provided, however, that if termination of employment is due to Shareholder's death, the balance of the purchase price shall be paid in cash. The Note shall bear simple interest at Bank of America's reference rate as of the date hereof and may be for term of up to five years. The Note shall be paid in equal annual installments of principal plus all accrued and unpaid interest on the total principal amount. Subject to the preceding sentence, the

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actual term of the Note will be determined in the sole and absolute discretion of the Company. The indebtedness evidenced by the Note, both principal and interest, shall be subordinated and junior, to the extent set forth in the next sentence, to all indebtedness of the Company, both principal and interest (accrued and accruing thereon both before and after the date of filing a petition in any bankruptcy, insolvency, reorganization or receivership proceedings, whether or not allowed as a claim in such case or proceeding) in respect of borrowed money, whether outstanding on the date of the Note or thereafter created, incurred or assumed (collectively, the "Senior Debt"); provided, that such Senior Debt shall not include any obligation of the Company under the Equity Plans to repurchase shares of its common stock. Upon the maturity of any of the Senior Debt by lapse of time, acceleration or otherwise, all principal of, and interest on, all such matured Senior Debt shall first be paid in full before any payment is made by the Company on account of principal of, or interest on, the Note.

7. ASSIGNMENT OF PURCHASE RIGHTS. The Company may assign, in whole

or part, its right to purchase the Shares under this Agreement to a designee(s).

8. PRESENTLY OWNED AND AFTER-ACQUIRED SHARES. The Shareholder agrees  
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that the terms and conditions of this Agreement shall be binding upon him or her as to any shares of Common Stock of the Company which Shareholder owns as of the date hereof or which may hereafter be acquired by the Shareholder, without further action.

9. CHANGE IN MARITAL STATUS. In the event that the Shareholder's  
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marital status is altered by dissolution or divorce or by the death of the Shareholder's spouse, any interest of his or her former spouse, whether as community property or as a result of a property settlement agreement, a divorce decree or other legal proceeding, may be purchased by the Company and shall be sold by the Shareholder's former spouse or his or her estate according to the provisions of this Agreement. The Shareholder agrees to notify the Company of any change in marital status, including, without limitation, marriage, dissolution of marriage, divorce or death of spouse, within 10 business days of said event. The Shareholder agrees to cause any spouse who has not signed a consent to this Agreement in the form of Exhibit D to do so at the time notice is given to the Company under this Section.

10. AMENDMENT. No change, amendment or modification of this Agreement  
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shall be valid unless it is in writing and signed by the Company and the Shareholder.

11. REMEDIES. The Shares cannot be readily purchased or sold in the  
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open market and, for that reason, among others, the parties will be irreparably damaged in the event the agreements contained herein are not specifically enforced. If any dispute arises concerning the transfer of any Shares, an injunction may be issued

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restraining any such transfer pending the determination of such controversy. In the event of any controversy, such rights or obligations shall be enforceable in a court by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the parties may have. The provisions of this Agreement are for the benefit of the Company and the Shareholder and may be enforced by either of them.

12. EXPENSES. Shareholder agrees to pay to the Company the amount of  
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any and all reasonable expenses, including, without limitation, reasonable attorneys, fees and expenses, which the Company may incur in connection with the enforcement of its rights hereunder.

13. NOTICES. Any notice required or permitted to be given hereunder  
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shall be in writing and shall be mailed first-class, postage prepaid, or shall be personally delivered. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, an authorized officer of the recipient. All such communications, if intended for the Company, shall be addressed to the Company as follows:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Office -  
Vice President - Administration

and if intended for the Shareholder shall be addressed to the Shareholder at his or her address as shown on the Company's books. Any party may change his, her or its address for notice by giving notice thereof to the other party to this Agreement. A change of address notice by the Shareholder shall be recorded in the books of the Company as the Shareholder's address for notice unless the Shareholder otherwise instructs the Company.

14. GOVERNING LAW. All questions with respect to the construction of  
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this Agreement and the rights and liabilities of the parties hereto shall be governed by the laws of California.

15. SUCCESSORS AND ASSIGNS. Subject to the terms herein, this  
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Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto.

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16. ENTIRE AGREEMENT. This Agreement contains the entire Agreement of

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the parties hereto and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter contained in this Agreement which are not fully set forth herein.

17. COUNTERPARTS. This Agreement may be executed in counterparts,

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each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. WAIVER. No waiver of any right pursuant hereto or waiver of any

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breach hereof shall be effective unless in writing and signed by the party waiving such right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach, and no failure to enforce any right hereunder shall preclude or affect the later enforcement of such right.

19. CAPTIONS. The captions of the various sections herein are solely

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for the convenience of the parties hereto and shall not affect or control the meaning or construction of this Agreement.

20. SEVERABILITY. Should any portion of this Agreement be declared

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invalid and unenforceable, then such portion shall be deemed to be severable from this Agreement and shall not affect the remainder hereof.

21. AGREEMENT AVAILABLE FOR INSPECTION. An original copy of this

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Agreement, together with all amendments, duly executed by the Company and the Shareholder, shall be delivered to the Secretary of the Company and maintained by him or her at the principal executive office of the Company and shall be available for inspection by any person requesting to see it.

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22. ADDITIONAL DOCUMENTS. The parties hereto agree to sign all

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necessary documents and take all other actions necessary to carry out the provisions of this Agreement.

IN WITNESS, WHEREOF, the parties have executed this Shareholder's Agreement as of the date first written above.

\_\_\_\_\_  
SHAREHOLDER

\_\_\_\_\_  
By: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_  
KORN/FERRY INTERNATIONAL

\_\_\_\_\_  
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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AMENDED AND RESTATED  
STOCK REPURCHASE AGREEMENT

THIS AMENDED AND RESTATED STOCK REPURCHASE AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry international, a California corporation (the "Company"), and \_\_\_\_\_, an individual (the "Shareholder"), and is an amendment and restatement of the previous Stock Repurchase Agreement between the Company and the Shareholder (the "Prior Agreement") [MODIFY AS APPROPRIATE IF MORE THAN ONE PRIOR AGREEMENT.].

RECITALS

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. [MODIFY AS APPROPRIATE FOR EACH INDIVIDUAL.] In 1991, the Company adopted the Executive Participation Program (the "Equity Plan"), which provides for the sale of shares of Company common stock to certain officers of the Company.

C. Pursuant to the Equity Plan the Shareholder subscribed to purchase shares of Company Common Stock under the Executive Participation Program Stock Subscription Agreement (Basic Equity Account) between Company and Shareholder (the "Subscription Agreement"), which required that Shareholder enter into the Prior Agreement.

D. In August 1998, the Company's shareholders approved the initial public offering of the Company (the "IPO"), and authorized the Company to offer to amend and restate the Prior Agreement, subject to the consummation of the IPO.

E. The Shareholder and the Company now wish to enter into this Agreement as an amendment and restatement of the Prior Agreement. This Agreement shall become effective if and only if the is consummated on or before \_\_\_\_\_, 19\_\_.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following definitions apply:

"Book Value" means the book value of a Share, as determined in accordance with generally accepted accounting principals applied in accordance with the usual accounting practices of the Company.

"Equity Committee" shall mean a committee appointed by the Board of Directors of the Company. The Equity Committee shall be comprised of three members of the board of directors of the Company, at least two of which shall not be officers or employees of the Company.

"Fiscal Year" means the fiscal year of the Company, which is currently specified as the period beginning each May 1 and ending each April 30, or any other period specified by the Board of Directors of the Company as the fiscal year of the Company.

"401(k) Plan" means the Korn/Ferry International Employee Tax Deferred Savings Plan.

"Shares" means the shares of Company Common Stock currently owned by the Shareholder from any source or which may be acquired by Shareholder in the future under the Equity Plan, or distributed to the Shareholder under the 401(k) Plan. Shares acquired on the public market following the IPO shall not be considered as "Shares".

"Value" means, for purposes of determining the price at which a Share will be sold or purchased by the Company pursuant to Section 7 of this Agreement, (a) the Book Value of such Share as of the end of the Fiscal Year ending April 30, 1998, plus interest at the rate of eight and one-half percent (8.5%) per annum, (b) such other value or formula for determining value as may be specified from time to time after the date hereof in a resolution adopted by the Board of Directors of the Company for purposes of this Agreement.

2. COMPLIANCE WITH AGREEMENT. Except as expressly set forth herein, the Shareholder shall not sell, transfer, hypothecate, pledge or otherwise dispose of the Shares or any interest therein held by Shareholder (a "Transfer") without the prior written consent of the Company. Any purported Transfer not in

compliance with the terms and conditions of this Agreement shall be void and of no force and effect. If the Shares are Transferred, in whole or part, voluntarily or involuntarily, by operation of law or otherwise, by reason of insolvency or bankruptcy of the Shareholder, or otherwise in violation of the provisions of this Agreement, the recipient of any of the Shares shall not be registered on the books of the Company and shall not be recognized as the holder of the Shares by the Company and shall not acquire any voting, dividend or other rights in respect thereof.

3. INVESTMENT INTENT. The Shareholder hereby represents and

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warrants to the Company that the Shareholder's purchase of the Shares has been made for his or her own account, for investment purposes only and not with a view to distribution or resale of the Shares. The sale of the Shares has not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. Except as expressly set forth herein, the Shareholder may not sell the Shares unless they have

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been so registered or unless, in the opinion of counsel satisfactory to the Company, such registration is not required.

4. RESTRICTION ON CERTIFICATES. The Shareholder understands and

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agrees that the certificate(s) issued to him or her representing the Shares:

(i) Shall contain the following legend:

"TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY REQUIRE REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND THIS CERTIFICATE MAY NOT BE TRANSFERRED WITHOUT EVIDENCE OF SUCH REGISTRATION OR OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE ACT. THE RIGHT TO SELL, TRANSFER OR OTHERWISE DISPOSE OF OR PLEDGE THE SHARES REPRESENTED BY THIS CERTIFICATE IS PROHIBITED BY THE TERMS OF A RESTATED AND AMENDED STOCK REPURCHASE AGREEMENT. A COPY OF SUCH AGREEMENT IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS."

(ii) May contain additional legends as required by state securities laws.

5. PERMITTED SALES AT AND FOLLOWING IPO. Notwithstanding the

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restrictions on the sale of Shares contained herein, the Shareholder may sell Shares according to the following schedule:

DATE ----	PERMISSIBLE SALES -----
Consummation of the Company's Initial Public Offering ("IPO Date")	Ten percent (10%) of the Shareholder's Shares
Second anniversary of IPO Date	An additional twenty percent (20%) of the Shareholder's Shares
Third Anniversary of IPO Date	An additional twenty percent (20%) of the Shareholder's Shares
Fourth Anniversary of IPO Date	Any remaining Shares

The foregoing schedule of permissible sales shall be applied as follows:

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(a) The percentages shall be applied with respect to the sum of the Shareholder's current Shares as of the time of a sale, plus any Shares previously sold. As an example by way of illustration only, and not reflective of the Shareholder's actual number of Shares, assume the Shareholder had 100 Shares on the IPO Date, and that an additional 50 Shares were beneficially owned by the Shareholder under the 401(k) Plan. The Shareholder would have the right, as of the IPO Date, to sell ten percent (10 shares) of the Shares held by the Shareholder other than the Shares beneficially owned under the 401(k) Plan. (Sale of Shares beneficially owned under the 401(k) Plan are governed by the provisions of the 401(k) Plan rather than this Agreement.) If the Shareholder sold the permitted ten Shares on the IPO Date, and, before the second anniversary of the IPO Date, received a distribution from the 401(k) Plan of the Shareholder's fifty Shares, the Shareholder would have 140 Shares on the second anniversary of the IPO Date. The Shareholder would be permitted to sell up to 35 shares on the second anniversary of the IPO Date (the sum of the Shares then held (140), plus the shares previously sold (10), times 30%, less the shares previously sold, equals 35 shares).

(b) Shares sold on the IPO Date shall be sold pursuant to the procedures established by the Company. No Shares may be sold in the period from the day after the IPO Date to the second anniversary of the IPO Date. Fifty percent (50%) of the proceeds of the sale of the Shareholder's shares on the IPO Date (or, if less, the outstanding balance of the Shareholder's notes under the Subscription Agreement) shall be used by the Company to reduce the balance of the Shareholder's notes under the Subscription Agreement.

(c) Any Company Common Stock beneficially owned by the Shareholder in the 401(k) Plan shall not count towards determining the Shares which may be sold unless and until such Shares are distributed to the Shareholder from the 401(k) Plan.

(d) The foregoing schedule shall cease to apply to the Shareholder's Shares and the Shares may be sold without restriction in the event of the Shareholder's death.

6. POSSESSION OF CERTIFICATES. The Company shall hold the

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certificates evidencing the Shares as custodian to protect its interests hereunder until the Shareholder has the right to sell the Shares, as set forth in Section 5 above. In furtherance thereof, Shareholder has executed and delivered (or shall herewith execute and deliver) to the Company assignment(s) in blank, in the form of Exhibit A to the Prior Agreement, for the transfer of such certificates. The Company has delivered to Shareholder a receipt for such Shares in the form of Exhibit B to the Prior Agreement.

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Upon the request of Shareholder, when the Shareholder has the right to sell Shares, the Company shall deliver the Shares which may be sold to the Shareholder, and the Company and the Shareholder shall appropriately modify the assignment(s) in blank and the receipt to reflect the delivery of Shares.

7. REPURCHASE OF SHARES BY COMPANY.

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(a) Upon an occurrence described in Section 7(b) or 7(c) hereof, and subject to any prohibitions on the purchase of Shares by the Company under applicable law or any agreement binding on the Company, the Shareholder shall sell, if the Company elects to purchase, the number of Shares determined under the applicable subsection at a price per share equal to the Value as of the date on which such Shares are to be purchased by the Company. Notwithstanding the foregoing, if the Company is prohibited from purchasing the Shares by applicable law or by any contract or agreement binding on the Company, including without limitation any loan agreement, the Company may elect to purchase the Shares determined under the applicable subsection as soon as practicable after it determines in good faith that it is legally and contractually permitted to do so. If Shareholder paid for all or any part of the Shares with a promissory note or notes payable to the Company, the Company will, and Shareholder hereby authorizes the Company to, offset against any amounts owing to Shareholder by the Company with respect to Shares purchased hereunder any amounts outstanding for principal or accrued interest under such promissory note(s). Any amount so offset shall be deducted from the purchase price to be paid under this section upon the purchase of the Shares by the Company. The balance of the purchase price for the Shares, if any, shall be paid by the Company, in its sole and absolute discretion, either in cash or by delivery of a non-transferable promissory note in the form of Exhibit C hereto (the "Note"). The Note shall bear simple interest at Bank of America's (or its successor's) reference rate as of the date hereof and may be for term of up to five years. The Note shall be paid in equal annual installments of principal plus all accrued and unpaid interest on the total principal amount. Subject to the preceding sentence, the actual term of the Note will be determined in the sole and absolute discretion of the Company. The indebtedness evidenced by the Note, both principal and interest, shall be subordinated and junior, to the extent set forth in the next sentence, to all indebtedness of the Company, both principal and interest (accrued and accruing thereon both before and after the date of filing a petition in any bankruptcy, insolvency, reorganization or receivership proceedings, whether or not allowed as a claim in such case or proceeding) in respect of borrowed money, whether outstanding on the date of the Note or thereafter created, incurred or assumed (collectively, the "Senior Debt"); provided, that such Senior Debt shall not include any obligation of the Company under the Equity Plan to repurchase shares of its common stock. Upon the maturity of any of the Senior Debt by lapse of time, acceleration or otherwise, all principal of, and interest on, all such matured Senior Debt shall first be paid in full before any payment is made by the Company on account of principal of, or interest on, the Note.

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(b) The Company shall have the right to purchase, and in the event the Company elects to purchase, the Shareholder shall sell to the Company, all of the Shareholder's Shares, if the Company determines that any one or more of the following past or present acts or events have occurred: (1) the Shareholder engages or has engaged in behavior that is disruptive to the Company, or (2) the



Shareholder interferes with (or has interfered with) or engages in conduct that interferes with (or has interfered with) the efficient operation of the Company or any office of the Company, or (3) the Shareholder engages or has engaged in acts or conduct that are injurious to or otherwise harm the Company or any office of the Company, or (4) the Shareholder breaches or has breached any agreement with the Company, or (5) the Shareholder engages or has engaged in conduct or acts detrimental to the Company, or (6) the Shareholder becomes or became affiliated with a competitor, or develops, or make a contribution to, a competing enterprise, (7) the Shareholder discloses or has disclosed confidential Company information to a third party, or (8) the Shareholder is or was convicted of a felony or other crime involving fraud, dishonesty or acts of moral turpitude.

If the Company determines that any one or more of the foregoing acts or events has occurred, the Shareholder may appeal such determination to the Equity Committee within ten days of receipt of written notice of such determination from the Company. The Equity Committee shall have 30 days to either confirm or overturn the Company's determination. If the Equity Committee confirms the Company's determination, the Equity Committee shall also determine if the Shareholder's acts or conduct are curable by the Shareholder. If the Equity Committee determines that the Shareholder's acts or conduct are curable, then the Shareholder shall be given thirty (30) days following notice of the Equity Committee's decision to cure such acts or conduct, and an additional ten (10) days to provide proof of such cure acceptable to the Equity Committee. If the Equity Committee determines that the acts or conduct are not curable, or the Shareholder does not provide proof that curable acts or conduct have been cured, then the determination that the Shareholder engaged in acts or conduct detrimental to the Company shall be final and binding.

Shareholder acknowledges that the Company's purchase right under this subsection 7(b) may be financially disadvantageous to the Shareholder if, at the time of the purchase, there is a large differential between the Value (as that term is defined herein) of the Shares to be purchased and the then market value of such shares.

(c) At any time, but not more frequently than once in any two-year period, the Equity Committee may determine that the Company shall have the right to purchase the number of Shares determined by the Equity Committee (a "Company Call"). No Company Call shall be for a number of Shareholder's Shares greater than ten percent (10%) of the Shares for which Sales are not yet permissible under Section 5 hereof. The Equity Committee shall make its determination under this Section 7(c) based upon the Equity Committee's assessment of market conditions for the Company's

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common stock and the Company's recent financial performance. Any Company Call shall be made on a pro rata basis among the shareholders with whom the Company has entered into agreements similar to this Agreement.

Provided, however, this Section 7 does not apply to Shares released for sale under Section 5 herein.

8. ASSIGNMENT OF PURCHASE RIGHTS. The Company may assign, in whole or part, its right to purchase the Shares under this Agreement to a designee(s).

9. PRESENTLY OWNED AND AFTER-ACQUIRED SHARES. The Shareholder agrees that the terms and conditions of this Agreement shall be binding upon him or her as to any Shares.

10. CHANGE IN MARITAL STATUS. In the event that the Shareholder's marital status is altered by dissolution or divorce or by the death of the Shareholder's spouse, any interest of his or her former spouse in the Shares, whether as community property or as a result of a property settlement agreement, a divorce decree or other legal proceeding, may be purchased by the Company and shall be sold by the Shareholder's former spouse or his or her estate according to the provisions of this Agreement. The Shareholder agrees to notify the Company of any change in marital status, including, without limitation, marriage, dissolution of marriage, divorce or death of spouse; within 10 business days of said event. The Shareholder agrees to cause any spouse who has not signed a consent to this Agreement in the form of Exhibit D to do so at the time notice is given to the Company under this Section.

11. AMENDMENT. No change, amendment or modification of this Agreement shall be valid unless it is in writing and signed by the Company and the Shareholder.

12. REMEDIES. The parties agree that the Company will be irreparably damaged in the event the agreements contained herein are not specifically enforced. If any dispute arises concerning the transfer of any Shares, an

injunction may be issued restraining any such transfer pending the determination of such controversy. In the event of any controversy, such rights or obligations shall be enforceable in a court by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the Company may have.

13. EXPENSES. Shareholder agrees to pay to the Company the amount of  
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any and all reasonable expenses, including, without limitation, reasonable attorneys' fees and expenses, which the Company may incur in connection with the enforcement of its rights hereunder.

14. NOTICES. Any notice required or permitted to be given hereunder  
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shall be in writing and shall be mailed first-class, postage prepaid, or shall be personally

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delivered, or shall be sent by telecopier. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, an authorized officer of the recipient. All such communications, if intended for the Company, shall be addressed to the Company as follows:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Secretary

and if intended for the Shareholder shall be addressed to the Shareholder at his or her address as shown on the Company's books. Any party may change his, her or its address for notice by giving notice thereof to the other party to this Agreement. A change of address notice by the Shareholder shall be recorded in the books of the Company as the Shareholder's address for notice unless the Shareholder otherwise instructs the Company.

15. GOVERNING LAW. All questions with respect to the construction  
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of this Agreement and the rights and liabilities of the parties hereto shall be governed by the laws of California.

16. SUCCESSORS AND ASSIGNS. Subject to the terms herein, this  
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Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto. Nothing herein shall obligate the Company to obtain the consent of Shareholder if the Company undergoes a reorganization, restructuring or recapitalization, including without limitation, the acquisition by the Company of an entity or entities controlled by the Company in connection with the reincorporation of the Company in a state other than California.

17. ENTIRE AGREEMENT. This Agreement contains the entire Agreement  
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of the parties hereto and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter contained in this Agreement which are not fully set forth herein.

18. COUNTERPARTS. This Agreement may be executed in counterparts,  
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each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. WAIVER. No waiver of any right pursuant hereto or waiver of  
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any breach hereof shall be effective unless in writing and signed by the party waiving such

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right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach, and no failure to enforce any right hereunder shall preclude or affect the later enforcement of such right.

20. CAPTIONS. The captions of the various sections herein are  
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solely for the convenience of the parties hereto and shall not affect or control the meaning or construction of this Agreement.

21. SEVERABILITY. Should any portion of this Agreement be  
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declared invalid and unenforceable, then such portion shall be deemed to be severable from this Agreement and shall not affect the remainder hereof.

22. AGREEMENT AVAILABLE FOR INSPECTION. An original copy of this

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Agreement, together with all amendments, duly executed by the Company and the Shareholder, shall be delivered to the Secretary of the Company and maintained by him or her at the principal executive office of the Company and shall be available for inspection by any person requesting to see it.

23. REGULATION G, T, U OR X. The Company's possession of the

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certificates evidencing the Shares pursuant to Section 6 of this Agreement does not violate Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

24. ADDITIONAL DOCUMENTS. The parties hereto agree to sign all

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necessary documents and take all other actions necessary to carry out the provisions of this Agreement.

IN WITNESS, WHEREOF, the parties have executed this Amended and Restated Stock Repurchase Agreement as of the date first written above.

SHAREHOLDER

By: \_\_\_\_\_

Name: \_\_\_\_\_

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Elizabeth S.C.S. Murray

Title: Executive VP & CFO

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EXHIBIT A

IRREVOCABLE STOCK ASSIGNMENT

For good and valuable consideration pursuant to Section 6 of that certain Amended and Restated Stock Repurchase Agreement between the undersigned and Korn/Ferry International, the undersigned hereby sells, assigns and transfers to \_\_\_\_\_ shares of common stock of Korn/Ferry International, represented by Certificate No(s). \_\_\_\_\_ standing in the name of the undersigned on the books of said company.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

WITNESS:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

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EXHIBIT B

RECEIPT

Korn/Ferry International, a California corporation (the "Company"), hereby acknowledges that it has received and is holding as custodian on behalf of \_\_\_\_\_, an officer of the Company ("Executive"), \_\_\_\_\_ shares of Company Common Stock (the "Shares"), represented by certificate(s) number \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ issued on \_\_\_\_\_, 19\_\_ in the name of Executive (copies of which are attached hereto), together with an Irrevocable Stock Assignment

executed by Executive (the "Stock Assignment"). The Shares and the Stock Assignment are being held by the Company pursuant to and in accordance with the terms of that certain Amended and Restated Stock Repurchase Agreement between the Company and Executive, and any promissory note(s) and related Stock Pledge Agreement delivered by Executive to the Company in connection with the purchase of all or a portion of the Shares.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

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EXHIBIT C

KORN/FERRY INTERNATIONAL  
NON-TRANSFERABLE SUBORDINATED PROMISSORY NOTE

\$ \_\_\_\_\_, 19\_\_

FOR VALUE RECEIVED, the undersigned, KORN/FERRY INTERNATIONAL, a California corporation (the "Company") hereby promises to pay to the order of \_\_\_\_\_ ("Payee") the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), plus interest on the unpaid balance thereof at the rate of \_\_\_\_\_% per annum [reference rate of Bank of America or its successor on the date hereof].

Payments of principal and interest hereunder shall be in lawful money of the United States of America and shall be payable in \_\_\_\_\_ (\_\_\_\_) annual payments, the first such payment to be made on \_\_\_\_\_, 19\_\_, and the final such payment to be made on \_\_\_\_\_, 19\_\_. Interest shall be simple interest and shall be paid on the basis of a 360-day year and a 30-day month.

Principal and interest on this note are payable, at \_\_\_\_\_, or such other place as Payee shall designate in writing for such purpose at least five business days in advance of the applicable payment date. Principal and interest on this note may be prepaid at any time, in whole or in part, without premium or penalty. The timely tender of any payment of principal or interest on this note shall be deemed to have been made if a check for such payment is mailed two business days before the day such payment is due.

If any payment of principal or interest on this note shall be due on a Saturday, Sunday or legal holiday under the laws of the State of California, or any other day on which banking institutions in the City of Los Angeles are obligated or authorized by law or executive order to close, such payment shall be made on the next succeeding business day in California, and any such extended time shall not be included in computing interest in connection with such payment.

The indebtedness evidenced by this note, both principal and interest, is subordinated and junior to the extent set forth in Section 7 of that certain Amended and Restated Stock Repurchase Agreement dated as of \_\_\_\_\_ between the Company and Payee.

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Payee shall not sell, assign or otherwise transfer or dispose of all or any part of this note to any person, partnership, corporation, firm or other entity, except with the prior written consent of the Company.

This note is made and delivered in California and shall be governed, construed and enforced according to the laws of the State of California.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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EXHIBIT D

CONSENT OF SPOUSE OF SHAREHOLDER

The undersigned, being the spouse of the Shareholder, \_\_\_\_\_, who has signed the foregoing Amended and Restated Stock Repurchase Agreement, hereby acknowledges that he or she has read and is familiar with the provisions of said Agreement including but not limited to Section 10 herein and agrees to be bound thereby and join therein to the extent, if any, that his or her agreement and joinder may be necessary. The undersigned hereby agrees that the Shareholder may join in any future amendment or modifications of the Agreement without any further signature, acknowledgment, agreement or consent on his or her part; and the undersigned hereby further agrees that any interest which he or she may have in the Shares held by Shareholder shall be subject to the provisions of this Agreement.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

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(domestic version, which is  
the same in all material  
respects as the  
international version)

KORN/FERRY EMPLOYMENT CONTRACT

SAMPLE

AGREEMENT dated (INSERT HIRE DATE)\_\_\_\_\_, by and  
between KORN/FERRY INTERNATIONAL, a California corporation, (hereinafter called  
the "Corporation") and (INSERT EXECUTIVE'S NAME)\_\_\_\_\_,  
(hereinafter called the "Executive").

WITNESSETH:  
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In consideration of the mutual covenants contained herein, the  
parties agree as follows:

FIRST: The Corporation agrees to employ the Executive and the  
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Executive agrees to serve the Corporation, and any subsidiary or affiliate of  
the Corporation, in the capacity of Vice President, for the term of this  
agreement.

SECOND: The initial term of the Executive's employment under this  
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agreement shall be for the period commencing on, (INSERT HIRE DATE)\_\_\_\_\_  
and expiring on, (INSERT APRIL 30, AND WHATEVER IS THE CURRENT FISCAL YEAR, E.G.  
APRIL 30, 1999)\_\_\_\_\_(unless sooner terminated as provided in this  
agreement) and thereafter Executive's employment hereunder shall automatically  
continue year to year for further successive terms of one year each (each ending  
on the next April 30th, each such year being referred to as an "extended year"),  
unless at least thirty (30) days prior to the end of the initial term or the  
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then current extended year, as the case may be, either party does not wish the  
employment of Executive under this agreement to be continued beyond the end of  
the initial term or then current extended year, as the case may be, in

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SAMPLE

which event Executive's employment shall terminate at the end of such initial  
term or then current extended year.

THIRD: (A) The Executive shall devote his full time and efforts to  
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the business and affairs of the Corporation, its subsidiaries and affiliates and  
shall use his best efforts to promote the interests thereof. During the term of  
this agreement, the Executive shall not engage in any other business or business  
activity whether or not such business activity is pursued for gain, profit or  
other pecuniary advantage; provided, however, that the Executive shall not be  
prevented from investing his assets in such form or manner as will not require  
any substantial amount of time or services on the part of the Executive in the  
operation of the affairs of the enterprises in which such investments are made.

(B) The Executive agrees to hold such offices in the  
Corporation and/or any subsidiary or affiliate of the Corporation to which, from  
time to time, he may be elected or appointed, without additional compensation.  
The Executive shall render such services to the Corporation and/or to any and  
all subsidiaries and affiliates of the Corporation at such times and at such  
places as shall from time to time be designated by the Board of Directors and/or  
the President of the Corporation.

(C) It is contemplated that the Executive shall perform his  
duties in such places as may be required. The Executive may be obliged, from  
time to time, and for reasonable periods of time, to travel in the performance  
of his duties. In such cases, the Corporation shall pay or reimburse the  
Executive for all reasonable travel and other expenses incurred by him in  
connection with the performance of his services under this agreement, upon  
presentation of expense statements or vouchers and such other supporting  
information as it may from time

SAMPLE

to time request; provided, however, that the amount available for such travel and other expenses may be fixed in advance by the President.

FOURTH: (A) The Corporation shall compensate the Executive for the

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services to be rendered by the Executive hereunder, including all services, if any, to be rendered as an officer and/or Director of the Corporation and/or any subsidiary or affiliate of the Corporation. During the initial term of the Executive's employment hereunder, such compensation shall be at the rate of (SALARY) per annum; during an extended year of the Executive's employment hereunder, such compensation shall be at the same rate per annum as was in effect during the prior extended year (or during the initial term in the case of the first such extended year). Corporation may, in its sole discretion, but shall not be obligated to increase Executive's rate of compensation in the course of Corporation's annual compensation review or otherwise by written agreement with Executive. The applicable compensation for the initial term and for each extended year (if any) shall be paid in equal (semi-) monthly installments.

(B) The Executive shall, in addition to his salary, be eligible to receive an annual bonus as may be approved by the Board of Directors, less income tax withholding and other customary employee deductions. In the event of termination of the Executive's employment under this Agreement, he shall be entitled only to such payment of the bonus as was approved by or pursuant to authority from the Board of Directors as of the date of termination.

(C) The Executive shall be eligible to participate in any group insurance, deferred compensation or other plan or program adopted by the Corporation for the benefit of its executive employees of similar stature of the Executive in accordance with the provisions of the respective plan or plans.

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SAMPLE

(D) The Executive shall be entitled to twenty (20) days annual vacation, exclusive of sick leave and holidays recognized by the Corporation, which may be taken at such times as are consistent with good business practices.

FIFTH: (A) The Executive acknowledges that (i) he holds a senior

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management position with the Corporation, (ii) in such capacity he is responsible for carrying out procedures and methods by which the Corporation develops and conducts its business, (iii) he has access to the Corporation's clients, channels for developing clients and recruiting executives for employment, and other confidential information of the Corporation, (iv) he has direct substantial responsibility to maintain the Corporation's business relationship with clients of the Corporation whose affairs he handles, (v) it would be unfair to the Corporation if the Executive were to appropriate to himself or others the benefits of the Corporation's many years of developing such business relationships, especially when the Executive enjoys a relationship with a client of the Corporation as a result of his being introduced to the client's personnel as the representative of the Corporation, (vi) it would be unfair to the Corporation if the Executive were to appropriate to himself or others the benefits of the business, personnel and other confidential information which the Corporation has developed in the conduct of its business and (vii) it is therefore fair that reasonable restrictions should be placed on certain activities of the Executive after his employment with the Corporation terminates.

(B) The Executive agrees during his term of employment, except as necessary to carry on the business of the Corporation, and after the expiration of his employment, that he shall not, directly or indirectly, use

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SAMPLE

or disclose to any person, firm or corporation, any candidate list, personal histories or resumes, employment information, business information, customer lists, business secrets, or any other information not generally known in the industry concerning the business or policies of the Corporation, including, but not limited to, the Corporation's list of clients or placement candidates.

(C) The Executive agrees that during the term of his employment hereunder, and for the two year period immediately subsequent to the expiration of his employment, he will not directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder or otherwise), (i) solicit or accept any executive search or placement assignment from, or otherwise attempt to provide services then provided by the Corporation to, any existing client of the Corporation or its subsidiaries or affiliates or any person who has been a client of the

Corporation or its subsidiaries or affiliates during the proceeding two years, (ii) solicit for employment or otherwise attempt to engage the services of any employee of the Corporation or its subsidiaries or affiliates. The term "client" as used in clause (C) (i) hereof shall mean only clients as to which the Executive, at any time during the three years preceding his termination of employment, contacted or engaged in activities on behalf of the Corporation.

(D) Nothing herein shall be deemed to prevent the Executive after termination of his employment, from engaging in business competitive to that of the Corporation provided the Executive does so without violating the above provisions which, among other matters, prohibit the Executive's utilizing the Corporation's confidential records, soliciting the

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SAMPLE

Corporation's employees and soliciting the Corporation's clients as defined in clause (C) (i) hereof.

(E) The Executive recognizes and acknowledges that any breach of the foregoing subparagraphs FIFTH (B) and (C) would result in immeasurable and irreparable harm to the Corporation, and accordingly, agrees that in addition to, and not in lieu of, all other remedies available to the Corporation by reason of such breach, the Corporation shall be entitled to temporary and permanent injunctive relief to prevent the occurrence or continuation thereof.

SIXTH: (A) The Executive's employment under this agreement shall

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terminate upon the first to happen or occur of any of the following events or conditions:

- (1) the death of the Executive;
- (2) the permanent disability of the Executive; or
- (3) the Corporation's election to terminate the employment of the Executive upon notice to him if:

(a) the Executive shall by reason of illness, physical or mental disability or other incapacity, fail to render the services provided for by this agreement for a period of sixty (60) consecutive days or for nonconsecutive periods aggregating more than one hundred twenty (120) days within any six month period, exclusive of Saturdays, Sundays, holidays or days on which the Executive was on vacation provided, however, that the Corporation shall have given the Executive such notice during his absence; or

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SAMPLE

(b) in the opinion of the Board of Directors of the Corporation, or a committee thereof, the Executive has breached any statutory or common law duty of loyalty to the Corporation, or has neglected those duties in such a manner as to meet reasonable standards of performance established by the Board of Directors or a committee thereof.

(B) All compensation shall cease to accrue upon termination of the Executive's employment.

(C) The Executive's employment hereunder may be terminated with cause by the Corporation in the event the Executive shall commit any act of fraud against the Corporation, or any criminal act. Any such act shall be deemed to be a breach of this agreement by the Executive.

SEVENTH: In the event that the Executive is unable, for any reason to

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perform the duties required of him under this agreement for a period of thirty (30) consecutive days, the Corporation shall have the right at its option to suspend payment of all forms of compensation provided for in paragraph FOURTH hereof from and after the expiration of such thirty (30) day period. Any such suspension shall not extend the term of employment hereunder nor shall the Executive be entitled to retroactive compensation for the period of such suspension.

EIGHTH: All notices, requests, demands and other communications

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provided for by this agreement shall be in writing and shall be deemed to have been given at the time when mailed by any general or branch United States Post Office, by first class postage prepaid, certified or registered

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SAMPLE

mail, return receipt requested, and addressed to the address of the respective party stated below or to such changed address as such party may have fixed by like notice similarly given:

To the Corporation: Korn/Ferry International  
Executive Offices  
237 Park Avenue  
New York, New York 10017

To the Executive: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

provided, however, that any notice of change of address shall be deemed to have been given only upon receipt, or first attempted delivery by the post office.

NINTH: This agreement shall inure to the benefit of and be  
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binding upon the Corporation, its successors and assigns, and the Executive, his heirs, executors, administrators and legal representatives, except that this agreement shall terminate upon the death of the Executive.

TENTH: This agreement sets forth the entire agreement and  
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understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any kind and every nature between them.

ELEVENTH: This agreement shall not be changed, modified or amended  
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except by a writing signed by the parties hereto.

TWELFTH: This agreement shall be governed by the laws of the State  
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of New York.

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SAMPLE

THIRTEENTH: In the event that any provision of this agreement, or  
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the application of any provision hereof, is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the remainder of this agreement shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable provision, unless the provision held invalid shall substantially impair the benefit of the remaining portion of this agreement.

FOURTEENTH: This agreement may be executed in counterparts, each of  
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which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this agreement has been executed by the parties in New York on the day and in the year first above written.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_  
Peter L. Dunn

EXECUTIVE:

\_\_\_\_\_

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## KORN/FERRY INTERNATIONAL

## DEFERRED COMPENSATION ELECTION FORM - APRIL 1998

THIS FORM MUST BE COMPLETED AND RETURNED TO CHARLES RAFOWICZ  
IN THE LOS ANGELES OFFICE NO LATER THAN APRIL 22, 1998.

Full Name (print or type): \_\_\_\_\_ Soc. Sec. No. \_\_\_\_\_

FISCAL 1998 BONUS AWARD - DISCRETIONARY PORTION: I hereby irrevocably elect to defer the receipt of the following amount from any Discretionary Portion of the Fiscal 1998 bonus to be awarded to me on April 30, 1998 (minimum deferral of \$5,000 or 5% whichever is greater, maximum deferral of 100%): PLEASE COMPLETE ONLY ONE

A. \$ \_\_\_\_\_ -OR- B. \_\_\_\_\_ % -OR- C. \_\_\_\_\_ % in excess of \$ \_\_\_\_\_

REMAINING 1998 BASE SALARY: I hereby irrevocably elect to defer the receipt of the following portion of my base salary compensation beginning May 1, 1998 through December 31, 1998 (\$5,000 or 5% minimum whichever is greater, maximum 90%):  
PLEASE COMPLETE ONLY ONE

A. \$ \_\_\_\_\_ -OR- B. \_\_\_\_\_ % per pay period

In making this election to defer compensation, I acknowledge and certify that:

- . Korn/Ferry International, at its sole and complete discretion, may reduce the amounts to be deferred by me under this program.
- . The amounts deferred will be paid to me on April 30, 1999 with interest equal to Korn/Ferry International's bank borrowing rate compounded annually.
- . If I terminate employment with Korn/Ferry International, retire, or die prior to April 30, 1999, the amounts deferred plus interest will be paid to me or to my beneficiary on April 30, 1999.
- . The deferral of salary and/or bonus compensation may reduce the amount of contributions I might be eligible to make or Korn/Ferry International company contributions I might be eligible to receive under the Employee Tax Deferred Compensation (401k) Plan for the 1998 Plan Year and/or the 1999 Plan Year.
- . My election to defer receipt of compensation is not due to reliance upon any financial or tax advice given by Korn/Ferry International.
- . Under current interpretation of the law, my deferral should serve to reduce income for Federal income tax purposes, but the Internal Revenue Service has not and will not give a ruling to that effect.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

=====

FOR COMPANY USE ONLY

Deferral accepted as follows:

Discretionary Bonus deferral: \$ \_\_\_\_\_, \_\_\_\_\_, % ( \_\_\_\_\_ % in excess \$ \_\_\_\_\_)

Salary Compensation deferral: \$ \_\_\_\_\_, \_\_\_\_\_ % per 16 pay periods

By \_\_\_\_\_ Date \_\_\_\_\_

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.,  
A Delaware corporation

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement"), is dated as of December 1, 1997 ("Agreement Date"), by and among KORN/FERRY INTERNATIONAL, a California corporation ("KFI"), BILL GROSS' IDEALAB!, a California corporation ("Idealab"), MAN JIT SINGH, an individual ("Singh"), and KORN/FERRY INTERNATIONAL FUTURESTEP, INC., a Delaware corporation ("Company").

ARTICLE 1.

PREAMBLE

1.1 The primary business purpose of the Company is to create, establish and maintain a business providing executive search and ancillary services to candidates and client companies on-line through the medium of the Internet (the "Business"). It is the intention of the Shareholders that the Company be a subsidiary of KFI. The Certificate of Incorporation, as filed with the Delaware Secretary of State, and the By-Laws which the Shareholders intend to adopt for the Company, are annexed hereto as Exhibits A and B, respectively.

1.2 The purpose of this Agreement is to set forth the amount, terms and conditions under which the Shareholders will purchase shares of the Company's voting common stock, and the nature and terms and conditions under which the Shareholders will contribute other assets and services to the Company.

1.3 Concurrently herewith, the Shareholders and the Company are entering into a certain Shareholders Agreement of even date (the "Shareholders Agreement"), pursuant to which the Shareholders and the Company have agreed upon matters relating to the management, control and operation of the Company, and restrictions upon the transfer of shares of the capital stock of the Company.

1.4 Concurrently herewith, KFI and the Company are entering into a certain License Agreement of even date, pursuant to which, among other things, KFI will license to the Company the use of its name in connection with the Business (the "License Agreement").

1.5 Concurrently herewith, the Company and Singh are entering into a certain Employment Agreement of even date, pursuant to which, among other things, Singh is employed as the President and Chief Executive Officer of the Company, for the term and consideration, and subject to the conditions, set forth therein (the "Singh Employment Agreement").

1.6 Concurrently herewith, KFI and Singh are entering into a certain Agreement of even date (the "KFI/Singh Agreement") and a certain Stock Repurchase Agreement of even date

(the "KFI Stock Repurchase Agreement"), pursuant to which, among other things, Singh is admitted as a shareholder of KFI, subject to the terms and conditions set forth therein.

1.7 The Shareholders intend that the Shareholders Agreement, the License Agreement, the Singh Employment Agreement, the KFI/Singh Agreement, and the KFI Stock Repurchase Agreement, be executed and delivered concurrently with the execution and delivery of this Agreement.

1.8 Unless otherwise defined herein, all capitalized terms used in this Agreement, shall have the meanings set forth in the Appendix annexed hereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE 2.

INITIAL CAPITALIZATION

2.1 Purchase of Initial Shares. Concurrently herewith, each Shareholder  
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shall purchase the following number of shares of the voting common stock of the

Company for the cash consideration indicated, which when issued shall constitute "Shares" within the meaning of this Agreement and the Shareholders Agreement:

Name of Shareholder	No. Shares	Cash Purchase Price	
		Per Share	Total
KFI	1,142,778	\$ .025	\$28,569.45
Idealab	318,334	\$ .025	\$ 7,958.35
Singh	950,000	\$ .025	\$23,750.00
Totals	2,411,112		\$60,277.80

Name of Shareholder	No. of Shares	Cash Purchase Price	
		Per Share	Total
KFI	7,085,722	\$ .25	\$1,771,430.50
Idealab	768,166	\$ .25	\$ 192,041.50
Totals	7,853,888		\$1,963,472.00

## 2.2 Payment of Purchase Price and Issuance of Stock Certificates. Each

Shareholder shall pay to the Company the Total Cash Purchase Price for his or its Shares within one (1) business day after the Agreement Date by check or by wire transfer of immediately available funds. Upon receipt of such funds, certificates evidencing the Shares so purchased shall be issued and delivered to the applicable Shareholder.

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## ARTICLE 3.

### SECOND ROUND FINANCING AND SUBSEQUENT OFFERINGS

#### 3.1 Purchase of Shares. At the times specified in Section 3.2 below, KFI

hereby agrees to purchase the following additional number of shares of voting common stock ("Additional Shares") of the Company for the cash consideration specified, which when issued will constitute "Shares" within the meaning of this Agreement and the Shareholders Agreement:

Name of Shareholder	No. of Shares	Cash Purchase Price	
		Per Share	Total
KFI	2,600,000	\$0.50	\$1,300,000

#### 3.2 Timing of Purchase of Additional Shares. It is anticipated that the

Additional Shares required to be purchased by KFI as set forth in Section 3.1 above will be purchased in increments during calendar year 1998, as additional cash capital is needed by the Company. From time to time hereafter, the Board of Directors of the Company shall determine the amount and timing of the capital needed by the Company from the sale of these additional Shares. When such a determination is made by the Board of Directors of the Company, the Company shall give KFI at least thirty (30) days prior written notice specifying the amount of capital needed ("Capital Call Amount") and the date on or before which such capital must be funded (the "Capital Call Date"). Subject to the provisions of Sections 3.3 and 3.5 below, KFI shall fund 100% of the Capital Call Amount specified in the notice from the Company on or before the Capital Call Date, and concurrently therewith, KFI shall be issued one (1) share of the voting common stock of the Company for each \$0.50 so funded.

#### 3.3 Right of Idealab to Purchase Additional Shares. The number of shares

of the issued and outstanding voting common stock of the Company owned from time to time by Idealab after the issuance of the Shares pursuant to Article 2 of this Agreement, expressed as a percentage of the total issued and outstanding voting common stock of the Company, shall be referred to herein as the "Idealab Percentage." It is the intention of the parties hereto that if and when the Company offers the Additional Shares, Idealab shall have the right (but not the obligation) to maintain its then Idealab Percentage with respect to the total issued and outstanding shares of the voting common stock of the Company. Accordingly, if and when the Company offers to sell any of the Additional Shares, Idealab shall have the right (but not the obligation) to purchase from the Company that number (or less) of such Additional Shares which, after giving effect to the issuance of all Additional Shares then being offered and sold by the Company at that time, will result in Idealab's percentage ownership of the then issued and outstanding voting common stock of the Company being equal to (or if Idealab elects, less than) the Idealab Percentage immediately prior to such issuance. In order to exercise this right, Idealab must give written notice to the Company and KFI of its intention to exercise such right, specifying the number of shares it intends to purchase, sufficiently in advance of the date scheduled for the consummation of the sale of such Additional Shares so that the

sale of such Additional Shares is not delayed beyond such scheduled date. If Idealab exercises such right, it

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shall thereupon become obligated to consummate the purchase of the shares it has elected to purchase for the same price, on the same terms and conditions, and at the same time as the other Additional Shares are to be sold.

### 3.4 Rights of Idealab and KFI to Purchase Other Shares. The number of

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shares of the issued and outstanding voting common stock of the Company owned from time to time after the issuance of the Additional Shares by KFI, its subsidiaries, employees, shareholders, partners, and trusts and other entities formed by KFI for the purpose of holding shares of the capital stock of the Company, expressed as a percentage of the total issued and outstanding voting common stock of the Company, shall be referred to herein as the "KFI Percentage." It is the intention of the parties hereto that if and when the Company sells other shares of its voting common stock in addition to the Additional Shares (the "Other Shares") in transactions that do not involve licensing, promotion or other agreements with the purchaser in addition to the purchase of the Other Shares and which do not constitute public offerings of such Other Shares ("Subsequent Offerings"), KFI and Idealab shall each have the right (but not the obligation) to maintain its then KFI Percentage or its then Idealab Percentage, as applicable, with respect to the total issued and outstanding shares of the voting common stock of the Company. Accordingly, KFI and Idealab shall each have the right (but not the obligation) to purchase that number of shares of the voting common stock being offered in the Subsequent Offerings which, after giving effect to the issuance of all shares then being offered and sold by the Company at that time, will result in KFI's or Idealab's percentage ownership of the then issued and outstanding voting common stock of the Company, as applicable, being equal to (or if KFI or Idealab elect to purchase less, less than) the KFI Percentage or Idealab Percentage, as applicable, immediately prior to the issuance of such Other Shares in the Subsequent Offerings. In order to exercise this right, KFI and Idealab must give written notice to the Company of its intention to exercise such right, specifying the number of shares it intends to purchase, sufficiently in advance of the date scheduled for the consummation of the sale of the Other Shares being offered in the Subsequent Offerings so that the sale of such Other Shares is not delayed beyond such scheduled date. If KFI or Idealab exercises such right, it shall thereupon become obligated to consummate the purchase of the Other Shares it has elected to purchase for the same price, on the same terms and conditions, and at the same time as the Other Shares being offered in the Subsequent Offerings are to be sold. The Company shall give Idealab and KFI prompt written notice of such Subsequent Offerings sufficiently in advance of the date scheduled for the consummation of the sale of the Other Shares.

### 3.5 Right to Designate Purchasers. KFI and Idealab shall each have the

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right to assign their respective rights to purchase some or all of the Additional Shares and the Other Shares under this Article 3 to another Person or otherwise designate other Persons to purchase some or all of the Additional Shares or Other Shares ("Designated Purchaser") ; provided and on condition that: (a) no such Designated Purchaser constitutes a "Non-Permitted Transferee" within the meaning of the Shareholders Agreement; (b) each such Designated Purchaser executes a document, in form and substance satisfactory to the Company and its counsel, pursuant to which such Designated Purchaser agrees to be bound by the provisions of this Agreement and the Shareholders Agreement, agrees to become a "Shareholder" hereunder and thereunder, and agrees to receive and hold all such Additional Shares or Other Shares subject to the restrictions,

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terms and conditions of this Agreement and the Shareholders Agreement; and (c) no such assignment or designation by KFI or Idealab shall relieve KFI or Idealab from their respective obligations under this Article 3 to purchase such Shares, at the times and for the purchase price and on the other terms and conditions set forth herein. The rights afforded to KFI and Idealab under this Section 3.5 may, subject to compliance with applicable securities laws, be effected by KFI or Idealab first acquiring such Additional Shares or Other Shares from the Company and thereafter transferring such Additional Shares or Other Shares to the Designated Purchasers.

## ARTICLE 4.

### RESTRICTIONS ON TRANSFER

#### 4.1 Restrictions on Transferability. The Shares shall not be transferable

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except upon the conditions specified in Section 4.2 below, which conditions are intended to insure compliance with the provisions of the Securities Act of 1933, as amended (the "Securities Act"). Each Shareholder will cause any proposed transferee of the Shares to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Article 4.

4.2 Legends on Stock Certificates. Each stock certificate evidencing

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Shares purchased pursuant to this Agreement and any other securities issued in respect of such Shares upon or in connection with any Reorganization Transaction (collectively, the "Restrictive Securities") shall (unless otherwise permitted by the provisions of Section 4.3 below) bear the following legend or a legend substantially similar to the following legend:

"THE SECURITIES EVIDENCED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSE ONLY AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE REQUIREMENTS OF SUCH ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS. AT THE REQUEST OF THE COMPANY, SUCH COMPLIANCE SHALL BE EVIDENCED BY AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, FROM COUNSEL FOR THE TRANSFEROR (WHO IS REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL), TO THE EFFECT THAT THE SECURITIES PROPOSED TO BE TRANSFERRED MAY BE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION AND QUALIFICATION REQUIREMENTS OF FEDERAL AND APPLICABLE STATE SECURITIES LAWS, IN RELIANCE UPON AN APPLICABLE EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION REQUIREMENTS."

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4.3 Removal of Securities Act Legend. The legend required under Section

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4.2 above on any stock certificate evidencing the Shares may be removed or not required if (a) such Shares have been registered under the Securities Act or (b) the Company receives an unqualified written opinion of counsel addressed to the Company, in form and substance reasonably satisfactory to the Company and its counsel (from counsel who shall be reasonably satisfactory to the Company and its counsel) to the effect that the proposed Transfer of the Restricted Securities may be effected without registration under the Securities Act or any applicable state securities laws, or (c) the Company receives a "no-action" letter from the Securities and Exchange Commission (and any necessary state securities administrator) to the effect that the distribution of such securities without registration under the Securities Act will not result in a recommendation by the Staff of the Commission (or such administrators) that action be taken with respect thereto.

4.4 Other Restrictions on Transfer. The Shares shall also be subject to

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the restrictions on transfer and other provisions of the Shareholders Agreement.

4.5 Investment Representations and Warranties. Each Shareholder hereby

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represents and warrants as indicated below:

(a) Each individual Shareholder has reviewed, completed and executed Schedule 1 hereto which is incorporated herein and made a part hereof by this reference, and the information provided to the Company in such Schedule 1 is complete and accurate.

(b) By reason of its, his or her business or financial experience, each such Shareholder has such knowledge and experience in financial and business matters that such Shareholder is capable of evaluating the merits and risks of an investment in the Company and of making an informed investment decision with respect thereto, and has the capacity to protect its, his or her interests in connection with its, his or her purchase of the Shares.

(c) Each Shareholder has adequate means of providing for current needs and personal contingencies, has no need for liquidity in the investment, and is able to bear the economic risk of an investment in the Company of the size contemplated.

(d) Each Shareholder will purchase his or its Shares for his or its own account and for investment purposes only, and such Shareholder is not purchasing the Shares with a view to or for sale in connection with any distribution, resale or disposition of such Shares.

(e) The information provided in this Section (including without limitation the information set forth in Schedule 1 hereto) may be relied upon in determining whether the offering in which each such Shareholder proposes to participate is exempt from registration under the Securities Act, and applicable state securities laws and the rules promulgated thereunder.

(f) Each Shareholder will notify the Company immediately of any material changes to the information given by such Shareholder in this Section.

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(g) Each Shareholder such has a high degree of familiarity with the

business and operations of the Company and understands and has evaluated the merits and risks inherent in any investment in the Shares.

(h) Each Shareholder is relying solely upon his or its own knowledge of the Company and its prospects for the purpose of making his decision to purchase the Shares, and understands that no person has been authorized in connection with this offering to make any representations, and any representations given or made, must not be relied upon as having been authorized by the Company.

4.6 Acknowledgments and Covenants. Each Shareholder acknowledges and  
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agrees as follows:

(a) The Company has made available to each Shareholder the opportunity to ask questions of, and receive answers from, persons acting on behalf of the Company concerning the Company and the proposed sale of Shares pursuant to this Agreement, and otherwise to obtain any additional information, to the extent the Company or its executive officers possess such information or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information which such Shareholder has acquired.

(b) Each Shareholder further acknowledges and agrees with the Company that (i) the Shares, when issued, will not have been registered under the Securities Act, or qualified under any state securities laws; (ii) any sale or other disposition of the Shares will be limited to a transaction permitted by the Shareholders Agreement and as to which, in each instance, an exemption from the registration requirements of the Securities Act and any applicable requirements under state securities laws can be established to the satisfaction of the Company and its counsel.

#### ARTICLE 5.

##### ADDITIONAL COVENANTS

5.1 Reimbursement of KFI. The Company shall reimburse KFI for all legal  
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fees, and other costs, expenses and capital expenditures, incurred or paid by KFI in connection with the business of the Company, including, without limitation, sums paid to Man Jit Singh on account of the Singh Employment Agreement, trademark expenses, costs of equipment, advertising expenses, wages paid to other employees of the Company, rent and license fees, and legal fees incurred in connection with the preparation and negotiation of agreements with Self Discovery Dynamics LLC and Dow Jones & Company (collectively referred to herein as "Reimbursable Amounts"). Reimbursable Amounts shall not include legal fees incurred in connection with the negotiation, preparation and implementation of this Agreement, the Shareholders Agreement, the Singh Employment Agreement, the License Agreement, the KFI/Singh Agreement and the KFI Stock Repurchase Agreement. Such reimbursement shall be made within 3 business days after KFI makes demand therefor, which may be given at any time after the date of this Agreement. At KFI's option, exercisable in its sole and absolute discretion, all or any portion of such

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Reimbursable Amounts and all or any portion of any loans or other advances made by KFI to or for the benefit of the Company may, in lieu of such reimbursement and repayment, be credited against any sums otherwise payable by KFI for the purchase of Shares by KFI under this Agreement.

5.2 Rights to Disclose Participation of Idealab and Involvement with  
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Company. The Company and KFI shall each have the right to publicly disclose the  
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participation and involvement of Idealab in the Company and its businesses. Idealab shall prominently include and display on that page of its Internet site on which Internet links for its other portfolio of companies or businesses is included or displayed, an Internet link (in form and substance reasonably satisfactory to the Company) to all of the Company's Internet sites. Idealab shall have the right to publicly disclose its participation and involvement in the Company and its businesses and shall have the right to include the Company in its list of portfolio companies or businesses.

#### ARTICLE 6.

##### MISCELLANEOUS

6.1 Transfer of Stock. Except as otherwise expressly provided in this  
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Agreement and the Shareholders Agreement, each Shareholder agrees not to transfer any of his shares of capital stock of the Company, without complying with the provisions of such Agreements.

6.2 Injunctive Relief. It is acknowledged that it will be impossible to  
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measure the damages that would be suffered by the nonbreaching party if any party fails to comply with the provisions of this Agreement and that in the event of any such failure, the nonbreaching parties will not have an adequate remedy at law. The non-breaching parties shall, therefore, be entitled to obtain specific performance of the breaching party's obligations hereunder and to obtain immediate injunctive relief. The breaching party shall not urge, as a defense to any proceeding for such specific performance or injunctive relief, that the nonbreaching parties have an adequate remedy at law.

#### 6.3 Certificate of Incorporation and By-Laws. Subject to the provisions of

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this Agreement, the Certificate of Incorporation and By-Laws of the Company may be amended in any manner permitted thereunder, except that neither the Certificate of Incorporation nor the By-Laws shall be amended in any manner that would conflict with, or be inconsistent with, the provisions of this Agreement.

#### 6.4 Preparation of Agreement. It is acknowledged by each party that such

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party either had separate and independent advice of counsel or the opportunity to avail itself or himself of separate and independent legal counsel. Each party hereto understands and acknowledges that the law firm of Morrison & Foerster LLP, is legal counsel to KFI only, and does not represent any other parties to this Agreement. In light of these and other relevant facts it is further acknowledged that no party shall be construed to be solely responsible for the drafting hereof,

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and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

#### 6.5 Cooperation and Further Assurances. Each party agrees, without further

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consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

#### 6.6 Interpretation.

##### 6.6.1 Entire Agreement/No Collateral Representations. Each party

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expressly acknowledges and agrees that this Agreement, the Shareholders Agreement, the Singh Employment Agreement, the License Agreement, the KFI/Singh Agreement and the KFI Stock Repurchase Agreement: (i) are the final expression of the parties agreements with respect to the subject matter hereof and thereof and are the complete and exclusive statements of the terms of such agreement; (ii) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such Prior Agreements are of no force or effect except as expressly set forth herein and therein; and (iii) may not be varied, supplemented or contradicted by evidence of Prior Agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

##### 6.6.2 Waiver. No breach of any agreement or provision herein

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contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

##### 6.6.3 Remedies Cumulative. Except as otherwise provided in this

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Agreement, the remedies of each party under this Agreement, the Shareholders Agreement, the Singh Employment Agreement, the KFI/Singh Agreement, the KFI Stock Repurchase Agreement, and the License Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

##### 6.6.4 Severability. If any term or provision of this Agreement or the

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application thereof to any Person or circumstance shall, to any extent, be determined to be invalid, illegal or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (i) the performance of the offending term or provision (but



only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and be legal, valid and enforceable, and (ii) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

6.6.5 No Third Party Beneficiary. The parties specifically disavow any

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desire or intention to create any third party beneficiary obligations, and specifically declare that no third party shall have any rights hereunder or any right of enforcement hereof.

6.6.6 No Reliance Upon Prior Representation. The parties acknowledge

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that no other party has made any oral representation or promise which would induce them prior to executing this Agreement to change their position to their detriment, partially perform, or part with value in reliance upon such representation or promise; the parties acknowledge that they have taken such action at their own risk; and the parties represent that they have not so changed their position, performed or parted with value prior to the time of their execution of this Agreement.

6.6.7 Headings; References; Incorporation; Gender. The headings used

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in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall be construed only to refer to provisions within this Agreement, and shall not be construed to be referenced to the overall transaction or to any other agreement or document. Any exhibit referenced in this Agreement shall be construed to be incorporated in this Agreement. As used in this Agreement, each gender shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

6.7 Enforcement.

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6.7.1 Applicable Law. This Agreement and the rights and remedies of

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each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of Delaware, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of Delaware.

6.7.2 Consent to Jurisdiction; Service of Process. Any action or

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proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Los Angeles. Each party generally and unconditionally accepts the exclusive jurisdiction of such courts and to venue therein,

consents to the service of process in any such action or proceeding by certified or registered mailing of the summons and complaint in accordance with the notice provisions of this Agreement, and waives any defense or right to object to venue in said courts based upon the doctrine of "Forum Non Conveniens". Each party irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

6.7.3 Attorneys' Fees and Costs. If any party institutes or should the

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parties otherwise become a party to any Action Or Proceeding based upon or arising out of this Agreement including, without limitation, to enforce or interpret this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or any provision hereof, or for a declaration of rights in connection herewith, or for any other relief, including equitable relief, in connection herewith, the Prevailing Party in any such Action Or Proceeding, whether or not such Action Or Proceeding proceeds to final judgment or determination, shall be entitled to receive from the non-Prevailing Party as a cost of suit, and not as damages, all Costs And Expenses of prosecuting or defending the Action Or Proceeding, as the case may be, including, without limitation, reasonable Attorneys' And Other Fees.

6.8 Notices. Any notice, approval, disapproval, consent, waiver, or other

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communication (collectively, "Notices") required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or mailed, certified or registered United States mail, postage prepaid, return receipt requested, or sent by Federal Express or other reliable overnight carrier for next business day delivery, or by fax. All Notices shall be deemed delivered (a) if personally served, when actually delivered to the address of the person to whom such Notice is given, (b) if sent via Federal Express or other overnight courier for next business day delivery, one (1) business day following the date on which the Notice is given to Federal Express or other overnight courier, (c) if by mail, three (3) days following deposit in the United States mail, or (d) if by fax, when the transmitting telecopier machine has confirmed that the Notice has been completed or sent without error. All Notices shall be addressed to the party to whom such Notice is to be given at the party's address set forth below or as such party shall otherwise direct by Notice sent pursuant to this Section 6.8:

If to the Company: Korn/Ferry International Futurestep, Inc.  
c/o Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Man Jit Singh, President  
Telephone: (310) 843-4121  
Telecopier: (310) 553-8640

If to KFI: Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Peter L. Dunn, Vice Chairman  
Telephone: (310) 843-4100  
Telecopier: (310) 553-8640

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With a copy to: Michael C. Cohen, Esq.  
Morrison & Foerster LLP  
555 West Fifth Street, 35th Floor  
Los Angeles, California 90013  
Telephone: (213) 892-5404  
Telecopier: (213) 892-5454

If to Idealab: idealab!  
130 West Union Street  
Pasadena, CA 91103  
Attention: Mr. William Gross  
Telephone: (626) 585-6900  
Telecopier: (626) 535-2742

With a copy to: idealab!  
130 West Union Street  
Pasadena, CA 91103  
Attention: Ms. Marcia Goodstein  
Telephone: (626) 535-2765  
Telecopier: (626) 535-2742

If to Singh: Mr. Man Jit Singh  
1050 Brooklawn Drive  
Los Angeles, CA 90077  
Telephone: (310) 278-1572  
Telecopier: (310) 278-1572

With a copy to: Paul H. Irving, Esq.  
Manatt, Phelps & Phillips LLP  
11355 W. Olympic Boulevard  
Los Angeles, CA 90064  
Telephone: (310) 312-4000  
Telecopier: (310) 312-4224

6.9 Counterparts. This Agreement may be executed in counterparts, each of

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which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any counterpart of this Agreement and re-attached to any other counterpart of this Agreement identical in form hereto by having attached to it one or more additional signature pages.

6.10 Assignment. Except as otherwise expressly provided in this Agreement,

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no party hereto may assign their rights or delegate their duties under this Agreement without the prior written consent of all of the other parties hereto; provided, however, that KFI may, without the

consent of any other party hereto, assign its rights and delegate its duties under this Agreement to any Person which acquires all or substantially all of the assets of KFI, either through a purchase of such assets, by merger, by consolidation, by reorganization, or otherwise.

IN WITNESS WHEREOF, the Company and the Shareholders have executed this Agreement in counterparts.

KORN/FERRY INTERNATIONAL,  
a California corporation

By: /s/ Peter L. Dunn  
-----  
Peter L. Dunn,  
Chief Administrative Officer

BILL GROSS' IDEALAB!,  
a California corporation

By: /s/ Marcia Goodstein  
-----  
Marcia Goodstein, COO

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.,  
a Delaware corporation

By: /s/ Man Jit Singh  
-----  
MAN JIT SINGH, PRESIDENT

By: /s/ Man Jit Singh  
-----  
MAN JIT SINGH

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#### APPENDIX

#### CERTAIN DEFINITIONS

1. "Action Or Proceeding" means any and all claims, suits, actions, notices, inquiries, proceedings, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or informal, governmental or non-governmental, or civil or criminal.

2. "Affiliate" means with respect to any person or entity ("Person No. 1"), any other person or entity which either (i) directly or indirectly owns or controls Person No. 1, or (ii) is directly or indirectly owned or controlled by Person No. 1, or (iii) is under direct or indirect common control with Person No. 1. The term "control" (and its corollaries) includes, without limitation, ownership of interests representing a majority of total voting power in an entity, and "ownership" (and its corollaries) includes, without limitation, ownership of a majority of the equity interests in an entity.

3. "Agreement" means this Agreement and all agreements, exhibits, schedules and appendices expressly annexed hereto.

4. "Attorneys' And Other Fees" means attorneys' fees, accountants' fees, fees of other professionals, witness fees (including experts engaged by the parties, but excluding shareholders, officers, employees or partners of the parties), and any and all other similar fees incurred in the prosecution or defense of an Action Or Proceeding.

5. "Costs And Expenses" means the cost to take depositions, the cost to arbitrate a dispute, if applicable, and the costs and expenses of travel and lodging incurred with respect to an Action Or Proceeding.

6. "Person" means any individual, firm, corporation, trust, partnership (limited or general), limited liability company, sole proprietorship or association.

7. "Prevailing Party" means the party who is determined to prevail by the court after its consideration of all damages and equities in an Action Or Proceeding, whether or not the Action Or Proceeding proceeds to final judgment. The court shall retain the discretion to determine that no party is the Prevailing Party in which case no party shall be entitled to recover its Costs And Expenses.

8. "Reorganization Transaction" means any stock split, stock dividend, merger or consolidation involving the Company, any recapitalization of the Company, or any transaction involving the sale of all or substantially all of the assets of the Company.

9. "Shares" means all of the issued and outstanding shares of the capital stock of the Company now owned or hereafter acquired by the Shareholders, including, without limitation, the shares purchased and to be purchased pursuant to the Stock Purchase Agreement.

10. "Stock" means all issued and outstanding shares of the voting capital stock of the Company and includes the Shares.

11. "Transfer" when used with reference to the Shares means any sale, transfer, assignment, pledge, grant of a security interest in, gift or other disposition of any of the Shares, or any right or interest therein, with or without consideration, directly or indirectly, whether voluntary or involuntary, by operation of law or otherwise.

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#### SCHEDULE 1

##### REPRESENTATIONS AND WARRANTIES

Each individual Shareholder should initial each of the following representations, if applicable:

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MJS (a) Shareholder is a U.S. Person. (A "U.S. Person" includes (i)

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any natural person resident in the United States, or (ii) any partnership or corporation organized or incorporated under the laws of the United States).

MJS (b) Shareholder's individual net worth or joint net worth with

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his spouse exceeds \$1,000,000.

MJS (c) Shareholder's income (including, but not limited to, salary,

---

bonus, interest and dividend income and vested contributions to any pension or profit sharing plan) was in excess of \$200,000 in each of the last two years, and Shareholder reasonably expects an income in excess of \$200,000 in this year.

MJS (d) Shareholder's joint income with his spouse (including, but

---

not limited to salary, bonus, interest and dividend income and vested contributions to any pension or profit sharing plan) was in excess of \$300,000 in each of the last two years, and Shareholder reasonably expects a joint income in excess of \$300,000 in this year.

MJS (f) Shareholder's investment in the Shares does not exceed 10%

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of Shareholder's net worth or joint net worth with Shareholder's spouse.

SHAREHOLDER

/s/ Man Jit Singh

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KORN/FERRY INTERNATIONAL FUTURESTEP, INC.,  
A Delaware corporation

SHAREHOLDERS AGREEMENT

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## APPENDIX CERTAIN DEFINITIONS

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### SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (this "Agreement"), is dated as of December 1, 1997 ("Agreement Date"), by and among KORN/FERRY INTERNATIONAL, a California corporation ("KFI"), BILL GROSS' IDEALAB!, a California corporation ("Idealab"), MAN JIT SINGH, an individual ("Singh"), and KORN/FERRY INTERNATIONAL FUTURESTEP, INC., a Delaware corporation ("Company").

#### ARTICLE 1.

##### PREAMBLE

1.1 The primary business purpose of the Company is to create, establish and maintain a business providing executive search and ancillary services to candidates and client companies on-line through the medium of the Internet (the "Business"). It is the intention of the Shareholders that the Company be a subsidiary of KFI.

1.2 The Shareholders are purchasing shares of the Company's voting common stock pursuant to that certain Stock Purchase Agreement of the same date herewith between the Company and the Shareholders (the "Stock Purchase Agreement"), in the amounts and for the cash consideration set forth therein. As set forth in the Stock Purchase Agreement, KFI will initially own and control at least a majority of the outstanding shares of the capital stock of the Company.

1.3 Concurrently herewith, KFI and the Company are entering into a certain License Agreement of even date, pursuant to which, among other things, KFI will license to the Company the use of its name in connection with the Business (the "License Agreement").

1.4 Concurrently herewith, the Company and Singh are entering into a certain Employment Agreement of even date, pursuant to which, among other things, Singh is employed as the President and Chief Executive Officer of the Company, for the term and consideration, and subject to the conditions, set forth therein (the "Singh Employment Agreement").

1.5 Concurrently herewith, KFI and Singh are entering into a certain Agreement of even date ("KFI/Singh Agreement") and a certain Stock Repurchase Agreement of even date ("KFI Stock Repurchase Agreement"), pursuant to which, among other things, Singh is admitted as a shareholder of KFI, subject to the terms and conditions set forth therein.

1.6 The Shareholders intend that the Stock Purchase Agreement, the License Agreement, the Singh Employment Agreement, the KFI/Singh Agreement, and the KFI Stock Repurchase Agreement, be executed and delivered concurrently with the execution and delivery of this Agreement.

1.7 Unless otherwise defined herein, all capitalized terms used in this Agreement, shall have the meanings set forth in the Appendix annexed hereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

## ARTICLE 2.

### ELECTION OF DIRECTORS

#### 2.1 Election of Directors.

2.1.1 At each annual meeting of the Stockholders, or at each special meeting of the Stockholders involving the election of directors of the Company, and at any other time at which Stockholders will have the right to or will vote for or render consent in writing regarding the election of directors of the Company, then and in each event, the Shareholders hereby covenant and agree to vote all Shares presently owned or hereafter acquired by them (whether owned of record or over which any Shareholder exercises voting control) in favor of the following actions:

(a) to fix and maintain the number of directors at five (5);

(b) to cause and maintain the election to the Board of Directors of the Company (i) three (3) representatives designated by KFI, who shall initially be Richard Ferry, Michael Boxberger, Peter Dunn (individually, a "KFI Director" and collectively the "KFI Directors"), and (ii) so long as Idealab owns of record at least five (5) percent (5%) of the issued and outstanding shares of the voting capital stock of the Company, one (1) representative designated by Idealab, who shall initially be Bill Gross (the "Idealab Director"), and (iii) Singh himself, as long as Singh remains employed by the Company. The KFI Directors, the Idealab Director and Singh, in his capacity as a director pursuant to this subparagraph, are referred to herein as "Designated Directors" and individually as a "Designated Director."

2.1.2 None of the parties entitled to designate directors hereunder shall vote to remove any Designated Director, except for bad faith or willful misconduct. Each of the parties hereto shall vote or cause to be voted all Shares owned by them and over which they have voting control (a) to remove from the Board of Directors any director designated by any party pursuant hereto at the request of such party, and (b) to fill any vacancy in the membership of the Board of Directors with a designee of the party whose Designated Director's resignation or removal from the Board caused such vacancy.

2.1.3 If any party entitled to designate directors hereunder fails to give notice to the Company as provided above, it shall be deemed that the Designated Director of such party then serving as director shall be its designee for reelection.

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2.1.4 If Idealab shall cease to be entitled to a Designated Director because for any reason whatsoever its ownership of Stock falls below five percent (5%) or Singh shall cease to be entitled to be a Designated Director because for any reason he ceases to be employed by the Company, then the Idealab Director and/or Singh, as applicable, may be removed as a director of the Company by Stockholder Approval, and the vacancy created by such removal may be filled by the vote or written consent of a majority of the remaining Designated Directors. Thereafter, at each annual meeting of the Stockholders, or at each special meeting of the Stockholders involving the election of directors of the Company, and at any other time at which Stockholders will have the right to or will vote for or render consent in writing regarding the election of directors of the Company, the replacement on the Board of Directors for the Idealab Director and/or Singh, as applicable, shall be elected by Stockholder Approval.

## ARTICLE 3.

### MANAGEMENT AND CONTROL

#### 3.1 General. The business and affairs of the Company shall be managed,

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controlled and operated in accordance with its Certificate of Incorporation and By-Laws, as the same may be amended from time to time, except that neither the Certificate of Incorporation nor the By-Laws shall be amended in any manner that would conflict with, or be inconsistent with, the provisions of this Agreement.

#### 3.2 Limitation on Certain Actions by the Company. Without the prior

-----  
written consent of KFI, which consent may be exercised or withheld in the sole discretion of KFI, the Company shall not, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, do or cause to be done any of the following, and none of the Shareholders shall vote their Shares, or give proxies or written consents, to approve any of the following:

3.2.1 enter into any Reorganization Transaction or adopt or effect any plan involving a Reorganization Transaction;

3.2.2 liquidate or dissolve or adopt any plan of liquidation or dissolution, or file any petition in bankruptcy, or enter into any

assignment for the benefit of creditors; or

3.2.3 issue, sell or deliver any capital stock or debt securities (or securities convertible into capital stock or debt securities) of the Company, or any interest therein, or issue, sell or grant any warrants or options to acquire any capital stock of the Company, or any interest therein, or conduct any public offering of any of its securities, or voluntarily register any securities of the Company or the Company itself under the Securities Exchange Act of 1934, as amended;

3.2.4 amend or restate the Company's Certificate of Incorporation or By-Laws;

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3.2.5 allow any KFI Competitor or any Company Competitor to use the Company's services for any purpose or to have access to any service, data or other information used or provided by the Company;

3.2.6 merge, consolidate, acquire, sell assets to or otherwise enter into any business relationship or transaction with a KFI Competitor or a Company Competitor;

3.2.7 during the three (3) year period following the Agreement Date, become a KFI Competitor, except with respect to KFI's North American executive search business involving jobs at an annual salary level of \$120,000 or less. During such three (3) year period, KFI may continue to engage in such business in competition with the Company; or

3.2.8 during the two (2) year period following the Agreement Date, solicit for job placements outside of North America.

3.3 Limitation on Certain Actions by Idealab. Without the prior written

-----  
consent of KFI, which consent may be exercised or withheld in the sole discretion of KFI, so long as Idealab owns any Stock, or options, rights or warrants to acquire any Stock, and for a period of seven (7) years after the date on which it ceases to own any Stock, neither it nor any Person which is under its control, shall, directly or indirectly, do or cause to be done any of the following:

3.3.1 engage in any Job Placement Competitive Business; or

3.3.2 become a Job Placement Competitor.

3.4 Certain Obligations of the Company.  
-----

3.4.1 During the three (3) year period following the Agreement Date, the Company shall refer all inquiries and deliver all resumes regarding job placements involving annual salary levels in excess of \$120,000 to KFI, without compensation, unless specifically requested not to do so by a client or candidate.

3.4.2 The Company shall refer all job search inquiries and deliver all resumes which the Company receives and does not intend to pursue to KFI, without compensation.

3.5 Activities of KFI. It is understood that KFI is currently engaged in

-----  
businesses, either directly or indirectly through others, which are or may become competitive with the business of the Company, either now or in the future. The Company, and all other parties to this Agreement, and all Persons who hereafter become parties to this Agreement or become otherwise bound by the provisions of this Agreement, hereby acknowledge and agree that KFI may continue to engage in such businesses, even if such businesses are or become competitive with the Company, and the pursuit of any such businesses, even if competitive with the interests of the

-4-

Company, shall not be deemed wrongful or improper. KFI may hereafter engage in or possess an interest in other activities, businesses or business ventures of any nature or description, independently or with others, similar or dissimilar to the activities of the Company, and the pursuit of any such future activities, businesses or business ventures, even if competitive with the interests of the Company, shall not be deemed wrongful or improper. KFI shall not be obligated to present any particular investment or opportunity to the Company, even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and KFI shall have the right to take for its own account (individually or as a partner or fiduciary with or of other Persons) or to recommend to others any such particular investment or other opportunity. KFI shall not be required to contribute or otherwise transfer to the Company any existing businesses or any future activities, businesses or business ventures



hereafter engaged in by KFI, and neither the Company nor any of the Shareholders are entitled to any of the income or profits derived therefrom. To the fullest extent permitted by applicable law, the Company and the Shareholders hereby waive and relinquish any and all rights which they may now have or hereafter acquire under applicable law which are inconsistent with the provisions of this Section.

#### ARTICLE 4.

##### GENERAL RESTRICTION ON TRANSFER OF SHARES

###### 4.1 General Restriction. No Shareholder shall Transfer any of his Shares

-----  
or any right or interest therein, without the prior written consent of the Company and all of the Shareholders, except a Transfer which meets the requirements of this Agreement. Any purported Transfer in violation of any provision of this Agreement shall be void and ineffectual, and shall not operate to Transfer any interest or title in or to the Shares.

###### 4.2 Non-Permitted Transferee. Notwithstanding anything contained in this

-----  
Agreement to the contrary, under no circumstances may any of the Shares or any right or interest therein, be Transferred to a Person (referred to herein as a "Non-Permitted Transferee") who is, as of the date of Transfer, a Company Competitor or a KFI Competitor, without first obtaining the prior written consent of the Company and KFI, which consent may be withheld or given in the sole discretion of the Company or KFI, respectively. In the event any Non-Permitted Transferee acquires any Shares or any interest therein, then (a) such Non-Permitted Transferee shall receive and hold such Shares subject to all of the restrictions and other provisions of this Agreement and (b) such Non-Permitted Transferee shall be required to Transfer all such Shares to a Person who is not a Non-Permitted Transferee within thirty (30) days after first acquiring such Shares, such Transfer to be made in accordance with the provisions of this Agreement.

###### 4.3 Permitted Transfers. Notwithstanding anything contained in this

-----  
Agreement to the contrary, none of the restrictions on transfer or other provisions set forth in Articles 5 through 12 of this Agreement, shall apply to any Transfer by a Shareholder of his or its Shares, or any interest therein, which constitutes a Permitted Transfer.

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###### 4.4 Company Options. The rights and obligations of the Company to

-----  
purchase Shares pursuant to Article 5 through 12 of this Agreement shall at all times be subject to the laws of the State of Delaware governing the rights of a corporation to purchase its own Stock.

#### ARTICLE 5.

##### SALES OF SHARES

###### 5.1 Notice of Sale. If any Shareholder intends to Sell its or his Shares

-----  
to a specified Person, then at least thirty (30) days prior to the date of the consummation of the proposed Sale by such Shareholder (the "Offering Shareholder") of any of its or his Shares, or any right or interest therein (the "Offered Shares"), the Offering Shareholder shall give written notice of such proposed Sale ("Article 5 Notice of Sale") to the President and to the Secretary of the Company and to all other Shareholders. The Article 5 Notice of Sale must set forth the name of the proposed transferee, the number of Offered Shares to be Sold, the price per Share, and all other terms and conditions of the proposed Sale. Immediately thereafter, the President or the Secretary shall cause a special meeting of the Directors to be called to afford the Company the opportunity to exercise its option to purchase the Offered Shares pursuant to this Article 5. The meeting shall be called for a date not later than fifteen (15) days after the date of delivery to the Company of the Article 5 Notice of Sale.

###### 5.2 Options to Purchase. At the meeting the Company shall be given the

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first option to purchase all or any portion of the Offered Shares. In the event that the Company cannot or does not elect to purchase all of the Offered Shares at the meeting, then written notice (the "Article 5 Company Notice") shall be given to the Shareholders (other than the Offering Shareholder) within five (5) days after such meeting, setting forth the number of Offered Shares not purchased by the Company, the number of Offered Shares each of the remaining Shareholders is entitled to purchase, assuming all remaining Shareholders elect to purchase the full amount of Offered Shares they are entitled to purchase, the price and payment terms per Offered Share, and all other material facts. Each of the remaining Shareholders (other than the Offering Shareholder) shall have the option, which must be exercised, if at all, by delivering written notice of exercise to the Company within five (5) business days after delivery of the

Article 5 Company Notice, to purchase that portion of the Offered Shares not purchased by the Company that the number of Shares held by it or him bears to the number of Shares held by all Shareholders electing to purchase the Offered Shares. The right of the Company and the Shareholders to exercise their options to purchase the Offered Shares pursuant to this Article 5 is not dependent upon all of the Offered Shares being purchased by the Company and/or Shareholders.

### 5.3 Notice of Exercise of Options.

5.3.1 Prior to the expiration of the thirty (30) day period following the date of delivery by the Offering Shareholder of the Article 5 Notice of Sale ("Option Period"), the Company shall give written notice of exercise of the options to the Offering Shareholder, setting

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forth the name of each party who has elected to purchase the Offered Shares and the number of Offered Shares to be purchased by each party.

5.3.2 Each Shareholder who exercises his option to purchase shall be deemed to have authorized the Company to give, on its or his behalf, notice of exercise of the option. Upon the giving of such notice of exercise to the Offering Shareholder, each of the parties named therein shall be obligated to purchase the number of Offered Shares which such party has elected to purchase for the same purchase price and on all other terms and conditions set forth in the Article 5 Notice of Sale.

### 5.4 Failure to Exercise Options for All Offered Shares. In the event that

the Company and/or the Shareholders do not elect to purchase all of the Offered Shares, then at any time during the sixty (60) days following the expiration of such Option Period, subject to the provisions of Section 4.2 above, the Offering Shareholder may Sell those Offered Shares not purchased by the Company and the Shareholders ("Remaining Offered Shares"), to the person, at the price and on the terms specified in the Article 5 Notice of Sale, provided that such person executes a document, in form and substance satisfactory to the Company and its counsel, pursuant to which such person agrees to be bound by the provisions of this Agreement, and thereby agrees to receive and hold all the Offered Shares so purchased subject to all of the provisions and restrictions contained herein. If the Remaining Offered Shares have not been so Sold prior to the expiration of such sixty (60) day period, the Remaining Offered Shares shall again become subject to all of the provisions of this Agreement and may not thereafter be Transferred except in the manner and on the terms set forth in this Agreement.

## ARTICLE 6.

### INVOLUNTARY TRANSFERS

#### 6.1 Notice of Involuntary Transfer. At least thirty (30) days prior to an

Involuntary Transfer by a Shareholder (the "Transferring Shareholder") of any of his Shares, or any right or interest therein (the "Article 6 Shares"), the Transferring Shareholder shall give written notice of such proposed Involuntary Transfer ("Notice of Involuntary Transfer") to the President and the Secretary of the Company and to all other Shareholders. The Notice of Involuntary Transfer must set forth the name and address of the proposed transferee, the number of Article 6 Shares to be transferred, and all other material circumstances surrounding the proposed Involuntary Transfer. Immediately thereafter, the President or the Secretary shall cause a special meeting of the Directors to be called to afford the Company the opportunity to exercise its option to purchase the Article 6 Shares. The meeting shall be called for a date not later than fifteen (15) days after the date of delivery to the Company of the Notice of Involuntary Transfer.

#### 6.2 Options to Purchase. At the meeting the Company shall be given the

first option to purchase all or any portion of the Article 6 Shares. In the event that the Company cannot or does not elect to purchase all of the Article 6 Shares at the meeting, then written notice (the "Article 6 Company Notice") shall be given to the Shareholders (other than the Transferring Shareholder) within five (5) days after such meeting, setting forth the number of Article 6 Shares

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not purchased by the Company, the number of Article 6 shares each of the remaining Shareholders is entitled to purchase, assuming all remaining Shareholders elect to purchase the full amount of Article 6 Shares they are entitled to purchase, the price and payment terms per Article 6 Share, determined in accordance with Article 10 and 11 below, and all other material facts. Each of the remaining Shareholders (other than the Transferring Shareholder) shall have the option, which must be exercised, if at all, by delivering written notice of exercise to the Company within five (5) business

days after delivery of the Article 6 Company Notice, to purchase that portion of the Article 6 Shares not purchased by the Company that the number of Shares held by it or him bears to the number of Shares held by all Shareholders electing to purchase the Article 6 Shares. The right of the Company and the Shareholders to exercise their options to purchase the Article 6 Shares pursuant to this Article 6 is not dependent upon all of the Article 6 Shares being purchased by the Company and/or Shareholders.

### 6.3 Notice of Exercise of Options. -----

6.3.1 Prior to the expiration of the thirty (30) day period following the date of delivery by the Transferring Shareholder of the Article 6 Notice of Sale ("Article 6 Option Period"), the Company shall give written notice of exercise of the options to the Transferring Shareholder, setting forth the name of each party who has elected to purchase the Article 6 Shares and the number of Article 6 Shares to be purchased by each party.

6.3.2 Each Shareholder who exercises his option to purchase shall be deemed to have authorized the Company to give, on his behalf, notice of exercise of the option. Upon the giving of such notice of exercise to the Transferring Shareholder, each of the parties named therein shall be obligated to purchase the number of Article 6 Shares which such party has elected to purchase for the purchase price set forth in Article 10 of this Agreement and the purchase price shall be paid in the manner provided in Article 11 of this Agreement.

### 6.4 Failure to Exercise Options. In the event that the Company and/or the -----

Shareholders do not elect to purchase all of the Article 6 Shares prior to the expiration of the Article 6 Option Period, then at any time during the sixty (60) days following the expiration of the Article 6 Option Period, subject to the provisions of Section 4.2 above, the Article 6 Shares not purchased by the Company and the Shareholders (the "Remaining Article 6 Shares") may be Involuntarily Transferred, to the person and in the manner set forth in the Notice of Involuntary Transfer, provided that such person executes a document, in form and substance satisfactory to the Company and its counsel, pursuant to which such person agrees to be bound by the provisions of this Agreement, and thereby agrees to receive and hold all the Remaining Article 6 Shares subject to all of the provisions and restrictions contained herein. If the Remaining Article 6 Shares have not been so Involuntarily Transferred prior to the expiration of such sixty (60) day period, the Remaining Article 6 Shares shall again become subject to all of the provisions of this Agreement and may not thereafter be Transferred except in the manner and on the terms set forth in this Agreement.

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## ARTICLE 7.

### FAILURE TO GIVE NOTICES

#### 7.1 Applicability of Articles 5 and 6. The failure to give an Article 5 -----

Notice of Sale or an Article 6 Notice of Involuntary Transfer as required in Articles 5 and 6 hereof shall not prevent the exercise by the Company and/or the Shareholders of their options to purchase the Offered Shares or the Article 6 Shares as provided therein. If a Sale or an Involuntary Transfer has occurred and no Article 5 Notice of Sale or Notice of Involuntary Transfer was given, any Shareholder may call a combined meeting of the directors and Shareholders at any time thereafter for the purpose of determining whether the Company and/or the Shareholders will exercise their options to purchase the Offered Shares or Article 6 Shares, or any portion thereof, which have been Sold or Involuntarily Transferred substantially in the manner set forth in Articles 5 and 6 hereof.

#### 7.2 Notice of Exercise. In the event the Company and/or the Shareholders -----

elect to exercise their options to acquire all or a portion of the Offered Shares or Article 6 Shares as set forth in Articles 5 or 6 above, then the notice of exercise shall be mailed to the person who acquired such Shares, at the last known address of such person which the Company shall be able to ascertain. The person acquiring such Shares shall be required to sell such Shares, and shall execute and deliver the certificates evidencing such Shares, to the Company and/or the Shareholders pursuant to the exercise of such options.

## ARTICLE 8.

### BANKRUPTCY, DISSOLUTION, OR CHANGE OF CONTROL OF A SHAREHOLDER

#### 8.1 Company Option to Purchase. If (a) a petition in bankruptcy is filed by -----

or against any Shareholder, or (b) any Shareholder elects to dissolve, or (c)

control, directly or indirectly, either through stock ownership, by contract or otherwise, of any Shareholder is acquired by a Company Competitor or a KFI Competitor, or (d) five percent (5%) or more of the voting power of a Shareholder is acquired, directly or indirectly, by a Company Competitor or a KFI Competitor (such Shareholder being referred to herein as the "Article 8 Shareholder"), then the Company shall have the first option to purchase all or any portion of the Article 8 Shareholder's Shares ("Article 8 Shares") from the Article 8 Shareholder or other person who would otherwise acquire such Shares (referred to herein as the "Article 8 Shareholder's Successor"). Such option shall be exercisable by the Company during the thirty (30) day period following the date on which the applicable event referred to in subparagraphs (a) through (d) above occurs and must be exercised, if at all, by giving written notice of exercise to such Article 8 Shareholder or such Article 8 Shareholder's Successor prior to the expiration of said thirty (30) day period. If the Company duly exercises such option, then the Article 8 Shareholder or the Article 8 Shareholder's Successor shall be required to sell such Article 8 Shares to the Company for the purchase price specified in Article 10 and such purchase price shall be paid in the manner provided for in Article 11 hereof.

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#### 8.2 Shareholders Option to Purchase. If for any reason the Company does

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not exercise its option to purchase all of said Article 8 Shares, then the Company shall give each of the remaining Shareholders prompt written notice specifying the number of Article 8 Shares not purchased by the Company and other relevant information. Each of the remaining Shareholders shall have the option to purchase that portion of the Article 8 Shares not purchased by the Company that the number of Shares held by it or him bears to the number of Shares held by all Shareholders electing to purchase the Article 8 Shares. Such options shall be exercisable by the Shareholders during the sixty (60) day period following the date on which the applicable event referred to in Section 8.1 above occurs, and must be exercised, if at all, by giving written notices of exercise to such Article 8 Shareholder or such Article 8 Shareholder's Successor prior to the expiration of said sixty (60) day period. If the Shareholders duly exercise such options, then the Article 8 Shareholder or the Article 8 Shareholder's Successor shall be required to sell all such Article 8 Shares to such Shareholders for the purchase price specified in Article 10 hereof and such purchase price shall be paid in the manner provided for in Article 11 hereof.

#### 8.3 Failure to Exercise Options. If the Company and the Shareholders shall

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fail to exercise their options to purchase all of the Article 8 Shares of the Article 8 Shareholder within the time periods referred to in Sections 8.1 and 8.2 above, then such options shall automatically expire with respect to the Article 8 Shares not so purchased by the Company and the Shareholders ("Remaining Article 8 Shares"); provided, however, that such Remaining Article 8 Shares and the Article 8 Shareholder or the Article 8 Shareholder's Successor shall nevertheless remain subject to the terms and conditions of this Agreement with respect to such Remaining Article 8 Shares, including, without limitation, the provisions of Article 2 hereof, and such Remaining Article 8 Shares may not thereafter be Transferred by the Article 8 Shareholder or the Article 8 Shareholder's Successor without compliance with all of the terms and conditions of this Agreement.

### ARTICLE 9.

#### TERMINATION OF EMPLOYMENT, DEATH AND DISABILITY OF SINGH

#### 9.1 Company Option to Purchase. In the event that for any reason

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whatsoever (a) Singh's employment with the Company is terminated, with or without cause, by the Company or by Singh, or Singh otherwise is no longer employed by the Company, or (b) Singh becomes and remains "Disabled" (as defined in Section 9.4 below) for a consecutive period of sixty (60) days or for nonconsecutive periods aggregating one hundred and twenty (120) days ("Disability Period"), and Singh's employment with the Company is terminated by the Company pursuant to Section 7.4 of the Singh Employment Agreement, or (c) Singh's employment with the Company is terminated because of the death of Singh, then the Company shall have the first option to purchase all or any portion of Singh's Shares ("Article 9 Shares") from Singh or Singh's estate, executor, administrator or guardian, as applicable ("Article 9 Shareholder's Successor"). The date on which Singh's employment with the Company is terminated by reason of the foregoing shall sometimes be referred to herein as the Employment Termination Date. Such option shall be exercisable by the Company during the sixty (60) day period following the Employment Termination Date, and must be exercised, if at all, by giving written notice of exercise to Singh

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or the Article 9 Shareholder's Successor prior to the expiration of said sixty (60) day period. If the Company duly exercises such option, then Singh or the Article 9 Shareholder's Successor shall be required to sell such Article 9 Shares to the Company for the purchase price specified in Article 10 hereof and such purchase price shall be paid in the manner provided for in Article 11

hereof.

9.2 Shareholders Option to Purchase. If for any reason the Company does

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not exercise its option to purchase all of said Article 9 Shares, then the Company shall give each of the remaining Shareholders prompt written notice specifying the number of Article 9 Shares not purchased by the Company and other relevant information. Each of the remaining Shareholders shall have the option to purchase that portion of the Article 9 Shares not purchased by the Company that the number of Shares held by it or him bears to the number of Shares held by all Shareholders electing to purchase the Article 9 Shares. Such options shall be exercisable by the Shareholders during the sixty (60) day period following the Employment Termination Date, and must be exercised, if at all, by giving written notices of exercise to Singh or the Article 9 Shareholder's Successor prior to the expiration of said sixty (60) day period. If the Shareholders duly exercise such options, then Singh or the Article 9 Shareholder's Successor shall be required to sell all such Article 9 Shares to such Shareholders for the purchase price specified in Article 10 hereof and such purchase price shall be paid in the manner provided for in Article 11 hereof.

9.3 Failure to Exercise Options. If the Company and the Shareholders shall

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fail to exercise their options to purchase all of the Article 9 Shares within the time periods referred to in Sections 9.1 and 9.2 above, then such options shall automatically expire with respect to the Article 9 Shares not purchased (the "Remaining Article 9 Shares"); provided, however, that such Remaining Article 9 Shares, Singh and the Article 9 Shareholder's Successor shall nevertheless remain subject to all of the terms and conditions of this Agreement, including, without limitation, the provisions of Article 2 hereof.

9.4 Definition of Disability. For purposes of this Agreement, the term

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"Disabled" shall have the meaning set forth in Section 7.4 of the Singh Employment Agreement.

9.5 Singh Put Right. If Section 9.1(a) applies and Singh's employment

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with the Company was terminated by the Company without cause, or Section 9.1(b) or Section 9.1(c) applies, and as of the date of termination of such employment, Singh had been employed with the Company for a continuous period of at least thirty-six (36) months, and the Company and the Shareholders have not exercised their options to purchase all of the Article 9 Shares within the time periods referred to in Sections 9.1 and 9.2 above, then for the thirty (30) day period following the expiration of the sixty (60) day period referred to in Section 9.2 above, Singh shall have the right to require the Company to purchase all of Singh's Shares. Such right (sometimes referred to herein as the "Singh Put Right") shall be exercisable by Singh during the thirty (30) day period referred to herein and must be exercised, if at all, by giving written notice of exercise to the Company prior to the expiration of said thirty (30) day period. If Singh duly exercises the Singh Put Right, then the Company shall be required to purchase all of Singh's Shares, subject to the provisions of Section 4.4 above, for the purchase price specified in Article 10 hereof and such purchase price shall be paid in the manner provided for in Article 11 hereof.

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ARTICLE 10.

DETERMINATION OF PURCHASE PRICE

10.1 Purchase Price Under Articles 6, 7, and 8. The total purchase price

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per share of each Share purchased pursuant to Articles 6, 7 and 8 hereof shall be an amount equal to the Per Share Book Value.

10.2 Purchase Price Under Article 9. As a general rule, the total purchase

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price per share for each Share purchased pursuant to Article 9 hereof shall be an amount equal to the higher of the average amount per Share paid by Singh for such Shares ("Per Share Cost") or the Per Share Book Value; provided, however, that:

10.2.1 If Section 9.1(a) applies and Singh's employment with the Company was terminated by the Company without cause, or Section 9.1(b) or Section 9.1(c) applies, and as of the date of termination of such employment, Singh had been employed with the Company for a continuous period of at least eighteen (18) months, but not more than thirty-six (36) months, the total purchase price for each Share purchased pursuant to Article 9 hereof shall be the greater of (a) the Per Share Cost, or (b) the Per Share Book Value, or (c) if the Company has sold additional shares of its capital stock to other investors as of the date of termination of such employment (sometimes referred to herein as the "Second Round Financing"), \$1.20 per share, or (d) if as of the date of termination of such employment the Company has completed an IPO, the Per Share Market Value; provided, further however, that if Section 10.2.1(c) applies, the purchase price

shall be payable only if and when the Company has completed an IPO or an IPO could have been completed within the meaning of Section 12.2 below, such payment to be made in the manner set forth in Article 11 hereof.

10.2.2 If Section 9.1(a) applies and Singh's employment with the Company was terminated by the Company without cause or by Singh for any reason, or Section 9.1(b) or Section 9.1(c) applies, and as of the date of termination of such employment, Singh had been employed with the Company for a continuous period of at least thirty-six (36) months, the total purchase price for each Share purchased pursuant to Article 9 hereof shall be the greater of (a) the Per Share Cost, or (b) the Per Share Book Value, or (c) if the Company has completed the Second Round Financing as of the date of termination of such employment, \$1.50 per share, or (d) if as of the date of termination of such employment the Company has completed an IPO, the Per Share Market Value; provided, further however, that if Section 10.2.2(c) applies, the purchase price shall be payable only if and when the Company has completed an IPO or an IPO could have been completed within the meaning of Section 12.2 below, such payment to be made in the manner set forth in Article 11 hereof.

10.2.3 If Section 9.5 applies, the total purchase price for each Share purchased pursuant to Section 9.5 shall be the greater of (a) the Per Share Cost, or (b) the Per Share

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Book Value, or (c) if the Company has completed the Second Round Financing as of the date of termination of such employment, \$1.50 per share, or (d) if as of the date of termination of such employment the Company has completed an IPO, the Per Share Market Value; provided, further however, that if Section 10.2.3(c) applies, the purchase price shall be payable only if and when the Company has completed an IPO or an IPO could have been completed within the meaning of Section 12.2 below, such payment to be made in the manner set forth in Article 11 hereof.

10.3 Goodwill. The parties understand that whether or not the foregoing

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provisions include a premium above book value, their goodwill, if any, has been taken into consideration in the formula set forth in Sections 10.1 and 10.2, and each party hereto recognizes and waives his or its rights, if any, to be compensated in the purchase price separately for goodwill of the Company. Such recognition and waiver shall be binding upon the spouse, if any, of any individual Shareholder and his heirs and assigns.

10.4 Allocation of Total Purchase Price. In the event that the Shares are

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purchased by more than one party hereto, then the purchase price provided herein shall be allocated among the parties purchasing such Shares on the basis of the number of Shares so purchased.

#### ARTICLE 11.

##### PAYMENT OF PURCHASE PRICE

11.1 Purchases Under Articles 6, 7, 8 and 9.

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11.1.1 In the event of any purchase of Shares pursuant to the options contained in Articles 6, 7, 8 and 9 hereof, then the consummation of such purchase (the "Closing") shall occur on (a) the thirtieth (30th) day following the date of the last notice of exercise given pursuant to Articles 6, 7, 8 and 9, as applicable, or if said day is not a business day, then on the next succeeding business day (such date being referred to herein as the "Closing Date").

11.1.2 In the event of any purchase of Shares pursuant to the options contained in Articles 6, 7, 8 and 9 hereof, then the Company and/or each of those Shareholders purchasing such Shares shall, subject to the provisions of Sections 11.1.3 and 11.2 below, pay their respective portions of the total purchase price in full in cash at the Closing; provided, however, that if Sections 10.2.1(c), or 10.2.2(c) or 10.2.3(c) applies, then such purchase price shall be payable within thirty (30) days after the date on which the Company has completed an IPO or an IPO could have been completed within the meaning of Section 12.2 below, such payment to be made in the manner set forth in this Article 11.

11.1.3 The Company or a Shareholder may elect to pay his or her respective portion of the total purchase price in installments. If such an election is made, the purchase price shall be paid twenty percent (20%) in cash at Closing, and the balance in thirty-six (36) equal monthly installments, commencing on the first day of the month following the Closing Date and continuing thereafter on the first day of each succeeding month until the entire portion of such

party's respective balance of the purchase price has been paid in full. Such respective balance shall be evidenced by an installment note executed by such party and delivered at the Closing to the person from whom the Shares are being purchased. Such promissory note shall bear simple interest at the prime or reference lending rate of Bank of America, San Francisco, California, as of the date of said note; provided, however, that such interest rate shall not exceed the maximum rate permitted by law. Such promissory note shall contain customary provisions for late charges and default rates of interest.

11.1.4 At the Closing, the Shares being purchased pursuant to Articles 6, 7, 8 and 9, as applicable, shall be transferred to the Company and/or the Shareholders purchasing such Shares by the execution and delivery of a stock assignment separate from certificate, together with the original certificate(s) evidencing such Shares.

11.2 Insurance Policies. Partially or fully to fund the payments of the  
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purchase price of Shares to be bought by the Company under Article 9 in the event of the death of Singh, the Company may, if so directed by the Board of Directors, apply for, acquire and maintain in full force and effect a policy of life insurance in an amount sufficient to pay all or part of the purchase price of such Shares in the event the Company exercises its option to purchase such Shares pursuant to Article 9. Each policy shall belong solely and absolutely to the Company, and subject to the provisions of this Agreement, the Company reserves all the powers and rights of ownership thereof, shall name itself as primary beneficiary, and agrees to pay all premiums thereon as they fall due. Any dividends paid upon any of the policies prior to maturity by death of the insured shall be paid to the Company. Receipts showing payment of premiums shall be retained on file by the Company and shall be available to the Shareholders for inspection. In the event the Company exercises its option pursuant to Article 9 above to purchase such Shares and elects to pay the purchase price therefor in installments pursuant to Section 11.1.3 above, and the proceeds from any such life insurance policies are in excess of twenty percent (20%) of the purchase price of said Shares, then notwithstanding anything to the contrary in Section 11.1.3, the Company shall nevertheless pay at the Closing the full amount of such life insurance proceeds in cash, and the balance will be evidenced by a note in the manner provided in Section 11.1.3 above.

## ARTICLE 12.

### SPECIAL PUT AND CALL OPTIONS

#### 12.1 Put Rights and Call Rights. -----

12.1.1 IPO Put Rights. If on or before December 31, 2002, an IPO  
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could have been completed because the conditions set forth in Section 12.2 below have been satisfied, but such IPO was not completed solely because of a KFI Objection, then Idealab and Singh shall each have the right (referred to in this Agreement as an "IPO Put Right") to cause the Company to purchase all (but not less than all) of their Shares for the purchase price and on the other terms and conditions set forth below in this Article 12. In order to exercise the IPO Put Right, Idealab or Singh must deliver written notice of

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exercise to the Company and to KFI on or before December 31, 2003. If for any reason whatsoever either Idealab or Singh fail or neglect to exercise an IPO Put Right which exists on or before December 31, 2003, then the IPO Put Right shall automatically expire and be of no further force or effect. If the Company is unable under applicable law to consummate an IPO Put Right which has been duly exercised or if the Company has insufficient funds to consummate such an IPO Put Right, then KFI shall be obligated to consummate such IPO Put Right on the same terms and conditions.

12.1.2 Other Put Rights. During the month of September of each year  
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occurring after December 31, 2003 and provided the Company has not as of September 1st/ of any such year consummated an IPO, then Idealab and Singh shall each have the right (referred to in this Agreement as an "Other Put Right") to cause the Company to purchase all (but not less than all) of their Shares for the purchase price and on the other terms and conditions set forth below in this Article 12. In order to exercise an Other Put Right, Idealab or Singh must deliver written notice of exercise to the Company and to KFI in the month of September of such year. If for any reason whatsoever either Idealab or Singh fail or neglect to exercise an Other Put Right during any such September, then such Other Put Right for that year shall automatically expire and be of no further force or effect. KFI shall have no obligation to consummate an Other Put Right which for any reason cannot be consummated by the Company.

12.1.3 IPO Call Rights. If on or before December 31, 2002, an IPO could  
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have been completed because the conditions set forth in Section 12.2 below have been satisfied, but such IPO was not completed solely because of a KFI Objection, then the Company or, at the election of KFI, the Company and/or KFI; shall have the right (referred to in this Agreement as an "IPO Call Right") to purchase all (but not less than all) of the Shares then owned by Idealab and/or Singh for the purchase price and on the other terms and conditions set forth below in this Article 12, and in the proportions designated by KFI. In order to exercise the IPO Call Right, the Company and/or KFI must deliver written notice of exercise to the Idealab and/or Singh, as applicable, on or before December 31, 2003. If for any reason whatsoever the Company and/or KFI fail or neglect to exercise the IPO Call Right which exists on or before December 31, 2003, then the IPO Call Rights shall automatically expire and be of no further force or effect.

12.1.4 Other Call Rights. During the month of September of each year

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occurring after December 31, 2003 and provided the Company has not as of September 1st/ of any such year consummated an IPO, then the Company or, at the election of KFI, the Company and/or KFI, shall have the right (referred to in this Agreement as an "Other Call Right") to purchase all (but not less than all) of the Shares of Idealab and/or Singh for the purchase price and on the other terms and conditions set forth below in this Article 12, and in the proportions designated by KFI. In order to exercise an Other Call Right, the Company and/or KFI must deliver written notice of exercise to the Idealab and/or Singh, as applicable, in the month of September of such year. If for any reason whatsoever

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either the Company and KFI fail or neglect to exercise an Other Call Right during any such September, then such Other Call Right for that year shall automatically expire and be of no further force or effect.

12.2 IPO Could Have Been Completed. An IPO could have been completed

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within the meaning of Sections 12.1.1 and 12.1.3 if all of the following conditions are satisfied:

12.2.1 All directors of the Company other than the "KFI Directors" (as this term is used in this Shareholders Agreement) affirmatively requested and voted in favor of such IPO; and

12.2.2 The Company had positive EBITDA of at least \$14 million during the twelve (12) calendar month preceding the date on which it is asserted such an IPO could have been completed; and

12.2.3 The Company has received the "IPO Opinions" referred to in Section 12.3 below.

12.3 IPO Opinions. Upon exercise of an IPO Put Right or an IPO Call Right,

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the party giving the notice of exercise shall include in such notice the name of an appraiser or other valuation expert ("Section 12.3 Exercising Party's Appraiser"). Within five (5) days after notice of exercise of an IPO Put Right or an IPO Call Right has been given, the party, or if an IPO Call Right is being exercised as to Idealab and Singh, both Idealab and Singh, shall select an appraiser or other valuation expert and give written notice thereof to the party exercising the IPO Put Right or the IPO Call Right (the "Section 12.3 Recipient's Appraiser"). Within five (5) days after the notice of the name of the Section 12.3 Recipient's Appraiser is given, the Section 12.3 Exercising Party's Appraiser and the Section 12.3 Recipient's Appraiser shall select and notify the parties of a third appraiser or valuation expert ("Section 12.3 Third Appraiser"). The Section 12.3 Recipient's Appraiser, the Section 12.3 Exercising Party's Appraiser, and the Section 12.3 Third Appraiser, must each be a Person who or which has substantial experience in initial public offerings and the valuation of companies for purposes of initial public offerings. Within fifteen (15) days thereafter, the Section 12.3 Exercising Party's Appraiser, the Section 12.3 Recipient's Appraiser and the Section 12.3 Third Appraiser shall each render a written opinion to the exercising party and the other parties as to whether in its or his opinion a firm underwritten IPO by the Company could have been completed on or about the date asserted, on terms and conditions which are consistent with initial public offerings of companies of a similar type under similar circumstances, utilizing one or more of the top fifteen national investment banking firms in terms of underwriting revenues from initial public offerings of equity securities, as established by the most recent published sources (with such an affirmative opinion being referred to herein as a "Favorable Opinion"). If at least two of the three opinions constitute Favorable Opinions, then the condition referred to in Section 12.2.3 shall be deemed satisfied. If at least two of the three opinions do not constitute Favorable Opinions, then the condition referred to in Section 12.2.3 shall not be deemed satisfied, and that result shall be binding on all parties. Each of the foregoing three appraisers which renders a Favorable Opinion, shall include in such opinion its or his estimate of the gross offering price per share or an average of a range of gross offering

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prices per share at which the shares of the capital stock of the Company would have been sold in such an IPO ("Per Share IPO Estimate"). The fees of the Section 12.3 Exercising Party's Appraiser shall be paid by the party exercising the IPO Put Right or IPO Call Right, as applicable, and the fees of the Section 12.3 Recipient Party's Appraiser shall be paid by the party or parties receiving the notice of exercise. The fees of the Section 12.3 Third Appraiser shall be borne fifty percent (50%) by the party exercising the IPO Put Right or IPO Call Right, and fifty percent (50%) by the other parties.

#### 12.4 Appraisers. Upon exercise of an Other Put Right or an Other Call

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Right, the party giving the notice of exercise shall include in such notice the name of an appraiser or other valuation expert ("Section 12.4 Exercising Party's Appraiser"). Within five (5) days after notice of exercise of an Other Put Right or an Other Call Right has been given, the party, or if an Other Call Right is being exercised as to Idealab and Singh, both Idealab and Singh, shall select an appraiser or other valuation expert and give written notice thereof to the party exercising the Other Put Right or Other Call Right (the "Section 12.4 Recipient's Appraiser"). Within five (5) days after the notice of the name of the Section 12.4 Recipient's Appraiser is given, the Section 12.4 Exercising Party's Appraiser and the Section 12.4 Recipient's Appraiser shall select and notify the parties of a third appraiser or valuation expert ("Section 12.4 Third Appraiser"). The Section 12.4 Recipient's Appraiser, the Section 12.4 Exercising Party's Appraiser, and the Section 12.4 Third Appraiser, must each be a Person who or which has substantial experience in the valuation of non-public companies. Within fifteen (15) days thereafter, the Section 12.4 Exercising Party's Appraiser, the Section 12.4 Recipient's Appraiser and the Section 12.4 Third Appraiser shall each render a written opinion (collectively, the "Other Opinions") to the exercising party and the other parties as to the fair market value of each Share which is the subject of the Other Put Right or Other Call Right ("Per Share Estimate"). The fees of the Section 12.4 Exercising Party's Appraiser shall be paid by the party exercising the Other Put Right or Other Call Right, as applicable, and the fees of the Section 12.4 Recipient Party's Appraiser shall be paid by the party or parties receiving the notice of exercise. The fees of the Section 12.4 Third Appraiser shall be borne fifty percent (50%) by the party exercising the Other Put Right or Other Call Right, and fifty percent (50%) by the other parties.

#### 12.5 Purchase Price and Payment Terms.

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12.5.1 The purchase price payable for each Share pursuant to an IPO Put Right or an IPO Call Right shall be an amount equal to the average of the Per Share IPO Estimates set forth in the IPO Opinions.

12.5.2 The purchase price payable for each Share pursuant to an Other Put Right or an Other Call Right shall be an amount equal to the average of the Per Share Estimates set forth in the Other Opinions.

12.5.3 In the event of any purchase of Shares pursuant to the Put Rights or the Call Rights, then the consummation of such purchase (the "Closing") shall occur on the thirtieth (30th) day following the date of the last IPO Opinion or Other Opinion, as applicable, or if said

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day is not a business day, then on the next succeeding business day (such date being referred to herein as the "Closing Date").

12.5.4 The purchase price payable for each Share pursuant to the Put Rights or the Call Rights shall be payable in cash or by wire transfer of immediately available funds at the Closing; provided, however, that the purchase price may be paid in installments if the purchaser of the Shares so elects. If such an election is made, the purchase price shall be paid twenty percent (20%) in cash at Closing, and the balance in thirty-six (36) equal monthly installments, commencing on the first day of the month following the Closing Date and continuing thereafter on the first day of each succeeding month until the entire balance of the purchase price has been paid in full. Such respective balance shall be evidenced by an installment note executed by the purchaser of the Shares and delivered at the Closing to the person from whom the Shares are being purchased. Such promissory note shall bear simple interest at the prime or reference lending rate of Bank of America, Los Angeles, California, as of the date of said note; provided, however, that such interest rate shall not exceed the maximum rate permitted by law. Such promissory note shall contain customary provisions for late charges and default rates of interest.

12.5.5 At the Closing, the Shares being purchased pursuant to this Articles 12 shall be transferred to the Company and/or KFI by the execution and delivery of a stock assignment separate from certificate, together with the original certificate(s) evidencing such Shares.

12.5.6 Notwithstanding anything contained in this Section 12.5 to the contrary, if prior to the date on which KFI is required or has the right to consummate a purchase of Shares pursuant to an exercise of an IPO Put Right

or an IPO Call Right or an Other Put Right or an Other Call Right, KFI has consummated an IPO with respect to one or more classes of its equity securities ("KFI Public Securities"), then KFI may, at its sole option, pay all or any portion of the purchase price for such Shares by issuing shares of the KFI Public Securities, which may be in a transaction not involving any public offering, and subject to compliance with applicable federal and state securities laws. For these purposes, the value of each share of the KFI Public Securities to be issued shall be: (i) If the KFI Public Securities are listed on any established stock exchange or a national market system, including, without limitation, The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, the closing sales price of a share of the KFI Public Securities (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the Closing Date, or (ii) if the KFI Public Securities are quoted by a recognized securities dealer but selling prices are not reported, the mean between the high bid and low asked prices for the KFI Public Securities on the last market trading day prior to the Closing Date. By way of example only, if KFI is entitled or required to pay \$10,000 for Shares pursuant to an exercise of an IPO Put Right or an Other Put Right, KFI may pay said \$10,000 by issuing KFI Public Securities having a value, as determined above, of \$10,000.

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#### ARTICLE 13.

##### MISCELLANEOUS

###### 13.1 Transfer of Stock. Except as otherwise expressly provided in this

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Agreement and the Stock Purchase Agreement, each Shareholder agrees not to transfer any of his shares of capital stock of the Company, without complying with the provisions of those Agreements.

###### 13.2 Legend. Each certificate representing the Shares shall bear the

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following legend, until such time as the Shares are no longer subject to the provisions hereof, in addition to such other legends required by the Stock Purchase Agreement and applicable federal and state securities laws:

"The sale, transfer or assignment of the securities represented by this certificate are subject to the terms and conditions of a certain Shareholders Agreement dated \_\_\_\_\_, 1997, among the Company and holders of its outstanding capital stock. Copies of such Agreement may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Company."

###### 13.3 Certificate of Incorporation and By-Laws. Subject to the provisions of

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this Agreement, the Certificate of Incorporation and By-Laws of the Company may be amended in any manner permitted thereunder, except that neither the Certificate of Incorporation nor the By-Laws shall be amended in any manner that would conflict with, or be inconsistent with, the provisions of this Agreement.

###### 13.4 Injunctive Relief. It is acknowledged that it will be impossible to

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measure the damages that would be suffered by the nonbreaching party if any party fails to comply with the provisions of this Agreement and that in the event of any such failure, the nonbreaching parties will not have an adequate remedy at law. The non-breaching parties shall, therefore, be entitled to obtain specific performance of the breaching party's obligations hereunder and to obtain immediate injunctive relief. The breaching party shall not urge, as a defense to any proceeding for such specific performance or injunctive relief, that the nonbreaching parties have an adequate remedy at law.

###### 13.5 Preparation of Agreement. It is acknowledged by each party that such

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party either had separate and independent advice of counsel or the opportunity to avail itself or himself of separate and independent legal counsel. Each party hereto understands and acknowledges that Morrison & Foerster LLP is legal counsel to KFI only, and does not represent any other party to this Agreement. In light of these and other relevant facts it is further acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

###### 13.6 Cooperation and Further Assurances. Each party agrees, without further

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consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or

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otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

### 13.7 Interpretation.

#### 13.7.1 Entire Agreement/No Collateral Representations. Each party

expressly acknowledges and agrees that this Agreement, the Stock Purchase Agreement, the Singh Employment Agreement, the License Agreement, the KFI/Singh Agreement and the KFI Stock Repurchase Agreement: (i) are the final expression of the parties agreements with respect to the subject matter hereof and thereof and are the complete and exclusive statements of the terms of such agreement; (ii) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such Prior Agreements are of no force or effect except as expressly set forth herein and therein; and (iii) may not be varied, supplemented or contradicted by evidence of Prior Agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

#### 13.7.2 Waiver. No breach of any agreement or provision herein

contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

#### 13.7.3 Remedies Cumulative. Except as otherwise provided in this

Agreement, the remedies of each party under this Agreement, the Stock Purchase Agreement, the Singh Employment Agreement, the License Agreement, the KFI Stock Repurchase Agreement, and the KFI/Singh Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

#### 13.7.4 Severability. If any term or provision of this Agreement or the

application thereof to any Person or circumstance shall, to any extent, be determined to be invalid, illegal or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (i) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and be legal, valid and enforceable, and (ii) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other

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than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

#### 13.7.5 No Third Party Beneficiary. The parties specifically

disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no third party shall have any rights hereunder or any right of enforcement hereof.

#### 13.7.6 No Reliance Upon Prior Representation. The parties

acknowledge that no other party has made any oral representation or promise which would induce them prior to executing this Agreement to change their position to their detriment, partially perform, or part with value in reliance upon such representation or promise; the parties acknowledge that they have taken such action at their own risk; and the parties represent that they have not so changed their position, performed or parted with value prior to the time of their execution of this Agreement.

#### 13.7.7 Headings; References; Incorporation; Gender. The

headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall be construed only to refer to provisions within this Agreement, and shall not be construed to be referenced to the overall transaction or to any other agreement or document. Any exhibit referenced in this Agreement shall be construed to be

incorporated in this Agreement. As used in this Agreement, each gender shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

#### 13.8 Enforcement.

##### 13.8.1 Applicable Law. This Agreement and the rights and

remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of Delaware, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of Delaware.

##### 13.8.2 Consent to Jurisdiction; Service of Process. Any action

or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Los Angeles. Each party generally and unconditionally accepts the exclusive jurisdiction of such courts and to venue therein, consents to the service of process in any such action or proceeding by certified or registered mailing of the summons and complaint in accordance with the notice provisions of this Agreement, and waives any defense or right to object to venue in said courts based upon the doctrine of "Forum Non Conveniens". Each party irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

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##### 13.8.3 Attorneys' Fees and Costs. If any party institutes or should

the parties otherwise become a party to any Action Or Proceeding based upon or arising out of this Agreement including, without limitation, to enforce or interpret this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or any provision hereof, or for a declaration of rights in connection herewith, or for any other relief, including equitable relief, in connection herewith, the Prevailing Party in any such Action Or Proceeding, whether or not such Action Or Proceeding proceeds to final judgment or determination, shall be entitled to receive from the non-Prevailing Party as a cost of suit, and not as damages, all Costs And Expenses of prosecuting or defending the Action Or Proceeding, as the case may be, including, without limitation, reasonable Attorneys' And Other Fees.

##### 13.9 Notices. Any notice, approval, disapproval, consent, waiver, or other

communication (collectively, "Notices") required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or mailed, certified or registered United States mail, postage prepaid, return receipt requested, or sent by Federal Express or other reliable overnight carrier for next business day delivery, or by fax. All Notices shall be deemed delivered (a) if personally served, when actually delivered to the address of the person to whom such Notice is given, (b) if sent via Federal Express or other overnight courier for next business day delivery, one (1) business day following the date on which the Notice is given to Federal Express or other overnight courier, (c) if by mail, three (3) days following deposit in the United States mail, or (d) if by fax, when the transmitting telecopier machine has confirmed that the Notice has been completed or sent without error. All Notices shall be addressed to the party to whom such Notice is to be given at the party's address set forth below or as such party shall otherwise direct by Notice sent pursuant to this Section 13.9:

If to the Company: Korn/Ferry International Futurestep, Inc.  
c/o Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Man Jit Singh, President  
Telephone: (310) 843-4100  
Telecopier: (310) 553-8640

If to KFI: Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Peter L. Dunn, Vice Chairman  
Telephone: (310) 843-4100  
Telecopier: (310) 553-8640

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With a copy to: Michael C. Cohen, Esq.  
Morrison & Foerster LLP  
555 West Fifth Street, 35th Floor

Los Angeles, California 90013  
Telephone: (213) 892-5404  
Telecopier: (213) 892-5454

If to Idealab: idealab!  
130 West Union Street  
Pasadena, CA 91103  
Attention: Mr. William Gross  
Telephone: (626) 585-6900  
Telecopier: (626) 535-2742

With a copy to: idealab!  
130 West Union Street  
Pasadena, CA 91103  
Attention: Ms. Marcia Goodstein  
Telephone: (626) 535-2765  
Telecopier: (626) 535-2742

If to Singh: Mr. Man Jit Singh  
1050 Brooklawn Drive  
Los Angeles, CA 90077  
Telephone: (310) 278-1572  
Telecopier: (310) 278-1572

With a copy to: Paul H. Irving, Esq.  
Manatt, Phelps & Phillips LLP  
11355 W. Olympic Boulevard  
Los Angeles, CA 90064  
Telephone: (310) 312-4000  
Telecopier: (310) 312-4224

13.10 Spousal Consent; Change in Marital Status. Each individual  
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Shareholder who is married at the time any Shares are acquired by such Shareholder, shall cause his or her spouse to execute and deliver a Consent of Spouse of Shareholder in the form of Exhibit A hereto immediately upon acquisition of any such Shares and as a condition thereof. In the event that the Shareholder's marital status is altered by dissolution or divorce or by the death of the Shareholder's spouse, any interest of his or her former spouse, whether as community property or as a result of a property settlement agreement, a divorce decree or other legal proceeding, may be purchased and shall be sold by the Shareholder's former spouse or his or her estate in the same manner and at the same time as the Shareholder's Shares are purchased under this Agreement. Each individual Shareholder agrees to notify the Company of any change in marital status, including, without limitation, marriage, dissolution of marriage, divorce or death of spouse,

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within then (10) days after the occurrence of any such event. Each individual Shareholder agrees to cause any spouse who has not signed a Consent of Spouse of Shareholder in the form of Exhibit A hereto to do so at the time notice is given to the Company under this Section.

13.11 Counterparts. This Agreement may be executed in counterparts,  
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each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any counterpart of this Agreement and re-attached to any other counterpart of this Agreement identical in form hereto by having attached to it one or more additional signature pages.

13.12 Assignment. Except as otherwise expressly provided in this  
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Agreement, no party hereto may assign their rights or delegate their duties under this Agreement without the prior written consent of all of the other parties hereto; provided, however, that KFI may, without the consent of any other party hereto, assign its rights and delegate its duties under this Agreement to any Person which acquires all or substantially all of the assets of KFI, either through a purchase of such assets, by merger, consolidation or otherwise.

IN WITNESS WHEREOF, the Company and the Shareholders have executed this Agreement in counterparts.

KORN/FERRY INTERNATIONAL,  
a California corporation

By: /s/ Peter L. Dunn  
-----  
Peter L. Dunn, Vice Chairman

BILL GROSS' IDEALAB!,  
a California corporation

By: /s/ Marcia Goodstein  
-----  
Marcia Goodstein, COO

KORN/FERRY INTERNATIONAL  
FUTURESTEP, INC.  
a Delaware corporation

By: /s/ Man Jit Singh  
-----  
Man Jit Singh, President  
  
/s/ Man Jit Singh  
-----  
MAN JIT SINGH

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#### APPENDIX

##### CERTAIN DEFINITIONS

1. "Action Or Proceeding" means any and all claims, suits, actions, notices, inquiries, proceedings, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or informal, governmental or non-governmental, or civil or criminal.

2. "Affiliate" means with respect to any person or entity ("Person No. 1"), any other person or entity which either (i) directly or indirectly owns or controls Person No. 1, or (ii) is directly or indirectly owned or controlled by Person No. 1, or (iii) is under direct or indirect common control with Person No. 1. The term "control" (and its corollaries) includes, without limitation, ownership of interests representing a majority of total voting power in an entity, and "ownership" (and its corollaries) includes, without limitation, ownership of a majority of the equity interests in an entity.

3. "Agreement" means this Agreement and all agreements, exhibits, schedules and appendices expressly annexed hereto.

4. "Approved Reorganization Transaction" means a Reorganization Transaction which has been approved by KFI pursuant to this Agreement.

5. "Attorneys' And Other Fees" means attorneys' fees, accountants' fees, fees of other professionals, witness fees (including experts engaged by the parties, but excluding shareholders, officers, employees or partners of the parties), and any and all other similar fees incurred in the prosecution or defense of an Action Or Proceeding.

6. "Call Rights" shall mean collectively, the IPO Call Rights and the  
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Other Call Rights.

7. "Company Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any business now or hereafter conducted or engaged in (a) by the Company, or (b) by any Person in which the Company has an equity interest, either directly or indirectly, which affords the Company more than ten percent (10%) of the voting power of such Person.

8. "Company Competitor" means any Person (other than KFI or any Affiliate of KFI) who (a) engages, directly or indirectly, in any Company Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any Company Competitive Business, or (c) otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any Company Competitive Business.

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9. "Costs And Expenses" means the cost to take depositions, the cost to arbitrate a dispute, if applicable, and the costs and expenses of travel and lodging incurred with respect to an Action Or Proceeding.

10. "Directors" or "directors" means the members of the Board of Directors of the Company and includes the Designated Directors (as this term is defined in Section 2.1.1(b) below).

11. "Director Approval" means the vote of at least a majority of the directors present at a meeting at which a quorum of directors is present or the written consent of at least a majority of the directors.

12. "EBITDA" means earnings before interest expense, taxes, depreciation and amortization, determined in accordance with generally accepted accounting principles, consistently applied.

13. "Involuntary Transfer" when used with reference to the Shares means any gift of the Shares or any right or interest therein, any other assignment, transfer or other disposition of any of the Shares or any right or interest therein, without consideration, any pledge, grant of a security interest in or other hypothecation of any of the Shares or any right or interest therein, or any other involuntary Transfer or Transfer by operation of law, of any of the Shares or any right or interest therein.

14. "IPO" means an initial public offering of equity securities by the Company of KFI, as the context requires, pursuant to an effective registration statement filed under the Securities Act of 1933, as amended.

15. "Job Placement Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any one or more of the following businesses or services, regardless of the medium through which such business is conducted or such service is provided, whether on the Internet (or world wide web) or otherwise: (a) executive search, recruiting and/or job placement services for employers and/or employees, (b) employment consulting services, (c) career counseling, (d) team development services, (e) research services relating to employment, (f) the accumulation, circulation, development and/or publication of information, surveys, studies, statistical data, and articles pertaining to executive recruiting, jobs, job placement, compensation and similar human resources and employment-related services, (g) the creation and/or maintenance of one or more databases of available employment opportunities or jobs, (h) the creation and/or maintenance of a job listings or job positions service and/or database, and/or (i) the creation and/or maintenance of one or more databases of candidates available or potentially available for employment.

16. "Job Placement Competitor" means any Person who (a) engages, directly or indirectly, in any Job Placement Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any Job Placement Competitive Business, or (c)

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otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any Job Placement Competitive Business.

17. "KFI Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any business now or hereafter conducted or engaged in (a) by KFI or its Affiliates, or (b) by any Person (other than the Company) in which KFI or an Affiliate of KFI has an equity interest, either directly or indirectly, which affords KFI or such Affiliate more than ten percent (10%) of the voting power of such Person.

18. "KFI Competitor" means any Person (other than KFI or any Affiliate of KFI) who (a) engages, directly or indirectly, in any KFI Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any KFI Competitive Business, or (c) otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any KFI Competitive Business.

19. "KFI Objection" means either one or more of the following events: (a) if the "KFI Directors" (as this term is used in this Shareholders Agreement) constitute a majority of the Company's directors, they affirmatively vote against an IPO or refuse to vote in favor of an IPO, and all of the other directors of the Company affirmatively request and vote in favor of the IPO, or (b) KFI declines to give its written consent to such an IPO pursuant to Section 3.2 of this Agreement, or (c) KFI exercises any other right afforded to it in the Company's Certificate of Incorporation (as amended) or, in any other contract, to object to and prevent the IPO.

20. "Permitted Transfer" means any of the following Transfers: (a) the issuance or sale of Stock (or options therefor) by the Company to employees for the primary purpose of soliciting or retaining their employment; or (b) a Sale pursuant to an IPO; or (c) a Transfer pursuant to an Approved Reorganization Transaction; or (d) any Transfer to a Permitted Transferee, or (e) any Transfer pursuant to the exercise of a Put Right or a Call Right, or (f) any Transfer pursuant to the Stock Purchase Agreement, or (g) any reorganization of Idealab pursuant to which (i) all or substantially all of the assets of Idealab are transferred to or otherwise acquired by a limited liability company or a limited partnership and (ii) the current shareholders of Idealab constitute all of the members of such limited liability company or all of the partners of such limited partnership.

21. "Permitted Transferee" means any of the following Persons so long as such Person does not constitute a Non-Permitted Transferee within the meaning of Section 4.2 of this Agreement and such Person executes a document, in form and

substance satisfactory to the Company and its counsel, pursuant to which such person agrees to be bound by the provisions of this Agreement, and agrees to receive and hold the Shares subject to all of the provisions and restrictions contained in this Agreement: (a) a transferor's spouse and lineal descendants; (b) a transferor's personal representatives and heirs; (c) any trustee of any trust created primarily for the benefit of the transferor or any or all of such spouse and lineal descendants; (d) or any revocable trust created by a transferor; or (e) following the death of a transferor, all beneficiaries under such trust; or (f) the transferor, in the case of a transfer from any Permitted Transferee back

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to its transferor; or (g) any entity all of the equity of which is directly or indirectly owned by the transferor; or (h) in the case of KFI, any of KFI's shareholders or the shareholders of any Affiliate of KFI.

22. "Per Share Book Value" shall mean that figure obtained when the net worth of the Company is divided by the total number of shares of Stock of the Company issued and outstanding. The net worth of the Company shall be determined in accordance with generally accepted accounting principles, consistently applied ("GAAP"). The net worth of the Company as shown on the fiscal year end statement of the Company for the year immediately preceding the exercise of the option with respect to the Transfer in question, shall be binding and conclusive on the parties hereto. Each fiscal year end statement of the Company shall be prepared in accordance with GAAP.

23. "Per Share Market Value" shall apply only if as of the date of occurrence of the applicable event specified in Section 10.2, an IPO had been consummated by the Company, in which event the "Per Share Market Value" shall mean (i) If the Shares are listed on any established stock exchange or a national market system, including, without limitation, The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, the closing sales price of a Share (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day preceding the date of occurrence of the applicable event referred to in Section 9.1, or (ii) if the Shares are quoted by a recognized securities dealer but selling prices are not reported, the mean between the high bid and low asked prices for the Shares on the last market trading day preceding the date of the occurrence of the applicable event referred to in Section 9.1.

24. "Person" means any individual, firm, corporation, trust, partnership (limited or general), limited liability company, sole proprietorship or association.

25. "Prevailing Party" means the party who is determined to prevail by the court after its consideration of all damages and equities in an Action Or Proceeding, whether or not the Action Or Proceeding proceeds to final judgment. The court shall retain the discretion to determine that no party is the Prevailing Party in which case no party shall be entitled to recover its Costs And Expenses.

26. "Put Rights" shall mean collectively the IPO Put Rights and the Other Put Rights.

27. "Reorganization Transaction" means any merger or consolidation involving the Company, any recapitalization of the Company, or any transaction involving the sale of all or substantially all of the assets of the Company.

28. "Sale", "Sell" or "Sold" when used with reference to the Shares means any voluntary sale, assignment, transfer or other disposition of any of the Shares or any right or interest therein, for consideration, directly or indirectly.

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29. "Shareholders" means KFI, Idealab, Singh and all other Persons who acquire Stock and who are required to be bound by the provisions of this Agreement, and agree to receive and hold the Stock subject to all of the provisions and restrictions contained in this Agreement.

30. "Shares" means all of the issued and outstanding shares of the capital stock of the Company now owned or hereafter acquired by the Shareholders, including, without limitation, the shares purchased pursuant to the Stock Purchase Agreement.

31. "Stock" means all issued and outstanding shares of the voting capital stock of the Company and includes the Shares.

32. "Stockholders" or "stockholders" means the record owners of Stock and includes the Shareholders to the extent of their ownership of Stock.

33. "Stockholder Approval" means the affirmative vote of at least a majority of the Stockholders of the Company at a meeting at which a quorum of Stockholders is present in person or by proxy, or the written consent of



Stockholders owning at least a majority of the issued and outstanding shares of the common stock of the Company.

34. "Transfer" when used with reference to the Shares means any sale, transfer, assignment, pledge, grant of a security interest in, gift or other disposition of any of the Shares, or any right or interest therein, with or without consideration, directly or indirectly, whether voluntary or involuntary, by operation of law or otherwise.

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EXHIBIT A

CONSENT OF SPOUSE OF SHAREHOLDER

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The undersigned, being the spouse of the Shareholder, Man Jit Singh, who

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has signed the within Agreement or otherwise become bound by the provisions of the within Agreement, hereby acknowledges that he or she has read and is familiar with the provisions of said Agreement and agrees to be bound thereby and join therein to the extent, if any, that his or her agreement and joinder may be necessary. The undersigned hereby agrees that the Shareholder may join in any future amendment or modifications of said Agreement without any further signature, acknowledgment, agreement or consent on his or her part; and the undersigned hereby further agrees that any interest which he or she may have in the shares of common stock of the Company held by Shareholder shall be subject to the provisions of said Agreement.

By: /s/ Seirla Singh

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Name: \_\_\_\_\_

Dated: as of December 1, 1997

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KORN/FERRY INTERNATIONAL FUTURESTEP, INC.  
A Delaware corporation

EMPLOYMENT AGREEMENT

MAN JIT SINGH

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), is entered into as of December 1, 1997 (the "Agreement Date"), by and between KORN/FERRY INTERNATIONAL FUTURESTEP, INC., a Delaware corporation ("Company") and MAN JIT SINGH, an individual ("Executive").

ARTICLE 1.

RECITALS

1.1 The primary business purpose of the Company is to create, establish and maintain a business providing executive search and ancillary services to candidates and client companies on-line through the medium of the Internet (the "Business"). The Company will be a subsidiary of Korn/Ferry International, a California corporation ("KFI").

1.2 The purpose of this Agreement is to set forth the terms and conditions under which the Company will employ Executive as its President and Chief Executive Officer.

1.3 Concurrently herewith, Executive and other Persons (the "Shareholders") and the Company are entering into a certain Shareholders Agreement of even date (the "Shareholders Agreement"), pursuant to which the Shareholders and the Company have agreed upon matters relating to the management, control and operation of the Company, and restrictions upon the transfer of shares of the capital stock of the Company.

1.4 Concurrently herewith, KFI and the Company are entering into a certain License Agreement of even date, pursuant to which, among other things, KFI will license to the Company the use of its name in connection with the Business (the "License Agreement").

1.5 Concurrently herewith, the Company and the Shareholders are entering into a certain Stock Purchase Agreement of even date, pursuant to which, among other things, the Shareholders, including Executive, agree to purchase shares of the capital stock of the Company (the "Stock Purchase Agreement").

1.6 Concurrently herewith, KFI and Executive are entering into a certain Agreement of even date ("KFI/Singh Agreement") and a certain Stock Repurchase Agreement ("KFI Stock Repurchase Agreement"), pursuant to which, among other things, Executive is hired as a Vice President of KFI and admitted as a shareholder of KFI, subject to the terms and conditions set forth therein.

1.7 The Company and Executive intend that the Shareholders Agreement, the License Agreement, the Stock Purchase Agreement, the KFI/Singh Agreement and the KFI Stock Repurchase Agreement, be executed and delivered concurrently with the execution and delivery of this Agreement.

1.8 Unless otherwise defined herein, all capitalized terms used in this Agreement, shall have the meanings set forth in the Appendix annexed hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 2.

TERM OF EMPLOYMENT

2.1 Term. The term of this Agreement (the "Term") shall commence on the ---- Agreement Date and automatically expire on the earlier of (a) the date on which this Agreement is terminated under Article 7 below or (b) the third (3rd) anniversary of the Agreement. Subject to the provisions of this Agreement, the Company hereby employs Executive and Executive hereby accepts employment with the Company for the Term.

ARTICLE 3.

## DUTIES AND RESPONSIBILITIES OF EXECUTIVE

### 3.1 Performance of Duties. Executive agrees that during the Term, his

employment hereunder will be on a full-time basis, and he will faithfully and efficiently perform his duties and shall devote his full time, efforts, ability, and attention to the Business. Executive shall report to the Company's Board of Directors (the "Board").

### 3.2 Description of Duties. Executive shall serve as the President and

Chief Executive Officer of the Company. In this capacity, Executive shall be responsible for the day-to-day operations of the Business and the long term overall management, planning and internal operations of the Business, including without limitation, using his best efforts to (i) maintain and develop the Business and (ii) meet the objectives of the Company's Operating Plan. Furthermore, Executive shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, including, but not limited to, undertaking such travel as is reasonably necessary to perform such duties, and shall perform such other duties as are commonly performed by the President and Chief Executive Officer of a privately-held start-up business which may from time to time be reasonably prescribed by the Board or by the Chairman. Furthermore, Executive shall abide by all policies and procedures adopted by the Company or the Board.

### 3.3 Other Employment. During the Term, unless the Board otherwise

consents, which consent shall not be unreasonably delayed or withheld, Executive shall not serve as a director, employee, independent contractor, or officer of another business, whether or not such business is pursued for gain, profit or other pecuniary advantage, and whether or not for compensation; provided, however, that Executive may, (i) serve in any capacity with trade organizations related to the Business, (ii) accept speaking engagements related to the Business,

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so long as such activities do not interfere with the performance of his duties hereunder, and (iii) serve as an executive officer or employee of KFI.

## ARTICLE 4.

### COMPENSATION AND BENEFITS

#### 4.1 Base Salary. During the Term, Company shall pay to Executive a base

salary at an rate of Three Hundred and Fifty Thousand Dollars (\$350,000.00) per year, payable monthly during the Term in accordance with the Company's regular payroll practices.

#### 4.2 Bonus Compensation. As further incentive to Executive, the Company

shall pay to Executive bonus compensation as provided in this Section 4.2 below (the "Bonus Compensation"). Any such Bonus Compensation shall be paid to Executive no later than the ninetieth (90th) day following the end of the calendar year in which the Bonus Compensation is earned. The Bonus Compensation shall, subject to the limitations set forth below, be payable with respect to each year of the Term of this Agreement:

##### 4.2.1 Operating Plans. Within thirty (30) days after the Agreement

Date, and within thirty (30) days before the end of each calendar year thereafter, the Executive shall, in consultation with the Board, develop and determine a financial and business operating plan for the Company for the succeeding twelve month period, which plan shall be subject to the approval of the Board. The financial and business operating plan as finally approved by the Board shall be referred to as the "Operating Plan."

##### 4.2.1 Performance Objectives. Each Operating Plan shall contain

financial and other objectives for the Company and its Business during the period covered by the Operating Plan and shall set forth the expected timing for achievement of such financial and other objectives. Each Operating Plan may also contain objectives specifically relating to Executive and the performance of his duties and responsibilities hereunder.

##### 4.2.2 Amount of Bonus Compensation. Each Operating Plan shall set

forth the amount of Bonus Compensation which Executive will receive for the timely achievement of the various financial and other objectives set forth in such Operating Plan. If all objectives are achieved, the Executive be entitled to receive aggregate Bonus Compensation in any given year in an amount which equals approximately twenty-five percent (25%) of the base salary referred to in Section 4.1 above.

4.2.3 Determination of Achievement. The Board shall determine, in good

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faith, whether Executive has earned any Bonus Compensation for any given year. Such determination by the Board shall be binding and conclusive upon the Company and Executive.

4.3 Other Benefits. Except as otherwise herein provided, in his capacity

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as a Vice President of KFI pursuant to the KFI/Singh Agreement, Executive shall be entitled, during the Term, to participate in any group insurance, deferred compensation or other plan or program

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adopted by KFI for the benefit of its United States executive employees of similar stature in accordance with the provisions of the respective plan or plans.

4.4 Reimbursement of Business Expenses.

4.4.1 Ordinary Expenses. Company shall promptly reimburse Executive

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for all reasonable ordinary and necessary business expenses incurred by Executive in connection with the performance by Executive of his duties under this Agreement ("Ordinary Business Expenses"). With respect to each such expenditure, Executive shall furnish to Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

4.4.2 Extraordinary Expenses. Any single Ordinary Business Expense

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with a cost in excess of that amount established from time to time by the Board shall be deemed to be an extraordinary business expense ("Extraordinary Business Expense"). Executive shall not incur any Extraordinary Business Expense unless such expense has been approved in advance by the Chairman or by the Board. If Executive fails to obtain the approval of the Chairman or the Board, the Company may refuse to reimburse Executive for that expense.

4.5 Annual Vacation/Sick Leave. Executive shall be entitled to twenty (20)

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days paid annual vacation, exclusive of sick leave and holidays recognized by the Company, which may be taken at such times as are consistent with good business practices. Such vacation time shall be prorated for employment periods less than a full calendar year. Executive may accrue up to fifteen (15) days of vacation, plus any vacation days scheduled by Executive but canceled on order of the Board, in any one (1) calendar year during the Term (the "Annual Vacation Accrual Limit"). In the event that Executive reaches the Annual Vacation Accrual Limit, Executive shall not be eligible to earn additional vacation until Executive uses a portion of such earned and accrued vacation. Executive shall be entitled to sick leave in accordance with the Company's general policy for its employees, as such policy is modified by the Company from time to time.

4.6 Repayment of Unauthorized Reimbursement. If any amount paid by the

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Company to Executive as reimbursement for any Ordinary Business Expense or Extraordinary Business Expense, is finally determined by the Board in its good faith judgment not to be authorized under this Agreement, the part disallowed shall be repaid to the Company by Executive upon demand.

4.7 No Liability on the Part of KFI. Executive understands and agrees that

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KFI shall have no liability or responsibility whatsoever for the payment of any sums due to Executive under this Agreement or for any benefits to be provided by the Company to Executive under this Agreement or otherwise.

ARTICLE 5.

CONFIDENTIAL INFORMATION AND OTHER MATTERS

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5.1 Company Information. Executive acknowledges that (i) he holds a senior

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management position with the Company, (ii) in such capacity he is responsible for carrying out procedure and methods by which the Company develops and conducts its business, (iii) he has access to the Company's clients, channels for developing clients and recruiting executives for employment, and other Confidential Information, (iv) he has direct substantial responsibility to maintain the Company's business relationship with clients of the Company, (v) it would be unfair to the Company if Executive were to appropriate to himself or others the benefits of the Company's developing such business relationships, especially when the Executive enjoys a relationship with a client of the

Company as a result of his being introduced to the client's personnel as a representative of the Company, (vi) it would be unfair to the Company if the Executive were to appropriate to himself or others the benefits of the business, personnel and other Confidential Information which the Company has developed in the conduct of its businesses, and (vii) it is therefore fair that reasonable restrictions should be placed on certain activities of the Executive after his employment with the Company terminates.

5.1.1 Executive agrees that he shall not, either during the Term (except as necessary to carry on the business of the Company), or at any time after the expiration or termination of his employment, directly or indirectly, use or disclose to any Person (other than Persons at the Company or KFI), any Confidential Information. Without limiting the generality of the foregoing, Executive agrees that he will not, at any time after the expiration or termination of his employment, directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder, member or otherwise), use any Confidential Information to (i) solicit or accept any executive search or placement assignment from, or otherwise attempt to provide services then provided by the Company to, any Person; or (ii) solicit for employment or otherwise attempt to engage the services of any employee of the Company or KFI or their subsidiaries or Affiliates.

5.1.2 Executive further agrees that for the two year period immediately subsequent to the expiration or termination of his employment, he will not directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder, member or otherwise) solicit for employment or otherwise attempt to engage the services of any employee of the Company or KFI or their subsidiaries or Affiliates.

5.1.3 Nothing herein shall be deemed to prevent the Executive after termination or expiration of his employment from engaging in business competitive to that of the Company, provided the Executive does so without using Confidential Information or otherwise violating the terms and conditions of this Agreement.

5.1.4 Executive recognizes and acknowledges that any breach of the foregoing provisions would result in immeasurable and irreparable harm to the Company, and accordingly, agrees that in addition to, and not in lieu of, all other remedies available to the Company by reason of such breach, the Company shall be entitled to temporary and permanent injunctive relief to prevent the occurrence or continuation thereof.

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## 5.2 Third Party Information. Executive recognizes that from time to time

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the Company may receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any Person or to use it except as necessary in carrying out his work for the Company, consistent with the Company's agreement with such third party.

## 5.3 Noncompetition Provisions.

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5.3.1 Executive agrees that during the Term, he will not engage in any other employment, occupation, consulting or other business activity directly related to the Business or related to any other business in which the Company is now or hereafter involved, and Executive will not engage in any other activities which conflict with his obligations to the Company.

5.3.2 Executive further agrees that during the Term, he will not become a Company Competitor.

5.3.3 The provisions of this Section 5.3 are in addition to, and not in lieu of, the other Noncompetition Provisions contained in the Stock Purchase Agreement and the Shareholders Agreement, which apply to Executive in his capacity as a Shareholder.

## 5.4 Returning Company Documents. Executive agrees that upon termination or

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expiration of his employment with the Company, he will deliver to the Company (and will not keep in his possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, or other documents or property, or reproductions of any of the foregoing items, which constitute the property of the Company.

## 5.5 Notification of New Employer. In the event of the termination or

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expiration of the employment of the Executive, the Executive hereby grants his consent to the notification by the Company to Executive's new employer solely

about the existence of this Agreement. If requested by such new employer or if the Company reasonably believes it to be necessary in order to protect the Company's rights hereunder, the Company may notify the new employer or other appropriate parties about the existence of the provisions of Article 5 of this Agreement.

5.6 Compensation from Others. All compensation for services related to the

conduct of the Business, including equity or equity-type payments, and consulting or advisory fees, received by or payable to Executive during the Term from Persons other than the Company, shall be paid to the Company unless otherwise approved by the Board.

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ARTICLE 6.

INVENTIONS

6.1 Inventions Retained and Licensed. Executive hereby represents and

warrants that he has no inventions, original works of authorship, developments, improvements, or trade secrets which were made by Executive prior to his employment with the Company ("Prior Inventions") and which are owned by Executive and relate to or could relate to the Business, the Company, or its products or services, or its research or development activities.

6.2 Assignment of Inventions. Executive agrees that he will promptly make

full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assigns to the Company, or its designee, all of his right, title and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks, service marks, tradenames or trade secrets, whether or not it is or could be subject to a patent or copyright or trademark under patent, copyright, trademark or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the Term (collectively, the "Inventions"), except as provided in Section 6.6 below. Executive further acknowledges that all original works of authorship which are made by him (solely or jointly with others) within the scope of his employment with the Company and which are protectible by copyright are "works made for hire," as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any Invention developed by Executive solely or jointly with others is within the Company's sole discretion and for the Company's sole use and benefit and that no royalty or other compensation will be due to Executive as a result of the Company's efforts to commercialize or market any such Invention.

6.3 Inventions Assigned to the United States. Executive agrees to assign,

without compensation of any kind, to the United States of America or any governmental entity or agency thereof all of his right, title and interest in and to any and all Inventions whenever such assignment is requested by the Company.

6.4 Maintenance of Records. Executive agrees to keep and maintain adequate

and current written records of all Inventions made by Executive (solely or jointly with others) during the Term. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be made available to and remain the sole property of the Company at all times.

6.5 Patent and Copyright Registrations. Executive agrees to assist the

Company, or its designees, at the Company's expense, in every proper way to secure or evidence the Company's rights in the Inventions and any copyrights, trademarks, service marks, tradenames, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including, the disclosure to the Company of all pertinent information and data with

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respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, titles and interests in and to such Inventions, and any copyrights, trademarks, service marks, tradenames, patents, mask work rights or other intellectual property rights relating thereto. If for any reason Executive refuses, fails or is unable to sign or pursue any application for any United States or foreign patent, trademark, or copyright registrations covering

Inventions or original works of authorship assigned to the Company, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the agent and attorney in fact of Executive to act for and in Executive's behalf and stead to execute and file any such application and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright or trademark registrations thereon with the same legal force and effect as if executed by the Executive.

#### 6.6 Exception to Assignments. Executive understands that the provisions of

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this Agreement requiring assignment of Inventions to the Company do not apply to any Invention which qualifies fully under the provisions of California Labor Code Section 2870. Executive will advise the Company promptly in writing of any Inventions that Executive believes meet the criteria section forth in said statute. Executive hereby represents and warrants to the Company that as of the Agreement there are no Inventions which are not assignable to the Company under the provisions of California Labor Code Section 2870.

### ARTICLE 7.

#### TERMINATION AND SEVERANCE

##### 7.1 Termination for Cause. Company reserves the right to terminate

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Executive's employment hereunder at any time for cause. For purposes of this Agreement, "cause" shall mean, in the good faith opinion of the Board, one or more of the following: (i) a breach by Executive of a material provision of this Agreement, the Stock Purchase Agreement, the Shareholders Agreement, the KFI/Singh Agreement or the KFI Stock Repurchase Agreement, (ii) the habitual neglect by Executive of his duties under this Agreement or the KFI/Singh Agreement, and the failure of Executive to cure such habitual neglect within twenty (20) days after written notice of such habitual neglect has been given by the Company to Executive, specifying in reasonable detail the nature of the habitual neglect, (iii) the commission by Executive of a willful act of dishonesty, fraud, or material misrepresentation, (iv) breach of fiduciary duty or duty of loyalty by Executive which results in material harm to the Company or the Business; (v) the chronic alcoholism or addiction of Executive to non-medically prescribed narcotics; or (vi) the conviction of Executive or the entry by Executive of a plea of nolo contendere with respect to any misdemeanor crime

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involving moral turpitude or with respect to any felony crime. With the exception of the covenants included in Section 7.5 below, upon a termination of Executive's employment pursuant to this Section 7.1.1, the obligations of Executive and Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which Company may be entitled either at law, in equity, or under this Agreement, the Stock Purchase Agreement or the Shareholders Agreement.

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##### 7.2 Termination Without Cause.

###### 7.2.1 Termination by Company. Notwithstanding anything to the contrary

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contained in this Agreement, Executive's employment may be terminated at any time by the Board without cause. With the exception of the covenants included in Section 7.5 below, upon such termination the obligations of Executive and Company under this Agreement shall immediately cease.

###### 7.2.2 Deemed Termination by Company. If the duties and

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responsibilities of Executive are substantially reduced below those appropriate for Executive's position as provided in Section 3.2, and Executive delivers written notice of such reduction to the Company promptly after such reduction occurs, and the Company does not restore duties and responsibilities to Executive sufficient to make the duties and responsibilities appropriate for Executive's position, duties and responsibilities as provided in Section 3.2 within thirty (30) days after the receipt by the Company of such notice, then if Executive terminates his employment with the Company on or before the tenth (10/th/) business day following the expiration of such thirty (30) day period, such termination shall be deemed a termination by the Company without cause within the meaning of Section 7.2.1 above. If for any reason Executive does not terminate his employment within said ten (10) day period, but does terminate his employment thereafter, such termination shall be deemed a termination by Executive without cause within the meaning of Section 7.2.3 below.

###### 7.2.3 Termination by Executive. Executive may terminate his employment

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at any time without cause by giving the Board at least ninety (90) days prior written notice of such termination and by submitting his written resignation as an officer and director of the Company, effective as of the date of termination of his employment. With the exception of the covenants included in Section 7.5 below, upon such termination the obligations of Executive and Company under this

Agreement shall immediately cease.

7.3 Termination Upon Death or Permanent Disability of Executive.  
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Executive's employment shall terminate upon the death or permanent disability of Executive. Upon such termination, the obligations of Executive and Company under this Agreement shall immediately cease, except as provided in Section 7.5 below.

7.4 Termination Upon Disability of Executive. Company reserves the right  
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to terminate Executive's employment if Executive becomes "Disabled." The term "Disabled" shall mean the failure of Executive to render the services provided for in this Agreement or in the KFI/Singh Agreement or other failure by Executive to discharge his duties and responsibilities as the Chief Executive Officer of the Company or as a Vice President of KFI, for a period of sixty (60) consecutive days or for nonconsecutive periods aggregating more than one hundred and twenty (120) days within any given twelve (12) month period, by reason of an accident or illness, or physical or mental disability, or other incapacity. With the exception of the covenants included in Section 7.5 below, upon such termination the obligations of Executive and Company under this Agreement shall immediately cease.

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7.5 Payments Upon Termination. The following provisions shall set forth  
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the payments and other sums required to be paid to Executive in the event of a termination of his employment with the Company.

7.5.1 Termination by Company for Cause. In the event that Executive's  
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employment is terminated by Company for cause pursuant to Section 7.1, Company shall pay to Executive, within ten (10) business days after such termination, any accrued and unpaid salary which had been earned by Executive under this Agreement prior to the date of such termination, together with a per diem amount based upon such salary for any accrued vacation days not previously taken by Executive in the calendar year in which termination occurs. Executive shall not be entitled to receive any other compensation or benefits otherwise payable under this Agreement and shall not be entitled to receive any severance or similar pay; provided, however, that Company shall reimburse Executive for expenses incurred through the termination date in accordance with the provisions of Section 4.4 above.

7.5.2 Termination by the Company Without Cause. In the event that  
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Executive's employment is terminated by the Company without cause pursuant to Section 7.2.1 or Section 7.2.2, Executive shall be entitled to severance pay as follows: (i) if such termination occurs prior to December 31, 1998, an amount equal to his then base monthly salary under Section 4.1 for the remainder of the Term, but in no event more than the base monthly salary payable to Executive under Section 4.1 for nine (9) months, payable at the election of Executive in a lump sum or in installments, without interest, and (ii) if such termination occurs at any time after December 31, 1998, an amount equal to his then base monthly salary under Section 4.1 for the remainder of the Term, but in no event more than the base monthly salary payable to Executive under Section 4.1 for six (6) months, payable at the election of the Executive in a lump sum or in installments, without interest, and (iii) if such termination occurs at any time, the maximum permissible Bonus Compensation which Executive had earned as of the date of termination of his employment, determined in accordance with the terms and conditions of Section 4.2 above for the year in which such termination occurs, pro rated through the date of termination on a per diem basis, and (iv) continuation of the "other benefits" referred to in Section 4.3 for the lesser of the following periods (which lesser period is sometimes referred to as the "Severance Period"): (A) the remainder of the Term or (B) the nine (9) month or six (6) month period referred to in subparagraphs (i) or (ii) above, whichever is applicable. Furthermore, within ten (10) business days after such termination, Company shall pay to Executive a per diem amount based upon such salary for any accrued vacation days not previously taken by Executive in the calendar year in which termination occurs. Executive shall not be entitled to receive any other compensation or benefits otherwise payable under this Agreement and shall not be entitled to any other severance or similar pay; provided, however, that Company shall reimburse Executive for expenses incurred through the termination date in accordance with the provisions of Section 4.4 above.

7.5.3 Termination by Executive Without Cause. In the event that  
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Executive's employment is terminated by Executive pursuant to Section 7.2.3, the Executive shall be entitled to the same compensation and benefits as provided in Section 7.5.1 above.

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7.5.4 Death or Permanent Disability of Executive. In the event that  
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Executive's employment hereunder is terminated due to Executive's death or



permanent disability pursuant to Section 7.3, the Executive's estate shall be entitled to the same compensation and benefits as provided in Section 7.5.1 above.

7.5.5 Disability of Executive. In the event that Executive's

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employment hereunder is terminated because Executive has become Disabled pursuant to Section 7.4, Executive shall be entitled to the same compensation and benefits as provided in Section 7.5.1 above.

7.6 Effect of Termination on KFI/Singh Agreement. If for any reason

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whatsoever, the Executive's employment with the Company expires or is terminated by the Company or by the Executive, then the Executive's employment with KFI pursuant to the KFI/Singh Agreement shall automatically and concurrently expire or terminate, as applicable, without any severance or other compensation or payments being payable by KFI to Singh.

ARTICLE 8.

MISCELLANEOUS

8.1 No Assignment of Rights or Delegation of Duties by Executive;

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Assignment by Company. Executive's rights and benefits under this Agreement are  
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personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Executive may not delegate his duties or obligations hereunder. The Company may, without the consent of any other party hereto, assign its rights and delegate its duties under this Agreement to any Person which acquires all or substantially all of the assets of the Company, either through a purchase of such assets, by merger, consolidation or otherwise.

8.2 Preparation of Agreement. It is acknowledged by each party that such

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party either had separate and independent advice of counsel or the opportunity to avail itself or himself of separate and independent legal counsel. Specifically, Executive understands and acknowledges that the law firm of Morrison & Foerster LLP, is not legal counsel to the Executive. In light of these and other relevant facts it is further acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

8.3 Cooperation and Further Assurances. Each party agrees, without further

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consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

8.4 Interpretation.

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8.4.1 Entire Agreement/No Collateral Representations. Each party

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expressly acknowledges and agrees that this Agreement, the Stock Purchase Agreement, the Shareholders Agreement, the KFI/Singh Agreement, the KFI Stock Repurchase Agreement, and the License Agreement: (i) are the final expression of the parties agreements with respect to the subject matter hereof and thereof and are the complete and exclusive statements of the terms of such agreement; (ii) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such Prior Agreements are of no force or effect except as expressly set forth herein and therein; and (iii) may not be varied, supplemented or contradicted by evidence of Prior Agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

8.4.2 Waiver. No breach of any agreement or provision herein

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contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement

or provision or right or power herein contained.

#### 8.4.3 Remedies Cumulative. Except as otherwise provided in this

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Agreement, the remedies of each party under this Agreement, the Shareholders Agreement, the Stock Purchase Agreement, the License Agreement, the KFI/Singh Agreement, and the KFI Stock Repurchase Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

#### 8.4.4 Severability. If any term or provision of this Agreement or the

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application thereof to any Person or circumstance shall, to any extent, be determined to be invalid, illegal or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (i) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and be legal, valid and enforceable, and (ii) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

#### 8.4.5 No Third Party Beneficiary. The parties specifically disavow any

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desire or intention to create any third party beneficiary obligations, and specifically declare that no third party shall have any rights hereunder or any right of enforcement hereof.

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#### 8.4.6 No Reliance Upon Prior Representation. The parties acknowledge

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that no other party has made any oral representation or promise which would induce them prior to executing this Agreement to change their position to their detriment, partially perform, or part with value in reliance upon such representation or promise; the parties acknowledge that they have taken such action at their own risk; and the parties represent that they have not so changed their position, performed or parted with value prior to the time of their execution of this Agreement.

#### 8.4.7 Headings; References; Incorporation; Gender. The headings used

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in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall be construed only to refer to provisions within this Agreement, and shall not be construed to be referenced to the overall transaction or to any other agreement or document. Any exhibit referenced in this Agreement shall be construed to be incorporated in this Agreement. As used in this Agreement, each gender shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

#### 8.5 Enforcement.

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##### 8.5.1 Applicable Law. This Agreement and the rights and remedies of

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each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

##### 8.5.2 Consent to Jurisdiction; Service of Process. Any action or

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proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Los Angeles. Each party generally and unconditionally accepts the exclusive jurisdiction of such courts and to venue therein, consents to the service of process in any such action or proceeding by certified or registered mailing of the summons and complaint in accordance with the notice provisions of this Agreement, and waives any defense or right to object to venue in said courts based upon the doctrine of "Forum Non Conveniens". Each party irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

##### 8.5.3 Attorneys' Fees and Costs. If any party institutes or should the

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parties otherwise become a party to any Action Or Proceeding based upon or arising out of this Agreement including, without limitation, to enforce or interpret this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or any provision hereof, or for a declaration of rights in connection herewith, or for any other relief, including

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equitable relief, in connection herewith, the Prevailing Party in any such Action Or Proceeding, whether or not such Action Or Proceeding proceeds to final judgment or determination, shall be entitled to receive from the non-Prevailing Party as a cost of suit, and not as damages, all Costs And Expenses of prosecuting or defending the Action Or Proceeding, as the case may be, including, without limitation, reasonable Attorneys' And Other Fees.

8.6 Notices. Any notice, approval, disapproval, consent, waiver, or other

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communication (collectively, "Notices") required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or mailed, certified or registered United States mail, postage prepaid, return receipt requested, or sent by Federal Express or other reliable overnight carrier for next business day delivery, or by fax. All Notices shall be deemed delivered (a) if personally served, when actually delivered to the address of the person to whom such Notice is given, (b) if sent via Federal Express or other overnight courier for next business day delivery, one (1) business day following the date on which the Notice is given to Federal Express or other overnight courier, (c) if by mail, three (3) days following deposit in the United States mail, or (d) if by fax, when the transmitting telecopier machine has confirmed that the Notice has been completed or sent without error. All Notices shall be addressed to the party to whom such Notice is to be given at the party's address set forth below or as such party shall otherwise direct by Notice sent pursuant to this Section 8.6:

If Company: Korn/Ferry International Futurestep, Inc.  
c/o Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Peter L. Dunn, Vice Chairman  
Telephone: (310) 843-4100  
Telecopier: (310) 553-8640

With a copy to: Michael C. Cohen, Esq.  
Morrison & Foerster LLP  
555 West Fifth Street; 35th Floor  
Los Angeles, California 90013  
Telephone: (213) 892-5404  
Telecopier: (213) 892-5454

If to Executive: Mr. Man Jit Singh  
1050 Brooklawn Drive  
Los Angeles, CA 90077  
Telephone: (310) 278-1572  
Telecopier: (310) 278-1572

With a copy to: Paul H. Irving, Esq.  
Manatt, Phelps & Phillips LLP  
11355 W. Olympic Boulevard  
Los Angeles, CA 90064

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Telephone: (310) 312-4000  
Telecopier: (310) 312-4224

8.7 Counterparts. This Agreement may be executed in counterparts, each of

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which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any counterpart of this Agreement and re-attached to any other counterpart of this Agreement identical in form hereto by having attached to it one or more additional signature pages.

IN WITNESS WHEREOF, the parties have executed this Agreement.

COMPANY:

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.,  
a Delaware corporation

By: /s/ Richard Ferry

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Richard Ferry, Chairman

EXECUTIVE:

/s/ Man Jit Singh

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MAN JIT SINGH

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APPENDIX

CERTAIN DEFINITIONS

1. "Action Or Proceeding" means any and all claims, suits, actions, notices, inquiries, proceedings, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or informal, governmental or non-governmental, or civil or criminal.

2. "Affiliate" means with respect to any person or entity ("Person No. 1"), any other person or entity which either (i) directly or indirectly owns or controls Person No. 1, or (ii) is directly or indirectly owned or controlled by Person No. 1, or (iii) is under direct or indirect common control with Person No. 1. The term "control" (and its corollaries) includes, without limitation, ownership of interests representing a majority of total voting power in an entity, and "ownership" (and its corollaries) includes, without limitation, ownership of a majority of the equity interests in an entity.

3. "Agreement" means this Agreement and all agreements, exhibits, schedules and appendices expressly annexed hereto.

4. "Attorneys' And Other Fees" means attorneys' fees, accountants' fees, fees of other professionals, witness fees (including experts engaged by the parties, but excluding shareholders, officers, employees or partners of the parties), and any and all other similar fees incurred in the prosecution or defense of an Action Or Proceeding.

5. "Company Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any business now or hereafter conducted or engaged in (a) by the Company, or (b) by any Person in which the Company has an equity interest, either directly or indirectly, which affords the Company more than ten percent (10%) of the voting power of such Person.

6. "Company Competitor" means any Person (other than KFI or any Affiliate of KFI) who (a) engages, directly or indirectly, in any Company Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any Company Competitive Business, or (c) otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any Company Competitive Business.

7. "Confidential Information" means all proprietary and confidential information regarding the Company, KFI, their businesses, clients, and personnel, including, without limitation: (a) client lists, client prospects, and business development information; (b) company lists, profiles and reports, position specifications, salary structures, and engagement information; (c) source lists, executive lists, and candidate lists, profiles and reports; (d) candidate resumes, appraisals, compensation information, and reference reports; (e) search executive methodologies; (f) training and research materials and methodologies; (g) structure, operations, pricing, financial

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and personnel information; (h) information systems design and procedures; (i) computer technology designs, hardware configuration systems, and software designs and implementations; (j) information databases, interactive procedures, tests, analysis and studies developed by or for the benefit of the Company or KFI; (k) plans, designs, inventions, formulas, research and technology developed by or for the benefit of the Company or KFI; (l) personal histories or resumes, employment information, business information, business secrets of clients and candidates; (m) trade secrets of the Company and KFI; (n) plans, prospects, policies, practices, and procedures of the Company and KFI which are not generally known in the industry; (o) all New Information; and (p) all other proprietary and confidential information of every nature and source. The term "Confidential Information" does not include any information which: (A) is or becomes generally available to the public through no breach of this Agreement or any other agreement to which the Company or KFI is a party; (B) was received from a third party free to disclose such information without restriction; (C) is approved for release in writing by the Board of Directors of the Company or KFI, subject to whatever conditions are imposed by such Boards; (D) is required by law or regulation to be disclosed, but only to the extent necessary and only for the purpose required; or (E) is disclosed in response to a valid order of a court or other governmental body, but only to the extent necessary and for the purpose required, if and only if, the Company and KFI are first notified of the order and are permitted to seek an appropriate protective order against public

disclosure of such information.

8. "Costs And Expenses" means the cost to take depositions, the cost to arbitrate a dispute, if applicable, and the costs and expenses of travel and lodging incurred with respect to an Action Or Proceeding.

9. "KFI Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any business now or hereafter conducted or engaged in (a) by KFI or its Affiliates, or (b) by any Person (other than the Company) in which KFI or an Affiliate of KFI has an equity interest, either directly or indirectly, which affords KFI or such Affiliate more than ten percent (10%) of the voting power of such Person.

10. "KFI Competitor" means any Person (other than KFI or any Affiliate of KFI) who (a) engages, directly or indirectly, in any KFI Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any KFI Competitive Business, or (c) otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any KFI Competitive Business.

11. "New Information" means all information related to Executive's duties and responsibilities which is developed by Executive or under his guidance and control while in the employment of the Company or KFI, including, without limitation: (a) client and candidate prospect lists and databases; (b) interview and reference forms and notes; (c) contact information and procedures; (c) client and candidate information; (d) client and candidate prospect information; (e) source lists and executive lists and databases; (f) research materials, forms, and tests; (g) business development information; (h) computer formats, forms, tests, interactive

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procedures, methods of analysis and tools developed in connection with the Business; and (i) all other proprietary and confidential information.

12. "Noncompetition Provisions" means those certain provisions contained in this Agreement and in the Shareholders Agreement and Stock Purchase Agreement restricting the business activities of Executive, in his capacity as an employee of the Company, and in his capacity as a Shareholder of the Company.

13. "Person" means any individual, firm, corporation, trust, partnership (limited or general), limited liability company, sole proprietorship or association.

14. "Prevailing Party" means the party who is determined to prevail by the court after its consideration of all damages and equities in an Action Or Proceeding, whether or not the Action Or Proceeding proceeds to final judgment. The court shall retain the discretion to determine that no party is the Prevailing Party in which case no party shall be entitled to recover its Costs And Expenses.

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KORN FERRY INTERNATIONAL  
a California corporation

KFI/SINGH AGREEMENT

KFI/SINGH AGREEMENT

THIS KFI/SINGH AGREEMENT (this "Agreement"), is dated as of December 1, 1997 ("Agreement Date"), by and among KORN/FERRY INTERNATIONAL, a California corporation ("KFI") and MAN JIT SINGH, an individual ("Singh").

ARTICLE 1.  
PREAMBLE

1.1 KFI is engaged in the business of providing executive search and ancillary services.

1.2 Concurrently herewith, Korn/Ferry International Futurestep, Inc., a Delaware corporation (the "Company"), and Singh are entering into a certain Employment Agreement of even date, pursuant to which, among other things, Singh is employed as the President and Chief Executive Officer of the Company for the term and consideration, and subject to the conditions, set forth therein (the "Singh Employment Agreement"). The primary business purpose of the Company is to provide executive search and ancillary services to candidates and client companies on-line through the medium of the Internet. The Company will be a subsidiary of KFI.

1.3 The purpose of this Agreement is to set forth the terms and conditions under which Singh will become a Vice President of KFI and purchase shares of the capital stock of KFI, subject to the terms and conditions set forth in this Agreement.

1.4 Concurrently herewith, the Company, KFI, Singh and others ("Shareholders") are entering into a certain Shareholders Agreement of even date (the "Shareholders Agreement"), pursuant to which the Shareholders and the Company have agreed upon matters relating to the management, control and operation of the Company, and restrictions upon the transfer of shares of the capital stock of the Company.

1.5 Concurrently herewith, KFI and the Company are entering into a certain License Agreement of even date, pursuant to which, among other things, KFI will license to the Company the use of its name in connection with its business (the "License Agreement").

1.6 Concurrently herewith, the Company, Singh and others are entering into a certain Stock Purchase Agreement of even date, pursuant to which, among other things, Singh is purchasing shares of the capital stock of the Company (the "Stock Purchase Agreement").

1.7 Concurrently herewith, KFI and Singh are entering into a certain Stock Repurchase Agreement of even date ("KFI Stock Repurchase Agreement").

1.8 KFI and Singh intend that the Stock Purchase Agreement, the Shareholders Agreement, the License Agreement, the Singh Employment Agreement, and the KFI Stock

Repurchase Agreement, be executed and delivered concurrently with the execution and delivery of this Agreement.

1.9 Unless otherwise defined herein, all capitalized terms used in this Agreement, shall have the meanings set forth in the Appendix annexed hereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE 2.

EMPLOYMENT

2.1 Employment. Singh is hereby employed during the Term as a Vice  
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President of KFI, on the terms and conditions set forth in this Agreement.

2.2 Description of Duties. It is understood and agreed by KFI and Singh,

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that Singh's employment as a Vice President of KFI is for the sole purpose of facilitating the performance of his duties and responsibilities as the President and Chief Executive Officer of the Company. Accordingly, Singh shall have such duties and responsibilities as may be reasonably prescribed from time to time by the President of KFI or the Board of Directors of KFI (the "Board"), so long as such duties and responsibilities do not conflict with his duties and responsibilities with the Company. Singh shall abide by all policies and procedures adopted by KFI or the Board which are applicable to other executives of KFI in similar stature, including, without limitation, the KFI Code of Business Conduct, as such Code may be modified from time to time.

2.3 Compensation. Singh shall not receive any monetary compensation from

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KFI specifically on account of his employment as a Vice President of KFI; it being understood and agreed that all of the monetary compensation payable to Singh by the Company under the Singh Employment Agreement constitutes the entire monetary consideration payable to Singh as an employee of the Company and as a Vice President of KFI hereunder.

2.4 Benefits. As set forth in the Singh Employment Agreement. Singh shall

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be entitled, during the Term, to participate in any group insurance, deferred compensation or other plan or program (other than the Executive Participation Program) adopted by KFI for the benefit of its United States executive employees of similar stature in accordance with the provisions of the respective plan or plans.

2.5 Term. The term of Singh's employment hereunder (the "Term") shall be

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coextensive with the "Term" (as this term is used in the Singh Employment Agreement) of Singh's employment with the Company under the Singh Employment Agreement. If for any reason whatsoever, Singh's employment with the Company expires or is terminated, then Singh's employment with KFI shall automatically, without any further notice or consideration of any kind, expire and terminate concurrently. Upon the expiration or termination of Singh's

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employment with the Company, Singh shall not be entitled to receive any severance, bonus or other form of compensation from KFI; it being understood and agreed that the severance and other amounts, if any, payable to Singh under the Singh Employment Agreement upon any expiration or termination of his employment thereunder shall constitute full and complete payment on account of the concurrent expiration and termination of his employment with KFI.

2.6 Annual Vacation/Sick Leave; Other Benefits. Except as otherwise

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expressly provided in this Agreement, the vacation, sick leave and other benefits provided to Singh under the Singh Employment Agreement shall constitute the sole vacation, sick leave, and other benefits afforded to Singh as an employee of KFI, and Singh shall not be entitled to receive any vacation or sick leave benefits or any other benefits from KFI which may be duplicative or additive to the benefits provided to Singh by the Company.

2.7 Confidential Information. Singh acknowledges that (i) he holds a

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senior management position with KFI, (ii) in such capacity he is responsible for carrying out procedures and methods by which the Company develops and conducts its business, (iii) he has access to KFI's clients, channels for developing clients and recruiting executives for employment, and other Confidential Information, (iv) he has direct substantial responsibility to maintain KFI's business relationship with clients of KFI, (v) it would be unfair to KFI if Singh were to appropriate to himself or others the benefits of KFI's years' of developing such business relationships, especially when Singh enjoys a relationship with a client of KFI as a result of his being introduced to the client's personnel as a representative of the Company or KFI, (vi) it would be unfair to the KFI if Singh were to appropriate to himself or others the benefits of the business, personnel and other Confidential Information which KFI has developed in the conduct of their businesses, and (vii) it is therefore fair that reasonable restrictions should be placed on certain activities of Singh after his employment with KFI terminates.

2.7.1 Singh agrees that he shall not, either during the Term (except as necessary to carry on the business of the Company), or at any time after the expiration or termination of his employment, directly or indirectly, use or disclose to any Person (other than Persons at the Company or KFI), any Confidential Information. Without limiting the generality of the foregoing, Singh agrees that he will not, at any time after the expiration or termination of his employment, directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder, member or otherwise), use any Confidential Information to (i) solicit or accept any executive search or placement assignment from, or otherwise attempt to provide services then provided by KFI to, any Person; or (ii) solicit for employment or otherwise attempt to engage the services of any employee of the Company or KFI

or their subsidiaries or Affiliates.

2.7.2 Singh further agrees that for the two year period immediately subsequent to the expiration or termination of his employment, he will not directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder, member or otherwise) solicit for employment or otherwise attempt to engage the services of any employee of the Company or KFI or their subsidiaries or Affiliates.

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2.7.3 Nothing herein shall be deemed to prevent Singh after termination or expiration of his employment from engaging in business competitive to that of the Company or KFI, provided Singh does so without using Confidential Information or otherwise violating the terms and conditions of this Agreement.

2.7.4 Singh recognizes and acknowledges that any breach of the foregoing provisions would result in immeasurable and irreparable harm to KFI, and accordingly, agrees that in addition to, and not in lieu of, all other remedies available to KFI by reason of such breach, KFI shall be entitled to temporary and permanent injunctive relief to prevent the occurrence or continuation thereof.

2.8 Third Party Information. Singh recognizes that from time to time KFI  
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may receive from third parties their confidential or proprietary information subject to a duty on the KFI's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Singh agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any Person or to use it except as necessary in carrying out his work for KFI, consistent with KFI's agreement with such third party.

2.9 Noncompetition Provisions.  
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2.9.1 Singh agrees that during the Term, he will not engage in any other employment, occupation, consulting or other business activity directly related to the business of the Company or KFI or related to any other business in which the Company or KFI is now or hereafter involved, and Singh will not engage in any other activities which conflict with his obligations to the Company and KFI.

2.9.2 Singh further agrees that during the Term, he will not become a KFI Competitor.

2.9.3 The provisions of this Section 2.9 are in addition to, and not in lieu of, the other Noncompetition Provisions contained in the Stock Purchase Agreement and the Shareholders Agreement, which apply to Singh in his capacity as a "Shareholder" thereunder.

2.10 Returning KFI Documents. Singh agrees that upon termination or  
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expiration of his employment with KFI, he will deliver to KFI (and will not keep in his possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, or other documents or property, or reproductions of any of the foregoing items, which constitute the property of the KFI.

2.11 Notification of New Employer. In the event of the termination or  
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expiration of the employment of Singh, Singh hereby grants his consent to the notification by KFI to Singh's new employer solely about the existence of this Agreement.

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2.12 Compensation from Others. All compensation for services related to the  
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conduct of the business of KFI, including equity or equity-type payments, and consulting or advisory fees, received by or payable to Singh during the Term from Persons other than the Company or KFI, shall be paid to KFI unless otherwise approved by the Board.

ARTICLE 3.

STOCK SUBSCRIPTION

3.1 Executive Participation Program. In 1991, KFI adopted the Executive  
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Participation Program, which, as amended prior to the date hereof, provides for the sale to certain officers of KFI of shares of KFI's Common Stock (the "Shares"). In connection with the Singh Employment Agreement and Singh's



employment as a Vice President of KFI hereunder, Singh is purchasing Shares, on the terms and subject to the conditions set forth in this Agreement. Singh understands and agrees that his rights to acquire Shares, and all of the terms and conditions relating thereto, are set forth exclusively in this Agreement and are not necessarily the same terms and conditions available to other executives under the Executive Participation Program, and Singh shall have no rights or benefits whatsoever under the Executive Participation Program, except to the extent similar rights are afforded to Singh under this Agreement.

### 3.2 Purchase of Shares; Method of Payment.

#### 3.2.1 Purchase. Singh hereby subscribes for and agrees to purchase

from KFI and KFI agrees to issue to Singh an aggregate of twenty thousand (20,000) Shares (hereinafter collectively referred to as the "Singh Shares") for Two Hundred and Eight Thousand Dollars (\$208,000.00) (the "Total Purchase Price"), with such Singh Shares being issuable and such amount being payable in accordance with the provisions of this Agreement.

#### 3.2.2 Method of Payment. Singh shall pay the Total Purchase Price by

delivery of a promissory note executed by Singh and made payable to KFI in the principal amount equal to the Total Purchase Price. Such note (the "Note") shall bear interest at a rate per annum equal to the lowest rate which will avoid the imputation of interest under the Internal Revenue Code and its rules and regulations. Such Note shall provide that interest shall accrue and the total of accrued interest and principal shall be all due and payable on December 31, 2001. The Note shall contain such other provisions as are customary for promissory notes of this type and character.

#### 3.2.3 Issuance of Shares. Subject to the provisions of Section 3.3

below, KFI will issue to Singh against payment of the Total Purchase Price therefor, all of the Singh Shares.

### 3.3 Stock Repurchase Agreement. The Singh Shares will be subject to the

terms and conditions of the KFI Stock Repurchase Agreement. Singh shall execute and deliver to KFI an original KFI Stock Repurchase Agreement concurrently with the issuance of the Singh Shares. The KFI Stock Repurchase Agreement provides that the certificates evidencing the Singh Shares will remain in the possession of KFI to secure KFI's purchase rights thereunder. All certificates

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evidencing Singh Shares shall contain the legends referred to in Section 4 of the KFI Stock Repurchase Agreement.

### 3.4 Investment Representations and Warranties. Singh hereby represents and

warrants as indicated below:

(a) Singh has reviewed, completed and executed Schedule 1 hereto which is incorporated herein and made a part hereof by this reference, and the information provided to KFI in such Schedule 1 is complete and accurate.

(b) By reason of his business or financial experience, Singh has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in KFI and of making an informed investment decision with respect thereto, and has the capacity to protect his own interests in connection with his acquisition of the Singh Shares.

(c) Singh has adequate means of providing for current needs and personal contingencies, has no need for liquidity in the investment, and is able to bear the economic risk of an investment in KFI of the size contemplated.

(d) Singh will purchase the Singh Shares for Singh's own account and for investment purposes only, and Singh is not purchasing the Singh Shares with a view to or for sale in connection with any distribution, resale or disposition of such Shares.

(e) The information provided in this Section (including without limitation the information set forth in Schedule 1 hereto) may be relied upon in determining whether the offering in which Singh proposes to participate is exempt from registration under the Securities Act of 1933, as amended (the "Act"), and applicable state securities laws and the rules promulgated thereunder.

(f) Singh will notify KFI immediately of any material changes to the information given by Singh in this Section occurring prior to the issuance of any of the Singh Shares.

(g) Singh is an officer of the Company and KFI and as such has a high

degree of familiarity with the business and operations of the Company and KFI and understands and has evaluated the merits and risks inherent in acquiring the Singh Shares.

(h) Singh is relying solely upon his knowledge of KFI for the purpose of making his decision to acquire the Singh Shares, and Singh understands that no person has been authorized to make any representations, and any representations given or made, must not be relied upon as having been authorized by KFI.

### 3.5 Acknowledgments and Covenants of Singh. Singh acknowledges and agrees

as follows:

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(a) KFI has made available to Singh the opportunity to ask questions of, and receive answers from, persons acting on behalf of KFI concerning KFI and the proposed purchase of Shares by Singh pursuant to this Agreement, and otherwise to obtain any additional information, to the extent KFI or its executive officers possess such information or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information which Singh has acquired.

(b) Singh further acknowledges and agrees with KFI that (i) the Singh Shares, when issued, will not have been registered under the Act, or qualified under any state securities laws; (ii) any sale or other disposition of the Singh Shares by Singh or by any transferee from Singh will be limited to a transaction permitted by the Stock Repurchase Agreement and as to which, in each instance, an exemption from the registration requirements of the Act and any applicable requirements under state securities laws can be established to the satisfaction of KFI and its counsel.

## ARTICLE 4.

### MISCELLANEOUS

#### 4.1 Preparation of Agreement. It is acknowledged by each party that such

party either had separate and independent advice of counsel or the opportunity to avail itself or himself of separate and independent legal counsel. Each party hereto understands and acknowledges that the law firm of Morrison & Foerster LLP, is legal counsel to KFI only, and does not represent any other parties to this Agreement. In light of these and other relevant facts it is further acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

#### 4.2 Cooperation and Further Assurances. Each party agrees, without further

consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

#### 4.3 Interpretation.

##### 4.3.1 Entire Agreement/No Collateral Representations. Each party

expressly acknowledges and agrees that this Agreement, the Stock Purchase Agreement, the Singh Employment Agreement, the License Agreement, the KFI Stock Repurchase Agreement, and the Shareholders Agreement: (i) are the final expression of the parties agreements with respect to the subject matter hereof and thereof and are the complete and exclusive statements of the terms of such agreement; (ii) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such Prior Agreements are of no force or

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except as expressly set forth herein and therein; and (iii) may not be varied, supplemented or contradicted by evidence of Prior Agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

##### 4.3.2 Waiver. No breach of any agreement or provision herein

contained, or of any obligation under this Agreement, may be waived, nor shall

any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

#### 4.3.3 Remedies Cumulative. Except as otherwise provided in this

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Agreement, the remedies of each party under this Agreement, the Shareholders Agreement, the Singh Employment Agreement, the Stock Purchase Agreement, the KFI Stock Repurchase Agreement, and the License Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

#### 4.3.4 Severability. If any term or provision of this Agreement or the

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application thereof to any Person or circumstance shall, to any extent, be determined to be invalid, illegal or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (i) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and be legal, valid and enforceable, and (ii) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

#### 4.3.5 No Third Party Beneficiary. The parties specifically disavow any

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desire or intention to create any third party beneficiary obligations, and specifically declare that no third party shall have any rights hereunder or any right of enforcement hereof.

#### 4.3.6 No Reliance Upon Prior Representation. The parties acknowledge

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that no other party has made any oral representation or promise which would induce them prior to executing this Agreement to change their position to their detriment, partially perform, or part with value in reliance upon such representation or promise; the parties acknowledge that they have taken such action at their own risk; and the parties represent that they have not so changed their position, performed or parted with value prior to the time of their execution of this Agreement.

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#### 4.3.7 Headings; References; Incorporation; Gender. The headings used

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in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall be construed only to refer to provisions within this Agreement, and shall not be construed to be referenced to the overall transaction or to any other agreement or document. Any exhibit referenced in this Agreement shall be construed to be incorporated in this Agreement. As used in this Agreement, each gender shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

#### 4.4 Enforcement.

##### 4.4.1 Applicable Law. This Agreement and the rights and remedies of

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each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

##### 4.4.2 Consent to Jurisdiction; Service of Process. Any action or

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proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Los Angeles. Each party generally and unconditionally accepts the exclusive jurisdiction of such courts and to venue therein, consents to the service of process in any such action or proceeding by certified or registered mailing of the summons and complaint in accordance with the notice provisions of

this Agreement, and waives any defense or right to object to venue in said courts based upon the doctrine of "Forum Non Conveniens". Each party irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

4.4.3 Attorneys' Fees and Costs. If any party institutes or should

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the parties otherwise become a party to any Action Or Proceeding based upon or arising out of this Agreement including, without limitation, to enforce or interpret this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or any provision hereof, or for a declaration of rights in connection herewith, or for any other relief, including equitable relief, in connection herewith, the Prevailing Party in any such Action Or Proceeding, whether or not such Action Or Proceeding proceeds to final judgment or determination, shall be entitled to receive from the non-Prevailing Party as a cost of suit, and not as damages, all Costs And Expenses of prosecuting or defending the Action Or Proceeding, as the case may be, including, without limitation, reasonable Attorneys' And Other Fees.

4.5 Notices. Any notice, approval, disapproval, consent, waiver, or other

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communication (collectively, "Notices") required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or mailed, certified or registered United

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States mail, postage prepaid, return receipt requested, or sent by Federal Express or other reliable overnight carrier for next business day delivery, or by fax. All Notices shall be deemed delivered (a) if personally served, when actually delivered to the address of the person to whom such Notice is given, (b) if sent via Federal Express or other overnight courier for next business day delivery, one (1) business day following the date on which the Notice is given to Federal Express or other overnight courier, (c) if by mail, three (3) days following deposit in the United States mail, or (d) if by fax, when the transmitting telecopier machine has confirmed that the Notice has been completed or sent without error. All Notices shall be addressed to the party to whom such Notice is to be given at the party's address set forth below or as such party shall otherwise direct by Notice sent pursuant to this Section 4.5:

If to KFI: Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Peter L. Dunn, Vice Chairman  
Telephone: (310) 843-4100  
Telecopier: (310) 553-8640

With a copy to: Michael C. Cohen, Esq,  
Morrison & Foerster LLP  
555 West Fifth Street, 35th Floor  
Los Angeles, California 90013  
Telephone: (213) 892-5404  
Telecopier: (213) 892-5454

If to Singh: Mr. Man Jit Singh  
1050 Brooklawn Drive  
Los Angeles, CA 90077  
Telephone: (310) 278-1572  
Telecopier: (310) 278-1572

With a copy to: Paul H. Irving, Esq.  
Manatt, Phelps & Phillips LLP  
11355 W. Olympic Boulevard  
Los Angeles, CA 90064  
Telephone: (310) 312-4000  
Telecopier: (310) 312-4224

4.6 Counterparts. This Agreement may be executed in counterparts, each of

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which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any counterpart of this Agreement and re-attached to any other counterpart of this Agreement identical in form hereto by having attached to it one or more additional signature pages.

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4.7 Assignment. Except as otherwise expressly provided in this Agreement,

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no party hereto may assign their rights or delegate their duties under this Agreement without the prior written consent of all of the other parties hereto; provided, however, that KFI may, without the consent of any other party hereto, assign its rights and delegate its duties under this Agreement to any Person which acquires all or substantially all of the assets of KFI, either through a

purchase of such assets, by merger, consolidation or otherwise.

IN WITNESS WHEREOF, KFI and Singh have executed this Agreement.

KORN/FERRY INTERNATIONAL, INC.,  
a California corporation

By: /s/ Peter L. Dunn

-----  
Peter L. Dunn, Vice Chairman

/s/ Man Jit Singh

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MAN JIT SINGH

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#### APPENDIX

##### CERTAIN DEFINITIONS

1. "Action Or Proceeding" means any and all claims, suits, actions, notices, inquiries, proceedings, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or informal, governmental or non-governmental, or civic or criminal.

2. "Affiliate" means with respect to any person or entity ("Person No.1"), any other person or entity which either (i) directly or indirectly owns or controls Person No.1, or (ii) is directly or indirectly owned or controlled by Person No.1, or (iii) is under direct or indirect common control with Person No.1. The term "control" (and its corollaries) includes, without limitation, ownership of interests representing a majority of total voting power in an entity, and "ownership" (and its corollaries) includes, without limitation, ownership of a majority of the equity interests in an entity.

3. "Agreement" means this Agreement and all agreements, exhibits, schedules and appendices expressly annexed hereto.

4. "Attorneys' And Other Fees" means attorneys' fees, accountants' fees, fees of other professionals, witness fees (including experts engaged by the parties, but excluding shareholders, officers, employees or partners of the parties), and any and all other similar fees incurred in the prosecution or defense of an Action Or Proceeding.

5. "Company Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any business now or hereafter conducted or engaged in (a) by the Company, or (b) by any Person in which the Company has an equity interest, either directly or indirectly, which affords the Company more than ten percent (10%) of the voting power of such Person.

6. "Company Competitor" means any Person (other than KFI or any Affiliate of KFI) who (a) engages, directly or indirectly, in any Company Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any Company Competitive Business, or (c) otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any Company Competitive Business.

7. "Confidential Information" means all proprietary and confidential information regarding the Company, KFI, their businesses, clients, and personnel, including, without limitation: (a) client lists, client prospects, and business development information; (b) company lists, profiles and reports, position specifications, salary structures, and engagement information; (c) source lists, executive lists, and candidate lists, profiles and reports; (d) candidate resumes, appraisals, compensation information, and reference reports; (e) search executive methodologies;

(f) training and research materials and methodologies; (g) structure, operations, pricing, financial and personnel information; (h) information systems design and procedures; (i) computer technology designs, hardware configuration systems, and software designs and implementations; (j) information databases, interactive procedures, tests, analysis and studies developed by or for the benefit of the Company or KFI; (k) plans, designs, inventions, formulas, research and technology developed by or for the benefit of the Company or KFI; (l) personal histories or resumes, employment information, business information, business secrets of clients and candidates; (m) trade secrets of the Company and KFI; (n) plans, prospects, policies, practices, and procedures of the Company and KFI which are not generally known in the industry; (o) all New Information; and (p) all other proprietary and confidential information of every nature and source. The term "Confidential Information" does not include any information which: (A) is or becomes generally available to the public through no breach of this Agreement or any other agreement to which the Company or KFI is a party;

(B) was received from a third party free to disclose such information without restriction; (C) is approved for release in writing by the Board of Directors of the Company or KFI, subject to whatever conditions are imposed by such Boards; (D) is required by law or regulation to be disclosed, but only to the extent necessary and only for the purpose required; or (E) is disclosed in response to a valid order of a court or other governmental body, but only to the extent necessary and for the purpose required, if and only if, the Company and KFI are first notified of the order and are permitted to seek an appropriate protective order against public disclosure of such information.

8. "Costs And Expenses" means the cost to take depositions, the cost to arbitrate a dispute, if applicable, and the costs and expenses of travel and lodging incurred with respect to an Action Or Proceeding.

9. "KFI Competitive Business" means any business which competes, directly or indirectly, in part or in whole, with any business now or hereafter conducted or engaged in (a) by KFI or its Affiliates, or (b) by any Person (other than the Company) in which KFI or an Affiliate of KFI has an equity interest, either directly or indirectly, which affords KFI or such Affiliate more than ten percent (10%) of the voting power of such Person.

10. "KFI Competitor" means any Person (other than KFI or any Affiliate of KFI) who (a) engages, directly or indirectly, in any KFI Competitive Business, or (b) becomes an organizer, investor, lender, partner, joint venturer, stockholder, officer, director, employee, manager, consultant, supplier, vendor, agent, lessor or lessee of or to any KFI Competitive Business, or (c) otherwise in any manner associates with, or aids or abets, or gives information or financial assistance to any KFI Competitive Business.

11. "New Information" means all information related to Executive's duties and responsibilities which is developed by Executive or under his guidance and control while in the employment of the Company or KFI, including, without limitation: (a) client and candidate prospect lists and databases; (b) interview and reference forms and notes; (c) contact information and procedures; (c) client and candidate information; (d) client and candidate prospect information; (e) source lists and executive lists and databases; (f) research materials, forms, and tests; (g) business development information; (h) computer formats, forms, tests, interactive

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procedures, methods of analysis and tools developed in connection with the Business; and (i) all other proprietary and confidential information.

12. "Person" means any individual, firm, corporation, trust, partnership (limited or general), limited liability company, sole proprietorship or association.

13. "Prevailing Party" means the party who is determined to prevail by the court after its consideration of all damages and equities in an Action Or Proceeding, whether or not the Action Or Proceeding proceeds to final judgment. The court shall retain the discretion to determine that no party is the Prevailing Party in which case no party shall be entitled to recover its Costs And Expenses.

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#### SCHEDULE 1

##### REPRESENTATIONS AND WARRANTIES

Singh should initial each of the following representations, if

applicable:

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MJS (a) Singh is a U.S. Person. (A "U.S. Person" is (i) any natural  
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person resident in the United States).

MJS (b) Singh's individual net worth or joint net worth with his  
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spouse exceeds \$1,000,000.

MJS (c) Singh's income (including, but not limited to, salary,  
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bonus, interest and dividend income and vested contributions to any pension or profit sharing plan) was in excess of \$200,000 in each of the last two years, and Singh reasonably expects an income in excess of \$200,000 in this year.

MJS (d) Singh's joint income with his spouse (including, but not  
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limited to salary, bonus, interest and dividend income and vested contributions to any pension or profit sharing plan) was in excess of \$300,000 in each of the last two years, and Singh reasonably expects a joint income in excess of \$300,000 in this year.

MJS (d) Singh's investment in the Singh Shares does not exceed 10%  
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of Singh's net worth or joint net worth with Singh's spouse.

/s/ Man Jit Singh  
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MAN JIT SINGH

KORN/FERRY INTERNATIONAL,  
A California corporation

STOCK REPURCHASE AGREEMENT

STOCK REPURCHASE AGREEMENT

THIS STOCK REPURCHASE AGREEMENT (the "Agreement") is entered into as of December 1, 1997 by and between KORN/FERRY INTERNATIONAL, a California corporation (the "Company"), and MAN JIT SINGH, an individual (the "Shareholder").

RECITALS

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. The Shareholder and the Company have entered into a certain KFI/Singh Agreement dated as of the date hereof (the "KFI/Singh Agreement"), pursuant to which the Shareholder will acquire certain shares of the common stock of the Company (the "Shares"), subject to the terms and conditions set forth therein.

C. The Shareholder and Company desire to set forth the terms and conditions under which the Company will repurchase the Shares.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following  
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definitions apply:

"Action Or Proceeding" means any and all claims, suits, actions, notices, inquiries, proceedings, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or informal, governmental or non-governmental, or civil or criminal.

"Alternative Repurchase Price" means the Per Share Book Value of such Share as of the end of the Fiscal Year immediately preceding such sale or purchase.

"Attorneys' And Other Fees" means attorneys' fees, accountants' fees, fees of other professionals, witness fees (including experts engaged by the parties, but excluding shareholders, officers, employees or partners of the parties), and any and all other similar fees incurred in the prosecution or defense of an Action Or Proceeding.

"Basic Repurchase Price" means, for purposes of determining the price at which a Share will be reacquired by the Company pursuant to this Agreement, Ten Dollars and Forty Cents (\$10.40) per Share.

"Costs And Expenses" means the cost to take depositions, the cost to arbitrate a dispute, if applicable, and the costs and expenses of travel and lodging incurred with respect to an Action Or Proceeding.

"Fiscal Year" means the fiscal year of the Company, which begins each May 1 and ends each April 30.

"IPO" means an initial public offering of equity securities by the Company pursuant to an effective registration statement filed under the Securities Act of 1933, as amended.

"Per Share Book Value" means the book value of a Share, as determined in accordance with generally accepted accounting principals applied in accordance with the usual accounting practices of the Company.

"Prevailing Party" means the party who is determined to prevail by the court after its consideration of all damages and equities in an Action Or Proceeding, whether or not the Action Or Proceeding proceeds to final judgement. The court shall retain the discretion to determine that no party is the Prevailing Party in which case no party shall be entitled to recover its Costs And Expenses.



"Purchase Note" means that certain promissory note executed by Shareholder in favor of the Company pursuant to the KFI/Singh Agreement which was delivered by Shareholder to Company in payment for the Shares purchased pursuant to the KFI/Singh Agreement.

"Shares" means the shares of the Company common stock now held or hereafter acquired by Shareholder in the future, including without limitation the "Singh Shares" referred to in the KFI/Singh Agreement.

"Triggering Event" means any termination of Shareholder's employment with the Company (for any reason whatsoever, whether for cause or without cause or by reason of death or disability, by the Shareholder or by the Company, or whether such employment is automatically terminated upon the termination of Shareholder's employment with Korn/Ferry International Futurestep, Inc.).

2. COMPLIANCE WITH AGREEMENT. Except as expressly set forth herein, the  
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Shareholder shall not sell, transfer, hypothecate, pledge or otherwise dispose of the Shares or any interest therein held by Shareholder (a "Transfer") without the prior written consent of the Company. Any purported Transfer not in compliance with the terms and conditions of this Agreement shall be void and of no force and effect. If the Shares are Transferred, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, by reason of insolvency or bankruptcy of the Shareholder, or otherwise in violation of the provisions of this Agreement, the recipient of any Shares shall not be registered on the books of the Company and shall not be recognized as the holder of the Shares by the Company and shall not acquire any voting, dividend or other rights in respect thereof.

3. INVESTMENT INTENT. The Shareholder hereby represents and warrants to  
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the Company that the Shareholder's purchase of the Shares has been made for his or her own

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account, for investment purposes only and not with a view to distribution or resale of the Shares. The Shares have not been, and will not be, registered under the Securities Act of 1933, as amended, or the securities laws of any state. The Shareholder may not sell the Shares unless they have been so registered or unless, in the opinion of counsel satisfactory to the Company, such registration is not required.

4. RESTRICTION ON CERTIFICATES. The Shareholder understands and  
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agrees that the certificate(s) issued to him or her representing the Shares:

(a) Shall contain the following legend:

"TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY REQUIRE REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND THIS CERTIFICATE MAY NOT BE TRANSFERRED WITHOUT EVIDENCE OF SUCH REGISTRATION OR OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE ACT. THE RIGHT TO SELL, TRANSFER OR OTHERWISE DISPOSE OF OR PLEDGE THE SHARES REPRESENTED BY THIS CERTIFICATE IS PROHIBITED BY THE TERMS OF A STOCK REPURCHASE AGREEMENT. A COPY OF SUCH AGREEMENT IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS."

(b) May contain additional legends as required by state securities laws.

(c) Shall contain the following legend, if the Shareholder is not a U.S. Person, as defined in the Act and Regulation S promulgated thereunder/

"THE TRANSFER OF THESE SECURITIES IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED."

5. POSSESSION OF CERTIFICATES. The Company shall hold the  
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certificates evidencing the Shares as custodian to protect its interests hereunder. In furtherance thereof, Shareholder shall execute and deliver to the Company an assignment in blank in the form of Exhibit A hereto, for the transfer of such certificates. The Company will deliver to Shareholder a receipt for such Shares in the form of Exhibit B hereto.

6. REPURCHASE OF SHARES BY COMPANY; CANCELLATION OF PURCHASE NOTE.  
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(a) If a Triggering Event occurs prior to June 1, 2001 and as of the date of such Triggering Event an IPO has not been completed, then:

(i) The Shareholder shall sell and the Company shall

purchase that percentage of the Shares indicated below opposite the applicable date at a price per share equal to the Basic Repurchase Price:

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Triggering Event Occurs -----	Percentage of Shares Repurchased -----
Prior to 5/31/99	100%
6/01/99 to 5/31/00	66 2/3%
6/01/00 to 5/31/01	33 1/3%
After 6/01/01	0%

(ii) The Shareholder shall sell and the Company shall purchase all of the remaining Shares then owned by the Shareholder at a price per share equal to the Alternative Repurchase Price.

(iii) All sums payable by the Company to Shareholder as part of the purchase price for Shares pursuant to Section 6(a) (i) shall be retained by the Company and applied to the repayment of principal payable under the Purchase Note, and the remaining outstanding balance of principal, if any, due under the Purchase Note, plus all accrued and unpaid interest thereunder shall be forgiven, canceled and discharged.

(b) If a Triggering Event occurs on or after June 1, 2001 and as of the date of such Triggering Event an IPO has not been completed, then the Shareholder shall sell and the Company shall purchase all of the Shares then owed by the Shareholder at a price per share equal to the Alternative Repurchase Price.

(c) If a Triggering Event occurs prior to June 1, 2001 and as of the date of such Triggering Event an IPO has been completed, then:

(i) The Shareholder shall sell and the Company shall purchase that percentage of the Shares indicated below opposite the applicable date at a price per share equal to the Basic Repurchase Price:

Triggering Event Occurs -----	Percentage of Shares Repurchased -----
Prior to 5/31/99	100%
6/01/99 to 5/31/00	66 2/3%
6/01/00 to 5/31/01	33 1/3%
After 6/01/01	0%

(ii) All sums payable by the Company to Shareholder as part of the purchase price for Shares pursuant to Section 6(c) (i) shall be retained by the Company and applied to the repayment of principal payable under the Purchase Note, and the remaining outstanding balance of principal, if any, due under the Purchase Note, plus all accrued and unpaid interest thereunder shall be forgiven, canceled and discharged.

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(d) If a Triggering Event occurs on or after June 1, 2001 and as of the date of such Triggering Event an IPO has been completed, then Company is not required or entitled to purchase and the Shareholder is not required or entitled to sell any Shares to the Company.

(e) If as of midnight on an "Applicable Date" indicated below no Triggering Event has occurred, then that percentage of the accrued interest and original principal amount otherwise due under the Purchase Note which is set forth opposite such "Applicable Date" under the column entitled "Percentage Forgiven" shall be automatically forgiven, canceled and discharged:

Applicable Date -----	Percentage Forgiven -----
5/31/99	33 1/3%
5/31/00	33 1/3%
5/31/01	33 1/3%

(f) For purposes of assisting the Shareholder to pay a portion of his tax liability arising out of the cancellation of indebtedness pursuant to Section 6(e) above, at any time within thirty (30) days after an Applicable Date, Shareholder may by written notice delivered to the Company elect to sell to the Company and cause the Company to repurchase, for a per share purchase price equal to the Alternative Repurchase Price, not more than that number of Shares which when multiplied by the Alternative Repurchase Price would equal twenty-five percent (25%) of the amount of principal indebtedness forgiven on the immediately preceding Applicable Date pursuant to Section 6(e) above;

provided and on condition that no Triggering Event shall have occurred prior to the date on which such purchase of Shares is consummated.

(g) The Company's obligations under this Agreement to purchase any Shares is subject to any prohibitions on the purchase of Shares by the Company under applicable law or any agreement binding on the Company. Company and Shareholder agree that Company shall purchase the Shares on a date specified by Company, which shall not be later than 90 days after the date of the Triggering Event. Notwithstanding the foregoing, if the Company is prohibited from purchasing the Shares by applicable law or by any contract or agreement binding on the Company, including without limitation any loan agreement, the Company will purchase the Shares as soon as practicable after it determines in good faith that it is legally and contractually permitted to do so. The purchase price for the Shares shall be paid by the Company, in its sole and absolute discretion, either in cash or by delivery of a non-transferable promissory note in the form of Exhibit C hereto (the "Note"); provided, however, that if termination of employment is due to Executive's death, the balance of the purchase price shall be paid in cash. The Note shall bear simple interest at Bank of America's reference rate as of the date hereof and may be for term of up to five years. The Note shall be paid in equal annual installments of principal plus all accrued and unpaid interest on the total principal amount. Subject to the preceding sentence, the actual term of the Note will be determined in the sole and absolute discretion of the Company. The indebtedness evidenced by the Note, both principal and interest, shall be subordinated and junior, to the extent set forth in the next sentence, to all indebtedness of the Company, both principal and interest (accrued and accruing thereon both before and after the date of filing a petition in any bankruptcy, insolvency, reorganization or

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receivership proceedings, whether or not allowed as a claim in such case or proceeding) in respect of borrowed money, whether outstanding on the date of the Note or thereafter created, incurred or assumed (collectively, the "Senior Debt"); provided, that such Senior Debt shall not include any obligation of the Company under the Executive Participation Program to repurchase shares of its common stock. Upon the maturity of any of the Senior Debt by lapse of time, acceleration or otherwise, all principal of, and interest on, all such matured Senior Debt shall first be paid in full before any payment is made by the Company on account of principal of, or interest on, the Note.

(h) In addition to all of the restrictions on transfer and other provisions contained in this Agreement, Shareholder agrees to be bound by and adhere to the "Additional Transfer Restrictions" with respect to all of the Shares and agrees that the Shares shall be subject to such "Additional Transfer Restrictions", if any. For purposes of this subparagraph (h), the term "Additional Transfer Restrictions" shall mean those restrictions applicable to the transferability or liquidity of shares of the common stock of the Company (including, without limitation, holdbacks, lock-ups, volume restrictions, claw-backs and other similar provisions, however formulated) which at least a majority of the number of shareholders of the Company hereafter agree to, approve or adopt or otherwise become bound by. In this regard, Shareholder agrees to promptly and timely take such action, and execute and deliver such documents (including, without limitation, agreements containing terms and conditions pertaining to the Additional Transfer Restrictions that are substantially similar to the terms and conditions contained in agreements executed by at least a majority of the number of shareholders of the Company), as from time to time may be reasonably requested by the Company in order to confirm or evidence Shareholder's agreement to be bound by and adhere to the Additional Transfer Restrictions.

7. ASSIGNMENT OF PURCHASE RIGHTS. The Company may assign, in whole or part, its right to purchase the Shares under this Agreement to a designee(s).

8. PRESENTLY OWNED AND AFTER-ACQUIRED SHARES. The Shareholder agrees that the terms and conditions of this Agreement shall be binding upon him or her as to any shares of Common Stock of the Company which Shareholder owns as of the date hereof or which may hereafter be acquired by the Shareholder, without further action.

9. CHANGE IN MARITAL STATUS. In the event that the Shareholder's marital status is altered by dissolution or divorce or by the death of the Shareholder's spouse, any interest of his or her former spouse, whether as community property or as a result of a property settlement agreement, a divorce decree or other legal proceeding, may be purchased by the Company and shall be sold by the Shareholder's former spouse or his or her estate according to the provisions of this Agreement. The Shareholder agrees to notify the Company of any change in marital status, including, without limitation, marriage, dissolution of marriage, divorce or death of spouse, within 10 business days of said event. The Shareholder agrees to cause any spouse who has not signed a consent to this Agreement in the form of Exhibit D to do so at the time notice is given to the Company under this Section.

10. AMENDMENT. No change, amendment or modification of this

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Agreement shall be valid unless it is in writing and signed by the Company and the Shareholder.

11. REMEDIES. The Shares cannot be readily purchased or sold in the  
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open market and, for that reason, among others, the parties will be irreparably damaged in the event the agreements contained herein are not specifically enforced. If any dispute arises concerning the transfer of any Shares, an injunction may be issued restraining any such transfer pending the determination of such controversy. In the event of any controversy, such rights or obligations shall be enforceable in a court by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the parties may have. The provisions of this Agreement are for the benefit of the Company and the Shareholder and may be enforced by either of them.

12. AGREEMENT AVAILABLE FOR INSPECTION. An original copy of this  
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Agreement, together with all amendments, duly executed by the Company and the Shareholder, shall be delivered to the Secretary of the Company and maintained by him or her at the principal executive office of the Company and shall be available for inspection by any person requesting to see it.

13. ADDITIONAL DOCUMENTS. The parties hereto agree to sign all  
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necessary documents and take all other actions necessary to carry out the provisions of this Agreement.

14. NO ASSIGNMENT OF RIGHTS OR DELEGATION OF DUTIES BY EXECUTIVE;  
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ASSIGNMENT BY COMPANY. Shareholder's rights and benefits under this Agreement  
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are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Shareholder may not delegate his duties or obligations hereunder. The Company may, without the consent of any other party hereto, assign its rights and delegate its duties under this Agreement to any Person which acquires all or substantially all of the assets of the Company, either through a purchase of such assets, by merger, consolidation or otherwise.

15. PREPARATION OF AGREEMENT. It is acknowledged by each party that  
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such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of separate and independent legal counsel. Specifically, Shareholder understands and acknowledges that the law firm of Morrison & Foerster LLP, is not legal counsel to the Shareholder. In light of these and other relevant facts it is further acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

16. INTERPRETATION.  
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16.1 Entire Agreement/No Collateral Representations. Each party  
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expressly acknowledges and agrees that this Agreement and the KFI/Singh Agreement: (i) are the final expression of the parties agreements with respect to the subject matter hereof and thereof and are the complete and exclusive statements of the terms of such agreement; (ii) supersedes

any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such Prior Agreements are of no force or effect except as expressly set forth herein and therein; and (iii) may not be varied, supplemented or contradicted by evidence of Prior Agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

16.2 Waiver. No breach of any agreement or provision herein  
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contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an

extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waive of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

16.3 Severability. If any term or provision of this Agreement or  
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the application thereof to any Person or circumstance shall, to any extent, be determined to be invalid, illegal or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (i) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and be legal, valid and enforceable, and (ii) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

16.4 No Third Party Beneficiary. The parties specifically disavow  
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any desire or intention to create any third party beneficiary obligations, and specifically declare that no third party shall have any rights hereunder or any right of enforcement hereof.

16.5 No Reliance Upon Prior Representation. The parties  
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acknowledge that no other party has made any oral representation or promise which would induce them prior to executing this Agreement to change their position to their detriment, partially perform, or part with value in reliance upon such representation or promise; the parties acknowledge that they have taken such action at their own risk; and the parties represent that they have not so changed their position, performed or parted with value prior to the time of their execution of this Agreement.

16.6 Headings; References; Incorporation; Gender. The headings  
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used in this Agreement are for convenience and reference purposes only, and shall not be used in

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construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall be construed only to refer to provisions within this Agreement, and shall not be construed to be referenced to the overall transaction or to any other agreement or document. Any exhibit referenced in this Agreement shall be construed to be incorporated in this Agreement. As used in this Agreement, each gender shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

17. ENFORCEMENT.  
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17.1 Applicable Law. This Agreement and the rights and remedies  
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of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

17.2 Consent to Jurisdiction; Service of Process. Any action or  
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proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Los Angeles. Each party generally and unconditionally accepts the exclusive jurisdiction of such courts and to venue therein, consents to the service of process in any such action or proceeding by certified or registered mailing of the summons and complaint in accordance with the notice provisions of this Agreement, and waives any defense or right to object to venue in said courts based upon the doctrine of "Forum Non Conveniens". Each party irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

17.3 Attorneys' Fees and Costs. If any party institutes or should

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the parties otherwise become a party to any Action Or Proceeding based upon or arising out of this Agreement including, without limitation, to enforce or interpret this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or any provision hereof, or for a declaration of rights in connection herewith, or for any other relief, including equitable relief, in connection herewith, the Prevailing Party in any such Action Or Proceeding, whether or not such Action Or Proceeding proceeds to final judgment or determination, shall be entitled to receive from the non-Prevailing Party as a cost of suit, and not as damages, all Costs And Expenses of prosecuting or defending the Action Or Proceeding, as the case may be, including, without limitation, reasonable Attorneys' And Other Fees.

18. NOTICES. Any notice, approval, disapproval, consent, waiver, or -----  
other communication (collectively, "Notices") required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or mailed, certified or registered United States mail, postage prepaid, return receipt requested, or sent by Federal Express or other reliable overnight carrier for next business day delivery, or by fax. All Notices shall be deemed delivered

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(a) if personally served, when actually delivered to the address of the person to whom such Notice is given, (b) if sent via Federal Express or other overnight courier for next business day delivery, one (1) business day following the date on which the Notice is given to Federal Express or other overnight courier, (c) if by mail, three (3) days following deposit in the United States mail, or (d) if by fax, when the transmitting telecopier machine has confirmed that the Notice has been completed or sent without error. All Notices shall be addressed to the party to whom such Notice is to be given at the party's address set forth below or as such party shall otherwise direct by Notice sent pursuant to this Section 18:

If Company: Korn/Ferry International  
1800 Century Park East, Suite 900  
Los Angeles, California 90067  
Attention: Peter L. Dunn, Vice Chairman  
Telephone: (310) 843-4100  
Telecopier: (310) 553-8640

With a copy to: Michael C. Cohen, Esq.  
Morrison & Foerster LLP  
555 West Fifth Street, 35th Floor  
Los Angeles, California 90013  
Telephone: (213) 892-5404  
Telecopier: (213) 892-5454

If to Shareholder: Mr. Man Jit Singh  
1050 Brooklawn Drive  
Los Angeles, CA 90077  
Telephone: (310) 278-1572  
Telecopier: (310) 278-1572

With a copy to: Paul H. Irving, Esq.  
Manatt, Phelps & Phillips LLP  
11355 W. Olympic Boulevard  
Los Angeles, CA 90064  
Telephone: (310) 312-4000  
Telecopier: (310) 312-4224

19. COUNTERPARTS. This Agreement may be executed in counterparts, -----  
each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached

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from any counterpart of this Agreement and re-attached to any other counterpart of this Agreement identical in form hereto by having attached to it one or more additional signature pages.

IN WITNESS, WHEREOF, the parties have executed this Agreement.

SHAREHOLDER

By: /s/ Man Jit Singh

-----  
Name: MAN JIT SINGH  
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KORN/FERRY INTERNATIONAL,  
a California corporation

By: /s/ Peter L. Dunn

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Peter L. Dunn, Vice Chairman

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EXHIBIT A

IRREVOCABLE STOCK ASSIGNMENT

For good and valuable consideration pursuant to Section 6 of that certain Stock Repurchase Agreement between the undersigned and Korn/Ferry International, the undersigned hereby sells, assigns and transfers to \_\_\_\_\_ shares of common stock of Korn/Ferry International, represented by Certificate No(s). \_\_\_\_\_ standing in the name of the undersigned on the books of said company.

By: /s/ Man Jit Singh

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Name: Man Jit Singh

Dated: \_\_\_\_\_, 19\_\_

WITNESS:

By: /s/ Seirla Singh

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Name: SEIRLA SINGH

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Dated: \_\_\_\_\_, 19\_\_

EXHIBIT B

RECEIPT

Korn/Ferry International, a California corporation (the "Company"), hereby acknowledges that it has received and is holding as custodian on behalf of \_\_\_\_\_, an officer of the Company ("Executive"), \_\_\_\_\_ shares of Company Common Stock (the "Shares"), represented by certificate(s) number \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ issued on \_\_\_\_\_, 19\_\_ in the name of Executive (copies of which are attached hereto), together with an Irrevocable Stock Assignment executed by Executive (the "Stock Assignment"). The Shares and the Stock Assignment are being held by the Company pursuant to and in accordance with the terms of that certain Stock Repurchase Agreement between the Company and Executive.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

EXHIBIT C

KORN/FERRY INTERNATIONAL  
NON-TRANSFERABLE SUBORDINATED PROMISSORY NOTE

\$ \_\_\_\_\_, 19\_\_

FOR VALUE RECEIVED, the undersigned, KORN/FERRY INTERNATIONAL, a California corporation (the "Company") hereby promises to pay to the order of \_\_\_\_\_ ("Payee") the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), plus interest on the unpaid balance thereof at the rate of \_\_\_\_\_% per annum [reference rate of Bank of America on the date hereof].

Payments of principal and interest hereunder shall be in lawful money of the United States of America and shall be payable in \_\_\_\_\_ (\_\_\_\_) annual payments, the first such payment to be made on \_\_\_\_\_, 19\_\_\_\_, and the final such payment to be made on \_\_\_\_\_, 19\_\_\_\_. Interest shall be simple interest and shall be paid on the basis of a 360-day year and a 30-day month.

Principal and interest on this note are payable, at \_\_\_\_\_, or such other place as Payee shall designate in writing for such purpose at least five business days in advance of the applicable payment date. Principal and interest on this note may be prepaid at any time, in whole or in part, without premium or penalty. The timely tender of any payment of principal or interest on this note shall be deemed to have been made if a check for such payment is mailed two business days before the day such payment is due.

If any payment of principal or interest on this note shall be due on a Saturday, Sunday or legal holiday under the laws of the State of California, or any other day on which banking institutions in the City of Los Angeles are obligated or authorized by law or executive order to close, such payment shall be made on the next succeeding business day in California, and any such extended time shall not be included in computing interest in connection with such payment.

The indebtedness evidenced by this note, both principal and interest, is subordinated and junior to the extent set forth in Section 6 of that certain Stock Repurchase Agreement dated as of \_\_\_\_\_ between the Company and Payee.

Payee shall not sell, assign or otherwise transfer or dispose of all or any part of this note to any person, partnership, corporation, firm or other entity, except with the prior written consent of the Company.

This note is made and delivered in California and shall be governed, construed and enforced according to the laws of the State of California.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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EXHIBIT D

CONSENT OF SPOUSE OF SHAREHOLDER

The undersigned, being the spouse of the Shareholder, Man Jit Singh, \_\_\_\_\_ who has signed the foregoing Agreement, hereby acknowledges that he or she has read and is familiar with the provisions of said Agreement including but not limited to Section 9 herein and agrees to be bound thereby and join therein to the extent, if any, that his or her agreement and joinder may be necessary. The undersigned hereby agrees that the Shareholder may join in any future amendment or modifications of the Agreement without any further signature, acknowledgment, agreement or consent on his or her part; and the undersigned hereby further agrees that any interest which he or she may have in the shares of common stock of the Company held by Shareholder shall be subject to the provisions of this Agreement.

By: /s/ Seirla Singh  
\_\_\_\_\_

Name: SEIRLA SINGH  
\_\_\_\_\_

Dated: as of December 1, 1997  
\_\_\_\_\_



LICENSE AGREEMENT

SELF DISCOVERY DYNAMICS, LLC  
("Licensor")

and

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.  
("Licensee")

LICENSE AGREEMENT

This LICENSE AGREEMENT (this "Agreement") is made and entered into as of May 15, 1998 (the "Agreement Date"), by and between SELF DISCOVERY DYNAMICS, a California limited liability company ("Licensor") and KORN/FERRY INTERNATIONAL FUTURESTEP, INC., a Delaware corporation ("Licensee").

ARTICLE 1.

RECITALS

1.1 Licensee is a newly formed Delaware corporation. The primary (but not exclusive) business of Licensee will be to provide executive search and ancillary services to candidates and client companies on-line through the medium of the Internet. Licensee is currently a subsidiary of Korn/Ferry International ("KFI").

1.2 Licensor is engaged in, among other businesses, the business of creating and developing testing instruments for evaluation, classification and analysis of candidates and job offerings. Licensor has created and developed the test instruments and other material referred to in Exhibit A annexed hereto ("Licensed Products"). From time to time hereafter Licensor will create and develop Enhancements. The Licensed Products and the Enhancements shall be collectively referred to herein as the "Licensed Material."

1.3 Licensee (and the Permitted Sublicensees referred to in Section 2.2 below) desire to use the Licensed Material in connection with the Business (as defined in Section 5 of the Appendix). The purpose of this Agreement is to set forth the terms and conditions under which the Licensor will grant to Licensee the right to use the Licensed Material in connection with the Business.

1.4 Unless otherwise defined herein, all capitalized terms used in this Agreement, shall have the meanings set forth in the Appendix annexed hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged and agreed to, the Licensor and the Licensee hereby agree as follows:

ARTICLE 2.

LICENSE

2.1 Grant of License.

2.1.1 Exclusive and Non-Exclusive Worldwide Licenses in

Perpetuity. The Licensor hereby grants to the Licensee a license to use the

Licensed Material during the Term throughout the Territory, in connection with the Business. Such license shall be exclusive with respect to the Business involving jobs with first year compensation equal to or in excess of the Compensation Threshold (the "Exclusive License"). Such license shall be non-exclusive with respect to the Business involving jobs with first year compensation less than the Compensation Threshold (the "Non-Exclusive License"). Licensor may grant to another Person an exclusive license with respect to the Business involving a job with first year compensation less than the Compensation Threshold as long as the Non-Exclusive License granted hereunder is expressly permitted and excluded from the exclusive coverage of such license.

2.1.2 Acceptance by Licensee. Licensee hereby accepts the

Exclusive License and the Non-Exclusive License. The Exclusive License and the Non-Exclusive License shall be collectively referred to in this Agreement as the "License."

2.2 Sublicensees. The Licensee shall not have the right to grant

sublicensees to any Person with respect to any rights conferred upon the Licensee under this Agreement without the prior written consent of the Licensor, which

may be given or withheld in the Licensor's sole and absolute discretion; provided, however, that the Licensee

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may, without the consent of the Licensor, grant partial or whole, exclusive or non-exclusive, sublicenses ("Permitted Sublicense") of either or both of the Exclusive License or the Non-Exclusive License to KFI, or any Person which is an Affiliate of KFI or Licensee or to any Person with respect to which Licensee or KFI is a partner, joint venturer, member or shareholder ("Permitted Sublicensee"). Upon the grant by Licensee of a Permitted Sublicense, Licensee shall immediately notify Licensor of such Permitted Sublicense and deliver to Licensor a copy of the sublicense agreement entered into with such Permitted Sublicensee. All Permitted Sublicensees shall be subject to and subordinate to this Agreement. Licensee shall not enter into any Permitted Sublicenses inconsistent with the provisions and intent of this Agreement.

2.3 Sorkin Human Systems. Licensee understands that Licensor has granted a

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license for some or all of the Licensed Material to Sorkin Human Systems ("SHS"), an entity wholly-owned by Licensor and Sorkin & Associates, a California corporation. SHS, among other things, provides services to the healthcare industry with respect to recruitment and evaluation of personnel in the healthcare industry. Nothing contained in this Agreement shall prohibit or restrict the license granted by Licensor to SHS ("SHS License"), provided and on condition that, with respect to that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold only, SHS shall restrict its use of the Licensed Material to the healthcare industry as specified in Exhibit B annexed hereto ("SHS Permitted Business Activities"). Licensor shall not permit SHS to use any portion of the Licensed Material in any manner which would be inconsistent with the Exclusive License granted to Licensee hereunder outside of the SHS Permitted Business Activities. By executing an Acknowledgment and Agreement in the form of Exhibit C annexed hereto, SHS and Licensee thereby agree to, and Licensor hereby acknowledges, the terms and provisions set forth therein. The parties acknowledge that, except as expressly provided in Exhibit B, SHS' business activities shall in no way be limited by this Agreement. A breach by SHS of the Acknowledgment and Agreement shall constitute a breach under this Agreement.

2.4 Translations. Licensor has created or developed translations of the

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Licensed Material for use in languages other than United States English as set forth in Exhibit C annexed hereto ("Current Translations"). The Licensed Material includes all Current Translations and Licensor shall make available to Licensee from time to time during the Term at Licensee's request, and for no cost, fee or other compensation payable to Licensor, a usable copy of each of the Current Translations. If Licensor develops additional translations of the Licensed Materials, which it may or may not do in its sole discretion, Licensor shall give Licensee prompt written notice of the availability or existence of such additional translations and shall make available to Licensee, at Licensee's request, for no cost, fee or other compensation payable to Licensor, a usable copy of each such new translation, which additional translations shall be included within the Licensed Material. If Licensee desires translations of Licensed Materials not yet developed by Licensor, Licensor, may at its sole and absolute discretion, develop such translations pursuant to an agreement with Licensee which shall be negotiated separate and apart from this Agreement. Licensee shall have the right, at its own cost and expense, to make its own translations of the Licensed Material into languages other than United States English or cause such translations to be made for the benefit of or use by Licensee; provided, however, that Licensor shall have the right to approve such translations solely for the purpose of ensuring their accuracy before being used by Licensee, as long as such approval is not unreasonably withheld. If Licensor fails to communicate its disapproval within five (5) business days from receipt by Licensor of such translation, such translation shall be deemed approved by Licensor.

2.5 Restrictions on Use of Licensed Material. Nothing contained in this

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Agreement shall be construed as affording the Licensee or any Permitted Sublicensee the right to use the Licensed Material for any purpose other than in connection with the Business. The Licensee and the Permitted Sublicensees shall not permit the client companies to, among other things, access assessments or surveys included within the Licensed Material for purposes other than (a) the completion of the Culture Profiles and Job Profiles referred to in Sections 3.2 and 3.3 below, (b) the creation of other profiles with the objective of placing candidates, and (c) the screening and placement of candidates into such client companies. Any rights to use the Licensed Material for purposes other than the screening and placement of candidates must be negotiated separate and apart from this Agreement. Notwithstanding anything contained in this Agreement, Licensee, KFI and the Permitted Sublicensees shall have the absolute right to use assessments, evaluation materials, culture profiles, job profiles and other testing instruments created or developed by Persons other than Licensor, at any time and from time to time.

2.6 Term of License.  
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2.6.1 Subject to the provisions of Section 2.6.2 below, the "Term" of the Exclusive License and the Non-Exclusive License shall each commence on the Agreement Date and shall continue in perpetuity unless and until Licensee or Licenser exercises its right to terminate one or both of such Licenses pursuant to Article 10 hereto. In the event either the Exclusive License or the Non-Exclusive License is terminated by Licensee pursuant to Article 10 below, the other non-terminated License shall remain in full force and effect in accordance with the terms and conditions of this Agreement.

2.6.2 Notwithstanding the provisions of Section 2.6.1 above, the "Term" of the Exclusive License and the Non-Exclusive License for the country of Japan shall not commence until August 1, 1998. Licenser hereby represents and warrants to and covenants with Licensee that the current license for the Licensed Material which it has entered into with another entity for the country of Japan will expire on July 31, 1998 and the Licenser will not enter into or permit any other Person to enter into any license or other arrangement with such entity with respect to the Licensed Material inconsistent with the provisions and intent of this Agreement. The Licenser may enter into a non-exclusive license or other arrangement with such entity with respect to the Business involving jobs in Japan with first year compensation less than the Compensation Threshold.

2.7 Distributors. Licensee shall not have the right to grant to any Person  
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the right to distribute or facilitate the distribution of any Licensed Material whether in cooperation with the Licensee or any Permitted Sublicensee, without the prior written consent of Licenser, which consent may be given or withheld in Licenser's sole and absolute discretion.

2.8 Attribution. Licensee shall attribute the Licensed Materials (or any  
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portion thereof) to Licenser in the form and manner which Licensee reasonably determines. Licensee acknowledges and agrees that Licenser, in its sole and absolute discretion, may change its name and trademarks from time to time during the Term and that Licensee shall promptly accommodate such changes in any attributions pursuant to this Section 2.8.

ARTICLE 3.

LICENSE FEES AND OTHER PAYMENTS

3.1 License Fees. The following annual license fees ("Annual Licensee Fees") shall be payable by Licensee for use of the Licensed Material by Licensee and all Permitted Sublicensees:

Year 1	\$ 50,000
Year 2	\$150,000
Year 3	\$250,000
Year 4 & Each Year Thereafter	An amount equal to 100% of prior Year's fee plus or minus 50% of the percentage increase or decrease in Placement Revenues over the Placement Revenues for the prior Year. (For example, if in Year 4 Placement Revenues increased 30% over the prior Year's Placement Revenues, the Annual License Fee for Year 4 would increase 15% to \$287,500 (\$250,000 X 1.15). And if in Year 4 Placement Revenues decreases 30% over the prior Year's Placement Revenues, the Annual Licensee Fee for Year 4 would decrease 15% to \$212,500 (\$250,000 x .85).

Permitted Sublicensees shall not be required to make payment of the Annual License Fee or any other similar fee or payment directly to Licenser.

3.1.1 Payment of Annual License Fees. The Annual License Fee payable  
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for Year 1 shall be paid by Licensee within thirty (30) days after the Agreement Date. The Annual License Fee payable for each of Year 2 and Year 3 shall be paid within thirty (30) days after the date of commencement of such Year. The Annual License Fee for Year 4 and each Year thereafter shall be payable within ninety (90) days after the end of each such Year.

3.2 Quarterly Culture Profile Fees. Culture Profiles created and developed  
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by Licenser, which are completed by the client companies, are part of the Licensed Material. Within thirty (30) days after the end of each Quarter,

commencing with the first full Quarter after the Launch Date, Licensee shall pay to Licensors a quarterly fee ("Culture Profile Fee") in an amount equal to Seventy-Five Dollars (\$75.00) for each Culture Profile included within the Licensed Material which is completed by each client company for each department, regardless of the number of Culture Profiles completed for a department or the number of personnel within the client who complete such Culture Profiles; provided, however, that the maximum amount of Culture Profile Fees which shall be payable by Licensee in any Year shall be Fifty Thousand Dollars (\$50,000.00).

3.3 Quarterly Job Profile Fees. Job Profiles created and developed by  
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Licensors, which are completed by the client companies, are part of the Licensed Material. Within thirty (30) days after the end of each Quarter, commencing with the first full Quarter after the Launch Date, Licensee shall pay to Licensors a quarterly fee ("Job Profile Fee") in an amount equal to Fifty Dollars (\$50.00) for each Job Profile included within the Licensed Material which is completed by each client company for each position, regardless of the number of Job Profiles completed for a position or the number of personnel within the client who complete such Job Profiles; provided, however, that the maximum amount of Job Profile Fees which shall be payable by Licensee in any Year shall be Fifty Thousand Dollars (\$50,000.00).

3.4 Quarterly Placement Fees. Within thirty (30) days after the end of  
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each Quarter, commencing with the first full Quarter after the Launch Date, Licensee shall pay to Licensors a quarterly placement fee ("Quarterly Placement Fee") equal to one percent (1%) of the Placement Revenues actually received by Licensee during the preceding Quarter; provided, however, that the maximum amount of aggregate Quarterly Placement Fees which shall be payable by Licensee for any Year shall be One Hundred Thousand Dollars (\$100,000.00).

3.5 Licensee Registration Fees. From time to time, Licensee and/or any  
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Permitted Sublicensee may, in its sole and absolute discretion, elect to impose a fee or charge for individual candidates registering on its website on the Internet ("Registration Fee"). Such Registration Fees shall not constitute Placement Revenues for purposes of the License Fees or Placement Fees payable by Licensee to Licensors under this Agreement. However, in the event any such Registration Fees are collected, Licensors shall receive a royalty equal to thirty percent (30%) of the Registration Fees collected by Licensee and its Permitted Sublicensees in each calendar quarter during the Term ("Registration Fee Royalties"). Such Registration Fee Royalties shall be payable quarterly within thirty (30) days after the end of each calendar quarter during the Term.

3.6 Currency-Matters. All Royalty payments required to be made by Licensee  
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hereunder shall be paid to the Licensors in U.S. dollars. If any Placement Revenues with respect to which Royalties are payable hereunder are received initially in foreign currency, all such Revenues shall be first converted, where applicable, from the foreign currency into U.S. dollars at the financial rate of exchange quoted under Foreign Exchange in the Wall Street Journal or by another source regularly used by KFI in its business, in the manner which is the customary practice utilized by KFI, and the amount of the Royalties payable by Licensee with respect to such Placement Revenues shall be determined after the conversion. No Royalties based upon Placement Revenues shall be payable if such Placement Revenues are received by Licensee in a currency which cannot be legally converted to U.S. dollars ("blocked currency") until such conversion can legally be made.

3.7 Withholding Taxes. If required by applicable law, any and all taxes  
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due or payable by the Licensors on Royalty payments or with respect to the remittance thereof shall be deducted by Licensee from such payments and shall be paid by Licensee to the proper taxing authorities, and proof of payment promptly shall be secured by Licensee and sent to the Licensors.

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3.8 Records. The Licensee shall keep, and cause any Permitted  
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Sublicensees to keep, full, complete, accurate and proper records and accounts of all Placement Revenues and other matters pertinent to the payment of Royalties hereunder. The Licensors and its duly authorized representatives and agents shall have the right, at all reasonable times, during normal business hours, upon at least twenty (20) business days advance written notice, to examine and/or audit such records and books of account and all other documents and materials in the possession or under the control of the Licensee and/or the Permitted Sublicensee, pertaining to the subject matter of this Agreement, and to make copies and/or extracts therefrom. If the audit shows that there is a deficiency in the payment of any amounts due pursuant to this Agreement, the deficiency shall become immediately due and payable. The costs of the audit shall be paid by Licensors unless the audit shows that Licensee understated the fees due by more than ten percent (10%), in which case Licensee shall pay all of Licensors's costs of the audit.

3.9 Enhancements.  
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3.9.1 Inclusion. All Enhancements hereafter created, developed or  
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processed by Licensor, directly or indirectly, shall be included within the  
Licensed Material at no additional cost or expense to Licensee.

3.9.2 Notification. Licensor shall, during the term hereof, notify  
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the Licensee of any and all Enhancements, and all results thereof and therefrom.  
Licensor shall furnish and deliver to Licensee all such Enhancements as soon as  
they are available and shall, for the additional consideration set forth in  
Section 4.2, assist Licensee in its efforts to incorporate such Enhancements  
into the Licensed Material being used by Licensee and its Permitted  
Sublicensees.

3.10 Reports and Basis of Payments. Licensee shall complete and submit to  
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the Licensor a quarterly report concurrently with the payment of the quarterly  
fees due hereunder and an annual report within ninety (90) days following the  
end of each Year. Each quarterly report shall contain a statement setting forth  
the Placement Revenues of Licensee for the preceding Quarter, the number of  
Culture Profiles and Job Profiles for the preceding Quarter which are subject to  
Sections 3.2 and 3.3, the Registration Fees, if any, imposed by Licensee for the  
preceding Quarter, and the Culture Profile Fees, Job Profile Fees, Quarterly  
Placement Fees and Registration Royalties, if any, payable to Licensor under  
this Agreement in respect of the preceding Quarter. Annual reports prepared  
pursuant to this section shall include all of the foregoing information for the  
preceding Year and in addition, shall set forth the Annual License Fees payable  
in respect of the succeeding Year. The quarterly and annual reports shall set  
forth the foregoing information on a cash basis. The Annual License Fees and  
Quarterly Placement Fees payable to Licensor hereunder shall be based upon  
actual Placement Revenues received by Licensee on a cash basis during the  
relevant period. The Registration Royalties payable to Licensor hereunder shall  
be based upon actual Registration Fees received by Licensee on a cash basis  
during the relevant period. All information contained in the quarterly and  
annual reports shall constitute "Confidential Information" of Licensee within  
the meaning of this Agreement and shall be subject to the provisions of Article  
9 below.

ARTICLE 4.

PROFESSIONAL SERVICES TO BE PROVIDED BY LICENSOR

4.1 Professional Services.  
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4.1.1 Type of Services. During the Term, Licensor shall render  
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professional services to Licensee and its Permitted Sublicensees, as requested  
from time to time by Licensee and as mutually agreed upon by Licensor, and  
Licensee or the Permitted Sublicensees, as applicable. In Year 1 the  
professional services shall consist primarily, but not exclusively, of services  
relating to the transfer of technology referred to in Article 7 below and  
assistance in making certain that Licensee's web site on the Internet is fully  
operational. In Years subsequent to Year 1, such professional services shall be  
those which are requested from time to time by Licensee, subject to the approval  
of Licensor, which approval shall not be unreasonably withheld or delayed.  
Licensor hereby commits to providing at least ten (10) days of such professional  
services to Licensee during Year 1, if and to the extent requested from time to  
time by Licensee, and at least sixty (60) days of professional services during  
each Year thereafter during the Term, if and to the extent requested from time  
to time by Licensee.

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4.1.2 Written Descriptions and Budget. Any and all professional  
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services to be rendered by Licensor pursuant to Section 4.1.1 above, shall be  
reasonably described in writing and submitted to Licensee for its approval,  
together with a reasonably detailed budget showing the estimated fees to be paid  
for such services. Licensor is not authorized to render any such professional  
services unless and until the Chief Executive Officer of Licensee has approved  
in writing the written description and budget referred to above.

4.2 Professional Services Fees.  
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4.2.1 For professional services rendered by Licensor for mutually  
agreed upon research and development of the Licensed Materials during Year 1,  
Licensor shall receive fees at the rate of One Thousand Two Hundred and Fifty  
Dollars (\$1,250.00) per day.

4.2.2 For professional services rendered by Licensor for mutually agreed upon research and development of the Licensed Materials during Year 2, Licensor shall receive fees at the rate of One Thousand Four Hundred Dollars (\$1,400.00) per day.

4.2.3 For professional services rendered by Licensor for mutually agreed upon research and development of the Licensed Materials during Year 3, Licensor shall receive fees at the rate of One Thousand Five Hundred and Forty Dollars (\$1,540.00) per day.

4.2.4 For professional services rendered by Licensor for mutually agreed upon research and development of the Licensed Materials during Year 4 and each Year of the Term thereafter, Licensor shall receive fees at the rate of one hundred and ten percent (110%) of the daily rate paid by Licensee during the immediately preceding Year.

4.2.5 Any other professional services performed by Licensor during the Term of this Agreement at Licensee's request, subject to the approval of Licensor in its sole and absolute discretion, shall be at a fee to be negotiated at such time.

#### ARTICLE 5.

##### TRADEMARKS AND COPYRIGHTS

###### 5.1 Trademarks. All Existing Trademark Registrations relating to Licensor -----

and/or the Licensed Material are listed in Exhibit E annexed hereto. Licensee shall not file any Trademark Application without the prior written consent of Licensor. If Licensor consents to any such Trademark Application filing by Licensee, then such applications shall be filed in the name of Licensor and the costs and expenses incurred in connection therewith shall be shared equally by the Licensee and the Licensor. Licensor may, at its sole cost and expense, file such Trademark Applications as it deems necessary or appropriate without the consent of Licensee. All trademarks pertaining to the Licensed Materials shall constitute the property of Licensor and shall be included within the Licensed Material hereunder. Licensor and Licensee shall fully cooperate with each other in connection with the prosecution and maintenance of all such Trademark Applications and all Trademark Registrations; provided, however, that (a) Licensor shall indemnify and reimburse Licensee for any and all costs and expenses (including, without limitation, all attorneys' fees) incurred by Licensee in connection therewith and (b) the obligation of Licensee to cooperate with Licensor shall not require Licensee to engage in any litigation or administrative proceeding.

###### 5.2 Copyrights. All Existing Copyright Registrations are listed in Exhibit -----

F annexed hereto. Licensee shall not file any Copyright Application without the prior written consent of Licensor. If Licensor consents to the filing of any such Copyright Application by Licensee, then such applications shall be filed in the name of Licensor and the costs and expenses incurred in connection therewith shall be shared equally by the Licensee and by Licensor. Licensor may, at its sole cost and expense, file such Copyright Applications as it deems necessary or appropriate without the consent of Licensees. Licensor and Licensees shall fully cooperate with each other in connection with the prosecution and maintenance of all such Copyright Applications and all Copyright

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Registrations; provided, however, that (a) Licensor shall indemnify and reimburse Licensee for any and all costs and expenses (including, without limitation, all attorneys' fees) incurred by Licensee in connection therewith and (b) the obligation of Licensee to cooperate with Licensor shall not require Licensee to engage in any litigation or administrative proceeding.

###### 5.3 Ownership. Licensor shall retain full ownership and title to the -----

Licensed Material, subject only to the Licensee's and Permitted Sublicensee's rights under this Agreement.

###### 5.4 Notification; Protection. -----

5.4.1 Licensee agrees to promptly notify Licensor of any written claims or charges received by Licensee relating to the Licensed Material or of any infringement of the Licensed Material of which it has knowledge. Licensor agrees to promptly notify Licensee of any written claims or charges received by Licensor relating to the Licensed Material or of any infringement of the Licensed Material of which it has knowledge.

5.4.2 Subject to the provisions of Section 5.4.3, the Licensor reserves all rights to protect and preserve the integrity and validity of the Trademarks and Copyrights, including the taking of actions deemed by the

Licensors to be necessary or appropriate to secure, protect and/or maintain the Licensors' rights to the Licensed Material. Licensee agrees to (a) do any and all things reasonably requested by Licensors which are necessary or appropriate to secure, protect and/or maintain the Licensors' rights to the Licensed Material (including, but not limited to, executing any relevant documents or instruments), and (b) otherwise cooperate with the Licensors' efforts to protect such rights; provided, however, that subject to the provisions of Section 5.4.3 below, Licensors shall indemnify and reimburse Licensee for any and all costs and expenses (including, without limitation, all attorneys' fees) incurred by Licensee in connection therewith.

5.4.3 At the request of the Licensee, the Licensors shall take such action, including initiating litigation or an appropriate administrative proceeding, as Licensee may reasonably request to secure, protect and/or maintain the Licensors' rights to the Licensed Material, in which event the Licensee shall cooperate with Licensors in connection therewith. In the event Licensors fails, refuses or neglects to take any such action within ten (10) days after receiving a request from the Licensee to do so, the Licensee may take such action (either in its name and/or the name of the Licensors) as it deems necessary or appropriate in order to secure, protect and/or maintain the Licensors' rights to the Licensed Material, in which event the Licensors shall cooperate with Licensee and its counsel in connection therewith. In the event Licensors takes any action at the request of Licensee pursuant to this Section 5.4.3 or the Licensee takes such action pursuant to this Section 5.4.3, then Licensors shall bear and be responsible, and indemnify Licensee against, the first \$100,000 in attorneys' fees and court or administrative costs incurred in connection therewith. Attorneys' fees and court or administrative costs incurred in excess of \$100,000 in connection with any action taken by the Licensors or Licensee pursuant to the provisions of this Section 5.4.3 shall be borne equally by Licensors and Licensee. No action taken by the Licensors pursuant to this Section 5.4.3 may be settled or compromised without the prior written consent of Licensee.

5.5 Licensee's Use of Trademarks. The Licensee shall not adopt, use  
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or register (by filing an amendment to its articles of incorporation, filing a fictitious business name statement or otherwise) any trade or business name, style or design which includes, or is confusingly similar to, any of the Licensors' trademarks, service marks, trade names, logos, insignia, slogans, emblems, symbols, designs or other identifying characteristics. The Licensors shall not adopt, use or register (by amending its partnership agreement, filing a fictitious business name statement or otherwise) any trade or business name, style or design which includes, or is confusingly similar to, any of the Licensee's trademarks, service marks, trade names, logos, insignia, slogans, emblems, symbols, designs or other identifying characteristics.

5.6 Changes to Trademarks. The Licensors shall have the right at any  
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time to make additions to, deletions from and changes in any of the Trademarks upon notice to the Licensee. At the Licensors' sole option, any such addition, deletion or change shall be incorporated into this Agreement upon notice to the Licensee.

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5.7 Indemnification of Licensee. Licensors shall indemnify, defend and hold  
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Licensee and KFI harmless from and against any Claims or Losses which may be suffered or incurred by Licensee in connection with or by reason of (a) the breach by Licensors of any of its covenants contained in this Agreement, (b) the breach by SHS of any of its obligations under the Acknowledgment and Agreement attached hereto as Exhibit B, (c) the breach or inaccuracy of any of the representations or warranties made by Licensors in this Agreement.

5.8 Indemnification of Licensors. Licensee shall indemnify, defend and hold  
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Licensors harmless from and against any Claims or Losses which may be suffered or incurred by Licensors in connection with or by reason of (a) the breach by Licensee or a Permitted Sublicensee of any of the covenants contained in this Agreement, and (b) the breach or inaccuracy of any of the representations or warranties made by Licensee in this Agreement.

#### ARTICLE 6.

##### OBLIGATIONS RELATED TO COMMERCIALIZATION

6.1 Rules and Regulations. Licensee shall be responsible for compliance  
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with any and all applicable laws, rules and regulations regarding, and for obtaining any and all necessary governmental approvals for the use of the Licensed Material in connection with the Business.

6.2 Trademark and Copyright Notices. Licensee shall, at its own expense,  
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apply trademark and copyright notices and other markings as Licensors may

reasonably request in connection with each and every use of the Licensed Material under the laws or regulations of each country where the Licensed Material is used, which markings shall be in such form and manner as Licensee may reasonably determine.

6.3 Website HyperLinks. Licensee shall display a link and a reference to

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Licensor's website (in a normal and customary typeface and manner) on the Internet on Licensee's website on the Internet as part of Licensee's feedback report to candidates. Licensee will, at Licensor's request or with Licensor's prior consent, have an additional link to a fulfillment center for purposes of selling Licensor's publications.

ARTICLE 7.

TECHNOLOGY SHARING AND TRANSFER

7.1 Technology Transfer. Licensor hereby agrees to provide and transfer to

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the Licensee and its Permitted Sublicensees all of the following, which shall constitute part of and be included within the meaning of the term Licensed Material:

7.1.1 All such algorithms as may be necessary or appropriate to generate or enable Licensee and its Permitted Sublicensees to provide feedback to individual candidates based upon assessment test scores derived from the Licensed Material.

7.1.2 All such algorithms as may be necessary or appropriate in order for the Licensee and its Permitted Sublicensees to create, develop, compute or determine coefficients indicating a particular individual candidate's suitability and fitness for a particular position or for the culture of one or more client companies.

7.1.3 All such algorithms as may be necessary or appropriate in order for the Licensee and its Permitted Sublicensees to produce follow-up interview questions.

7.1.4 All such algorithms as may be necessary or appropriate in order for the Licensee and its Permitted Sublicensees to determine the potential effectiveness of a particular individual candidate in terms of four broad bands of behavioral competency and two leadership profiles.

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7.1.5 All such compiled software necessary or appropriate for scoring assessments included within the Licensed Material; provided, however, that the Licensee and the Permitted Sublicensees shall not undertake or permit other Persons under its control to undertake any decompiling or reverse engineering, in whole or in part, of such compiled software provided by Licensor.

7.1.6 All procedures, software and other programs already developed or hereafter developed by Licensor relating to the linking of software and algorithms included within the Licensed Material to databases and user interfaces implemented on the world wide web or Internet.

7.2 Access Rights of Licensor to Licensee's Database; Licensor's Use of

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Information.  
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7.2.1 During the Term, subject to the Confidentiality provisions set forth in Article 9, Licensor shall have access to Licensee's database on a monthly basis and only for research purposes and the publication of research reports relating thereto at such times, for such duration and under such conditions as Licensee may reasonably determine. In addition, all other information and data obtained by Licensor in connection with Licensee's (and any Permitted Sublicensee's) use of the Licensed Material may be used by Licensor but only for research purposes and publications related to such research.

7.2.2 All information in Licensee's database and all other information and data obtained by Licensor in connection with Licensee's (and any Permitted Sublicensee's) use of the Licensed Material constitutes Confidential Information of Licensee within the meaning of Article 9.

7.2.3 Under no circumstances whatsoever shall Licensor be permitted to use Licensee's database (a) to obtain the names of or any correspondence information relating to any candidates or client companies and use such information except as expressly authorized herein or (b) to solicit or otherwise contact any candidates or client companies of Licensee or KFI or (c) for purposes contrary to the terms and intent of this Agreement or (d) for the benefit or in aid of a Company Competitor or a KFI Competitor. Nothing in this Section 7.2.3 shall restrict Licensor from using information from Licensee's database to improve upon the reliability and validity of the Licensed Material



as long as no individual or company is specifically identified and such information is not identified as originating from Licensee's database or KFI. The parties acknowledge that Licensors may obtain personal assessment responses to Licensed Material from Licensee for persons who have registered at Licensee's website and who have contacted Licensors at Licensors's website and who have also given written permission to Licensors to obtain said assessment responses from Licensee and, in addition, has given written authorization to Licensee to release such information to Licensors. Licensors may charge fees to such persons for additional career guidance services.

#### ARTICLE 8.

##### REPRESENTATIONS AND WARRANTIES

###### 8.1 Representations and Warranties of Licensors. Licensors hereby

represents and warrants to Licensee that:

8.1.1 Licensors is the sole owner of the Licensed Material, the Existing Copyright Registrations and the Existing Trademark Registrations, and, except as expressly set forth in this Agreement, has not sold, transferred, assigned or otherwise disposed of, directly or indirectly, by operation of law or otherwise, any of the Licensed Material, any of the Existing Copyright Registrations, or any of the Existing Trademark Registrations, or any interest therein, to any Person other than Licensee hereunder. To the best of Licensors's knowledge, no Person has made any claim or filed any protest or filed any action, suit or proceeding challenging Licensors's exclusive ownership rights and interests in and to the Licensed Material, the Existing Copyright Registrations or the Existing Trademark Registrations.

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8.1.2 Licensors is not aware of any rights of third parties that would be infringed by manufacturing, using or selling the Licensed Material or by any of the Existing Copyright Registrations or by any of the Existing Trademark Registrations.

8.1.3 Licensors is not aware that any third parties in any way infringing the Licensed Material or the Existing Copyright Registrations or the Existing Trademark Registrations.

8.1.4 Licensors is not aware of any action, suit, proceeding or other claim pending or threatened against Licensors or any other person, firm or entity, involving or relating to the Licensed Material or the Existing Copyright Registrations or the Existing Trademark Registrations. Licensors is not aware of any order, decree or judgment in effect that affects the Licensed Material and/or the ability of Licensors to perform its obligations hereunder.

8.1.5 Licensors is not aware that any aspect of any of the Licensed Material or job-person matching violates any federal or state laws, including equal employment opportunity laws. Licensors is not aware that the Licensed Material or the process of job-person matching included therein has had an adverse impact on any group protected by any equal employment opportunity laws, including, but not limited to, Title VII of the Civil Rights Act of 1964, 42 U.S.C Section 2000e et. Seq. and any similar laws of any state. The Licensed Material and the process of job-person matching included therein have been validated in accordance with generally accepted professional practices for construct and criterion related validity. Licensors agrees that in the event of any challenge by any third party to the legality of the Licensed Material and/or the process of job-person matching, Licensors shall provide, at no cost to Licensee (a) evidence establishing that the Licensed Material and the process of job-person matching included therein do not have an adverse impact on any group protected by any equal employment opportunity laws for selection into positions involved in Licensee's Business; (b) evidence that the Licensed Material and the process of job-person matching have been validated in accordance with standard practices; and (c) expert witness testimony to support such evidence.

8.1.6 When used by Licensee (and any Permitted Sublicensee) in connection with the Business, the Licensed Material will perform the functions for which it has been designed. All assessments and job-person matching included within the Licensed Material have been tested by internal objective studies conducted by Licensors and the results of those tests demonstrate that the Licensed Material will perform the functions for which it has been designed and marketed. The parties acknowledge that the Licensed Material is designed and marketed to estimate individuals' effectiveness in specific job-related behavioral competencies.

8.1.7 Licensors is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California. All action required or appropriate in order for Licensors to execute, deliver and perform this Agreement have been duly and validly taken and Licensors is entitled to execute and deliver this Agreement and perform its obligations hereunder. This Agreement constitutes a legal, valid and binding obligation of Licensors, enforceable against Licensors in accordance with its terms and all persons executing this Agreement on behalf of Licensors are duly authorized and empowered

to do so.

8.1.8 No consent, approval or notice is required to be obtained or given by Licensor from or to any person, firm or entity, governmental or nongovernmental, in order for Licensor to execute and deliver this Agreement and perform its obligations hereunder. This Agreement will not violate Licensor's Articles of Organization or any other agreement or document to which Licensor is a party or by which it is bound.

8.2 Representations and Warranties of Licensee. Licensee hereby  
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represents and warrants to Licensor that:

8.2.1 There is no action, suit, proceeding or other claim pending or threatened against Licensee and there is no order, decree or judgment in effect which affects the ability of Licensee to perform its obligations hereunder.

8.2.2 Licensee is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. All action required or appropriate in order for Licensee to execute, deliver and

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perform this Agreement have been duly and validly taken and Licensee is entitled to execute and deliver this Agreement and perform its obligations hereunder. This Agreement constitutes a legal, valid and binding obligation of Licensee, enforceable against Licensee in accordance with its terms and all persons executing this Agreement on behalf of Licensee are duly authorized and empowered to do so.

8.2.3 No consent, approval or notice is required to be obtained or given by Licensee from or to any person, firm or entity, governmental or nongovernmental, in order for Licensee to execute and deliver this Agreement and perform its obligations hereunder. This Agreement will not violate Licensee's Articles of Incorporation, By-Laws or any other agreement or document to which Licensee is a party or by which it is bound.

#### ARTICLE 9.

##### CONFIDENTIALITY

###### 9.1 Confidentiality. -----

9.1.1 Treatment of Confidential Information. The parties agree  
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that during the term of this Agreement, a party receiving Confidential Information of the other party will (a) maintain in confidence such Confidential Information, (b) not disclose such Confidential Information to any third party without prior written consent of the other party and (c) not use such Confidential Information for any purpose except those expressly permitted by this Agreement.

9.1.2 Publications. Nothing in this Agreement shall limit the  
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Licensor's right to publish information about or related to the Licensed Material; provided, however, prior to any such publication, the Licensor shall use reasonable efforts to submit to the Licensee for review only a copy of the proposed publication prior to the anticipated publication date.

9.1.3 Publicity. Except as otherwise provided in Section 9.1.4  
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below or as set forth in Exhibit H annexed hereto, or required by applicable law, no party shall originate any publication, news release, or other public announcement, written or oral, whether in the public press or otherwise, relating to this Agreement or to any sublicense arrangement hereunder, without the prior written approval of the other party, which approval shall not be unreasonably withheld. Professional, scholastic, and research publications and publications distributed to lenders, investment bankers, stockholders or potential investors in the Licensee or in the Licensor shall be deemed not to violate this Section.

9.1.4 Relationships. Licensor is hereby granted permission to  
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publicly disclose its relationship with the Licensee by virtue of this Agreement; provided, the form and substance of such disclosure is approved in advance by the Licensee, which approval shall not be unreasonably withheld or delayed; provided, however, Licensee, upon ten (10) days advance written notice to Licensor, may require Licensor to immediately cease publicly disclosing such relationship at the end of such ten (10) day period if Licensor, or any of its principals, commit a Revocation Act (as hereafter defined). Licensee is hereby granted permission to publicly disclose its relationship with the Licensor by virtue of this Agreement; provided, the form and substance of such disclosure

is approved in advance by the Licensor, which approval shall not be unreasonably withheld or delayed; provided, however, Licensor, upon ten (10) days advance written notice to Licensee, may require Licensee to immediately cease publicly disclosing such relationship at the end of such ten (10) day period if Licensee, or any of its principals, commit a Revocation Act (as hereafter defined). As used herein, "Revocation Act" shall mean: (a) conduct which brings the acting party into public disrepute; (b) commission of a felony; or (c) conduct which becomes the subject of adverse publicity which would or could, in the good faith judgment of the revoking party, adversely affect the reputation of the revoking party.

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## ARTICLE 10.

### TERM AND TERMINATION

#### 10.1 Termination.

##### 10.1.1 Termination by Licensee Without Cause. At any time and from

time to time following the expiration of the first Year of the Term, Licensee shall have the right to (a) terminate this Agreement without cause or (b) terminate either the Exclusive License or the Non-Exclusive License without cause. In order to exercise such right of termination, Licensee shall give Licensor at least thirty (30) calendar days prior written notice of such termination. The Annual License Fee shall not be affected by the termination of either the Exclusive License or Non-Exclusive License if this Agreement remains in effect.

##### 10.1.2 Termination Upon Default. Either or both of the following

events shall constitute an event of default hereunder: (a) the failure of any party to pay any amounts when due hereunder within ten (10) business days after receipt of a written demand therefor; or (b) the failure of any party to perform any other obligation hereunder within thirty (30) days after receipt of written notice from the other party specifying in reasonable detail the nature of such nonperformance. Upon the occurrence of any event of default, the non-defaulting party may terminate this Agreement and the License by delivering to the defaulting party written notice thereof. Such termination shall be effective upon the date set forth in such notice. Termination pursuant to this Section 10.1.2 shall not relieve the defaulting party from liability for damages suffered by the other party. Waiver by either party of a single default or a succession of defaults shall not deprive such party of its right to terminate this Agreement by reason of any subsequent default.

##### 10.1.3 Other Termination Event. Licensor may terminate this

Agreement and the License, in its sole and absolute discretion, if Licensee and all Permitted Sublicensees, in the aggregate, cease to use the Licensed Material as part of the registration process for at least 20% of the potential job candidates registering at Licensee's (and any Permitted Sublicensee's) Internet Website.

##### 10.1.4 Rights Upon Termination. Upon any termination of this

Agreement, the License shall terminate. Upon termination of either but not both the Exclusive License or the Non-Exclusive License (if applicable), the License which is not terminated shall remain in full force and effect in accordance with the terms and conditions of this Agreement. Upon any termination of this entire Agreement, the Licensee promptly shall return all materials, samples, documents, information and other materials which embody or disclose any Licensed Material; provided, however, that the Licensee shall not be obligated to provide the Licensor with Confidential Information or proprietary information independently developed by the Licensee, except to the extent it relates to the Licensed Material. Any such termination shall not relieve either party from any obligations accrued up to the date of termination. Notwithstanding the termination of this Agreement during any Year, no portion of the Annual License Fee paid for such Year shall be refundable. If this Agreement is terminated during Year 4 or thereafter, the Annual License Fee shall be determined by annualizing the Placement Revenues generated during such partial Year. Upon any such termination, each party shall be required to abide by its nondisclosure obligations pursuant to Article 9 hereof, which obligations shall survive any termination of this Agreement.

## ARTICLE 11.

### MISCELLANEOUS

#### 11.1 General Provisions.

##### 11.1.1 Assignment by Licensee. Except as otherwise provided in

Section 2.2 above, neither this Agreement nor any rights granted hereunder may be assigned or transferred by the Licensee without the prior written consent of the Licensor, which consent may be withheld or delayed in Licensor's sole and absolute discretion; provided, however, that this Agreement and all of the rights and duties of the Licensee and a Permitted Sublicensee hereunder may be assigned or transferred to any Person who acquires all or substantially all of the

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Business of the Licensee or such Permitted Sublicensee, either by way of an acquisition, merger, consolidation, reorganization or other transaction.

11.1.2 Assignment by Licensor. Licensor may transfer its

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rights and obligations under this Agreement to any Person without the prior written consent of Licensee, provided and on condition that: (a) the transferee is also acquiring all right, title and interest in and to the Licensed Material and the transferee agrees in writing to assume all of Licensor's duties and obligations under this Agreement; and (b) the transferee is not a Company Competitor or a KFI Competitor. If the transferee is a Company Competitor or a KFI Competitor then Licensor may not transfer its rights and obligations under this Agreement to such Person without the prior written consent of Licensee, which consent may be given or withheld in the sole and absolute discretion of Licensee. For purposes of this Section 11.1.2, a merger, consolidation or reorganization of Licensor into or with another Person, whether or not Licensor is the surviving entity, the sale of the Licensed Material (including the transfer of the Licensed Material in connection with the sale of all or substantially all of the assets of Licensor), and/or the acquisition by any Person of more than ten percent (10%) of the ownership interests, percentage interests in profits, or voting rights of the Licensor, whether by contract, purchase of interest or otherwise, shall constitute a transfer of Licensor's rights under this Agreement within the meaning of this Section.

11.1.3 Binding Upon Successors and Assigns. Subject to the

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limitations on assignment set forth in Sections 11.1.1 and 11.1.2 hereof, this Agreement shall be binding upon and inure to the benefit of any successors in interest and assigns of the Licensor and the Licensee.

11.2 Independent Contractors. The relationship between the Licensor

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and the Licensee shall only be that of independent contractors. The Licensor and the Licensee shall for no purposes, be deemed to be joint ventures, partners, principal and agent, master and servant, or employer and employee. On no account may a party hereto create (or hold itself out to third parties as being able to create) any binding obligation on behalf of the other without the prior written consent of the other.

11.3 Preparation of Agreement. It is acknowledged by each party that

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such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of separate and independent legal counsel. Each party hereto understands and acknowledges that the law firm of Morrison & Foerster LLP, is legal counsel to Licensee only, and does not represent any other parties to this Agreement. In light of these and other relevant facts it is further acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

11.4 Cooperation and Further Assurances. Unless otherwise expressly

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provided in this Agreement, each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense; provided, however, to the extent such cooperation shall require the expenditure of time or funds, the party requesting such cooperation shall reimburse the other party its costs and reasonably compensate the other party for its time.

11.5 Interpretation.

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11.5.1 Entire Agreement/No Collateral Representations. Each

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party expressly acknowledges and agrees that this Agreement: (i) is the final expression of the parties agreements with respect to the subject matter hereof and thereof and are the complete and exclusive statements of the terms of such

agreement; (ii) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such Prior Agreements are of no force or effect except as expressly set forth herein and therein; and (iii) may not be varied, supplemented or contradicted by evidence of Prior Agreements. Any agreement hereafter made shall be ineffective to modify,

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supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

11.5.2 Waiver. No breach of any agreement or provision herein  
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contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

11.5.3 Remedies Cumulative. Except as otherwise provided in  
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this Agreement, the remedies of each party under this Agreement, at law and in equity, shall be cumulative and non-exclusive.

11.5.4 Severability. If any term or provision of this  
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Agreement or the application thereof to any Person or circumstance shall, to any extent, be determined to be invalid, illegal or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (i) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and be legal, valid and enforceable, and (ii) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

11.5.5 No Third Party Beneficiary; No Liability for KFI.  
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Except to the extent KFI is expressly referred to in this Agreement, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no third party shall have any rights hereunder or any right of enforcement hereof. Notwithstanding the foregoing, KFI shall be a third party beneficiary to the extent of the rights and benefits expressly conferred on KFI under this Agreement. Under no circumstances shall KFI have any duty, obligation, liability or responsibility for any of the duties, obligations and liabilities of Licensee under this Agreement, either at law or in equity.

11.5.6 No Reliance Upon Prior Representation. The parties  
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acknowledge that no other party has made any oral representation or promise which would induce them prior to executing this Agreement to change their position to their detriment, partially perform, or part with value in reliance upon such representation or promise; the parties acknowledge that they have taken such action at their own risk; and the parties represent that they have not so changed their position, performed or parted with value prior to the time of their execution of this Agreement.

11.5.7 Headings; References; Incorporation; Gender. The  
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headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. All cross-references in this Agreement, unless specifically directed to another agreement or document, shall be construed only to refer to provisions within this Agreement, and shall not be construed to be referenced to the overall transaction or to any other agreement or document. Any exhibit referenced in this Agreement shall be construed to be incorporated in this Agreement. As used in this Agreement, each gender shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

11.6 Enforcement.

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11.6.1      Applicable Law. This Agreement and the rights and  
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remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law

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principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

11.6.2      Consent to Jurisdiction; Service of Process. Any action or  
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proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Los Angeles. Each party generally and unconditionally accepts the exclusive jurisdiction of such courts and to venue therein, consents to the service of process in any such action or proceeding by certified or registered mailing of the summons and complaint in accordance with the notice provisions of this Agreement, and waives any defense or right to object to venue in said courts based upon the doctrine of "Forum Non Conveniens". Each party irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement.

11.6.3      Attorneys' Fees and Costs. If any party institutes or should  
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the parties otherwise become a party to any Action Or Proceeding based upon or arising out of this Agreement including, without limitation, to enforce or interpret this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or any provision hereof, or for a declaration of rights in connection herewith, or for any other relief, including equitable relief, in connection herewith, the Prevailing Party in any such Action Or Proceeding, whether or not such Action Or Proceeding proceeds to final judgment or determination, shall be entitled to receive from the non-Prevailing Party as a cost of suit, and not as damages, all Costs And Expenses of prosecuting or defending the Action Or Proceeding, as the case may be, including, without limitation, reasonable Attorneys' And Other Fees.

11.7      Notices. Any notice, approval, disapproval, consent, waiver, or other  
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communication (collectively, "Notices") required or permitted to be given under this Agreement shall be in writing and shall be delivered personally or mailed, certified or registered United States mail, postage prepaid, return receipt requested, or sent by Federal Express or other reliable overnight carrier for next business day delivery, or by fax. All Notices shall be deemed delivered (a) if personally served, when actually delivered to the address of the person to whom such Notice is given, (b) if sent via Federal Express or other overnight courier for next business day delivery, one (1) business day following the date on which the Notice is given to Federal Express or other overnight courier, (c) if by mail, three (3) days following deposit in the United States mail, or (d) if by fax, when the transmitting telecopier machine has confirmed that the Notice has been completed or sent without error. All Notices shall be addressed to the party to whom such Notice is to be given at the party's address set forth below or as such party shall otherwise direct by Notice sent pursuant to this Section:

If Licensee:      Korn/Ferry International Futurestep, Inc.  
                         1800 Century Park East, Suite 900  
                         Los Angeles, California 90067  
                         Attention: Mr. Man Jit Singh, President  
                         Telephone: (310) 843-4121  
                         Telecopier: (310) 553-8640

With a copy to:   Michael C. Cohen, Esq.  
                         Morrison & Foerster LLP  
                         555 West Fifth Street, Suite 3500  
                         Los Angeles, California 90013-1024  
                         Telephone: (213) 892-5404  
                         Telecopier: (213) 892-5454

If Licensor:      Self Discovery Dynamics, LLC  
                         615 Hampshire Rd., Suite 357  
                         Westlake Village, California 91361  
                         Attention: Kenneth R. Brousseau, Ph.D., General Partner  
                         Telephone: (805) 495-6854  
                         Telecopier: (805) 493-5694

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With a copy to: David Minton, Esq.  
Seltzer Caplan Wilkins & McMahon  
2100 Symphony Towers  
750 B Street  
San Diego, California 92101  
Telephone: (619) 685-3003  
Telecopier: (619) 685-3100

Stephen C. Sorkin  
Self Discovery Dynamics, LLC  
7777 Fay Avenue, Suite 111  
La Jolla, California 92037  
Telephone: (619) 551-7353  
Telecopier: (619) 551-7340

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any counterpart of this Agreement and re-attached to any other counterpart of this Agreement identical in form hereto by having attached to it one or more additional signature pages.

11.9 Exhibits. All Exhibits annexed hereto are incorporated into this Agreement and made a part hereof by this reference.

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

LICENSOR:

SELF DISCOVERY DYNAMICS, LLC,  
a California limited liability company

By: /s/ Kenneth R. Brousseau

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Kenneth R. Brousseau, Ph.D.,  
Member

By: /s/ Michael J. Driver

-----  
Michael J. Driver,  
Member

LICENSEE:

KORN/FERRY INTERNATIONAL FUTURESTEP,  
INC., a Delaware corporation

By: /s/ Man Jit Singh

-----  
Man Jit Singh,  
President

By: \_\_\_\_\_

Its: \_\_\_\_\_

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#### APPENDIX

##### CERTAIN DEFINITIONS

1. "Action Or Proceeding" means any and all claims, suits, actions, notices, inquiries, proceedings, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or informal, governmental or non-governmental, or civil or criminal.

2. "Affiliate" means with respect to any person or entity ("Person No. 1"), any other person or entity which either (i) directly or indirectly owns or controls Person No. 1, or (ii) is directly or indirectly owned or controlled by Person No. 1, or (iii) is under direct or indirect common control with Person No. 1. The term "control" (and its corollaries) includes, without limitation, ownership of interests representing a majority of total voting power in an entity, and "ownership" (and its corollaries) includes, without limitation, ownership of a majority of the equity interests in an entity.

3. "Agreement" means this Agreement and all agreements, exhibits, schedules and appendices expressly annexed hereto.

4. "Attorneys' And Other Fees" means attorneys' fees, accountants' fees, fees of other professionals, witness fees (including experts engaged by the parties, but excluding shareholders, officers, employees or partners of the parties), and any and all other similar fees incurred in the prosecution or defense of an Action Or Proceeding.

5. "Business" shall mean the business of providing executive recruiting services which shall be defined as the screening and evaluation of individual candidates (whether or not placed) for placement in positions with client companies which have engaged Licensee and/or Permitted Sublicensees for this purpose, and the placement of individual candidates in positions with client companies which have engaged Licensee and/or Permitted Sublicensees for this

purposes, in either case whether or not conducted on the Internet. The Parties acknowledge and agree that the Business shall not include, among other things, career counseling, team development, research services, publishing, or any other services or endeavors not specifically included in the definition of Business ("Excluded Activities"). It is understood and agreed that Licensee, KFI and the Permitted Sublicensees shall have the absolute right to engage in one or more of the Excluded Activities so long as they do not use the Licensed Material in connection with any of the Excluded Activities.

6. "Competitive Business" means any business, which directly competes, in part or in whole, with the Business and includes the conduct of such Business by KFI.

7. "Company Competitor" means any (a) Person (other than KFI or any Affiliate of KFI) who engages, directly or indirectly, in any Competitive Business and who, from that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold, derives gross revenues in excess of One Million Dollars (\$1,000,000) annually, or (b) stockholder, partner, or joint venturer owning, directly or indirectly, more than a five percent (5%) ownership interest in any Person referred to in subparagraph (a), or (c) officer, director, executive employee, agent, or consultant who is hired specifically for the purpose of advising on executive recruiting matters, of or to any Person referred to in subparagraph (a).

8. "Compensation Threshold" means for the United States of America, as of the date of determination, the sum of Seventy-Five Thousand Dollars (\$75,000.00 US). In making the determination of the Compensation Threshold for areas outside of the United States of America: (a) the percentages set forth in Exhibit G for the applicable country shall be used by applying the applicable percentage to the amount of the Compensation Threshold for the United States of America in effect on the date of determination; and (b) foreign currency shall be converted at the currency exchange rates in effect as of the business day immediately preceding the date of determination as such rates are quoted in the Wall Street Journal or, if no longer quoted in the Wall Street Journal, as quoted by the Bank of America. At the beginning of Year 2 and at the beginning of each and every Year thereafter, the amount of the Compensation Threshold shall be increased or decreased for each country included

within the Territory by the amount by which the consumer price index (or its closest equivalent in such country) for the applicable country as a whole for the preceding Year has increased or decreased. Licensee shall make all determinations regarding applicable currency exchange rates, applicable consumer price indices (and applicable equivalent indices, if necessary) and increases or decreased caused by changes in the consumer price indices (and applicable equivalent indices, if necessary) in good faith, and all such determinations shall be binding and conclusive upon Licensor for all purposes absent mistake or manifest fraud by Licensee.

9. "Confidential Information" means all proprietary and confidential information regarding the Licensor or Licensee, as applicable, their subsidiaries and Affiliates, and their businesses, clients, and personnel, including, without limitation: (a) client lists, client prospects, and business development information; (b) company lists, profiles and reports, position specifications, salary structures, and engagement information; (c) source lists, executive lists, and candidate lists, profiles and reports; (d) candidate resumes, appraisals, compensation information, and reference reports; (e) search executive methodologies; (f) structure, operations, pricing, financial and personnel information; (g) information databases (including information contained therein either individually or in the aggregate), and assessments, analysis and studies developed exclusively by or for the benefit of the Licensor or Licensee, as applicable; (h) plans, designs, inventions, formulas, research and technology developed by or for the benefit of the Licensor or Licensee, as applicable; (i) personal histories or resumes, employment information, business information, business secrets of clients and candidates; (j) trade secrets of the Licensor or Licensee, as applicable; (k) plans, prospects, policies, practices, and procedures of the Licensor or Licensee, as applicable, which are not generally known in the industry; and (l) all other proprietary information of Licensor or Licensee, as applicable, of every nature and source. The term "Confidential Information" does not include any information which: (A) is or becomes generally available to the public through no breach of this Agreement or any other agreement to which the Licensor or Licensee, as applicable, is a party; (B) was received from a third party free to disclose such information without restriction; (C) is approved for release in writing by the Board of Directors or general partners of the Licensee or Licensor, as applicable, subject to whatever conditions are imposed by the Board or general partners, as applicable; (D) is required by law or regulation to be disclosed, but only to the extent necessary and only for the purpose required; or (E) is disclosed in response to a valid order of a court or other governmental body, but only to the extent necessary and for the purpose required, if and only if, the Licensor or Licensee, as applicable, is first notified of the order and are permitted to seek an appropriate protective order against public disclosure of such information.

10. "Copyright Application(s)" shall mean any and all applications for



copyright filed after the Agreement Date by Licensor or Licensor which relates to any portion of the Licensed Material.

11. "Copyright Registration(s)" shall mean (a) the copyright registrations listed in Exhibit F annexed hereto ("Existing Copyright Registrations") and (b) any and all copyright registrations received as a result of any Copyright Application ("Future Copyright Registrations").

12. "Costs And Expenses" means the cost to take depositions, the cost to arbitrate a dispute, if applicable, and the costs and expenses of travel and lodging incurred with respect to an Action Or Proceeding.

13. "Enhancements" shall mean all additions, improvements, modifications or amendments made to the Licensed Material in connection with the Business, including, without limitation, all assessments included in the Licensee Material, all feedback sheets to individual candidates and client companies, training material and promotional material; provided, however, that for the purposes of this Agreement, Enhancements developed by Licensor exclusively for another Person other than Licensee which is wholly paid for by, or exclusively developed for, such other Person shall not be included within the definition of Enhancements or Licensed Materials

14. "KFI Competitor" shall have the same meaning as "Company Competitor."

15. "Launch Date" shall mean the date on which the on-line internet recruiting, executive search and job placement service is first launched by Licensee on other than a test basis.

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16. "Person" means any individual, firm, corporation, trust, partnership (limited or general), limited liability company, sole proprietorship or association.

17. "Placement Revenues" shall mean the gross revenues actually received by Licensee from client companies in connection with the placement of individuals assessed with the Licensed Materials, and, with respect to any Permitted Sublicensee, shall include the gross revenues, if any, actually received by the Permitted Sublicensee from client companies in connection with the placement of individuals assessed with the Licensed Materials.

18. "Prevailing Party" means the party who is determined to prevail by the court after its consideration of all damages and equities in an Action or Proceeding, whether or not the Action or Proceeding proceeds to final judgment. The court shall retain the discretion to determine that no party is the Prevailing Party in which case no party shall be entitled to recover its Costs and Expenses.

19. "Quarter" shall have the following meaning: The first "Quarter" shall commence on the Launch Date and shall terminate on the last day of the third full calendar month following the Launch Date. The next "Quarter" shall commence on the first day of the calendar month following the end of the first Quarter and shall end on the last day of the third full calendar month following the end of the first Quarter. Each "Quarter" thereafter shall commence on the first day of the calendar month following the end of the prior Quarter and shall end on the last day of the third full month following the end of such prior Quarter.

20. "Royalties" shall mean the Annual License Fees, Culture Profile Fees, Job Profile Fees, Quarterly Placement Fees and Registration Fee Royalties payable hereunder by Licensee to Licensor, collectively.

21. "Territory" shall mean the entire universe and any and all portions thereof.

22. "Trademark Application(s)" shall mean any and all applications for a trademark, service mark or tradename filed by Licensor or Licensee after the Agreement Date which relate to Licensor or utilize any portion of the Licensed Material.

23. "Trademark Registration(s)" shall mean (a) the trademark registrations listed on Exhibit E annexed hereto (the "Existing Trademark Registrations"), and (b) any registration for a trademark, service mark or tradename received pursuant to any Trademark Application ("Future Trademark Registrations").

24. "Year 1" shall commence on the Launch Date and shall terminate on the day before the first anniversary of the Launch Date. Licensee shall notify Licensor in writing of the Launch Date within ten (10) business days thereafter. Each "Year" thereafter shall commence on the anniversary date of the commencement of the prior Year and end on the day before the anniversary date of said commencement date.

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#### DESCRIPTION OF LICENSED MATERIAL

StyleView: Role Style Index  
StyleView: Operating Style  
Career View: Career Concept Questionnaire - Ideal Version  
Culture View: Organizational Career Culture Survey  
Task View: Job Profiling Form - 1  
All translations of the foregoing for use in languages other than United States English created or developed by Licensor as of the date of the Agreement  
All feedback reports and sheets for candidates and client companies detailing the results of decision styles assessments based on the StyleView instruments and career motives assessments based on the CareerView instrument.  
All training manuals and materials related to foregoing  
All promotional materials related to foregoing  
All Trademarks pertaining to the foregoing

#### Exhibit A

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#### SHS PERMITTED BUSINESS ACTIVITIES

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SHS generally may use the Licensed Materials in its discretion pursuant to its license with Licensor. However, with respect to that segment of the Business covered by the Exclusive License only, SHS shall restrict its use of the Licensed Material for the placement of professional and/or executives in positions which involve 80% or more Healthcare Information Systems (HIS) responsibilities. Without in any way limiting the scope of the foregoing, the following is a list of certain typical placements make by SHS which shall constitute SHS Permitted Business Activities:

#### HIS VENDOR ORGANIZATIONS

This is their only business and placements include any level for the placed professional within such types of organizations.

#### CONSULTING ORGANIZATIONS

Consultants, Sr. Consultants, Managers, Sr. Managers, Directors, VP's, Partners, and Associate Partners that typically:

- Evaluate HIS
- Select HIS
- Install/Implement HIS
- Project Manage HIS
- Supervise and/or create Operations respective to HIS
- Supervise and/or create Process and Strategy respective to HIS
- Play instrumental roles with respect to Integrated Delivery Systems
- Play instrumental roles with respect to Managed Care & HIS

#### PROVIDER ORGANIZATIONS

CIO's, Directors of HIS, Project Managers of HIS, Installation / Implementation professionals, Program Managers of HIS, Integrated Delivery Systems Professionals and other professionals and/or executives specializing in a HIS function that typically serve in the following types of settings:

- Hospitals & Hospital Chains
- Physician Groups
- Clinics
- Home Health Organizations

#### MANAGED CARE ORGANIZATIONS

HMO's, MSO's, IPO's, PPO's, Insurance Companies, Independent Physician Organizations and the like that typically make placements for the following typical positions:

- CIO & other specific HIS executives
- Director & IS Leads
- Program & Project Managers
- Documentation Specialists
- Engineers & Programmers

Exhibit B  
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ACKNOWLEDGMENT AND AGREEMENT  
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WHEREAS, Sorkin Human Systems, a joint venture between Licensors and Sorkin & Associates, a California Corporation ("S&A"), acknowledges and agrees in favor of Licensee as follows (all capitalized terms, if not defined herein, shall have the meaning set forth in that certain License Agreement between Self Discovery Group, LLC and Korn/Ferry International Futurestep, Inc. dated of even date herewith ["License Agreement"]):

- a) SHS generally may use the Licensed Material in its discretion pursuant to its license with Licensors ("SHS License"). However, with respect to that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold only, SHS agrees to restrict its use of the Licensed Material to the healthcare industry as specified in Exhibit B annexed to the License Agreement.
- b) If at any time during the term of the SHS License, more than fifty percent (50%) of the voting interests of SHS is owned of record or beneficially, directly or indirectly, by a Company Competitor or a KFI Competitor or if any time during the term of the SHS License, SHS is otherwise controlled by a Company Competitor or a KFI Competitor, then the SHS License, with respect to that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold only, shall automatically terminate and be of no further force or effect without any further notice or action on the part of Licensors.
- c) With respect to that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold only, SHS may not assign or transfer or sublicense any of its rights in or to the SHS License or any other license or authority given by Licensors to SHS with respect to the Licensed Material or any portion thereof (with respect to that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold only), directly or indirectly, without the prior written consent of the Licensee, which consent may be withheld or delayed in the Licensee's sole and absolute discretion.
- d) SHS shall not permit or authorize any "Company Competitor" or any "KFI Competitor" to use or have access to any of the Licensed Material with respect to that segment of the Competitive Business which involves job placements with first year compensation equal to, or in excess of, the Compensation Threshold.
- e) SHS shall not claim to have a partnership or strategic alliance or other relationship with Licensee and shall not publicize the fact that Licensee or KFI is using the Licensed Material. Licensee and KFI shall not claim to have a partnership or strategic alliance or other relationship with SHS and shall not publicize the fact that SHS is using the Licensed Material.
- f) SHS agrees that the provisions of this Acknowledgment and Agreement shall be specifically enforceable by Licensee, and that Licensee shall be entitled to obtain equitable relief to prevent violation by SHS of any provision of this Acknowledgment and Agreement.

SORKIN HUMAN SYSTEMS,  
a California joint venture

By: Self Discovery Dynamics, LLC,  
a California limited liability company

By: Sorkin & Associates, Inc.  
a California corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Exhibit C  
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Exhibit D

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TRADEMARK REGISTRATIONS

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None

Exhibit E

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COPYRIGHT REGISTRATIONS

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None

Exhibit F

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the "Agreement") is entered into as of the 2nd day of June, 1995 by and among Korn/Ferry International, a California corporation (the "Company"), Richard M. Ferry, as an individual ("Ferry"), Henry B. Turner and Peter W. Mullin (collectively, the "Trustee"), Trustees of the Richard M. Ferry and Maude M. Ferry 1972 Children's Trust (the "Trust"), California Community Foundation and Richard M. Ferry Co-Trustees, (collectively, the "Co-Trustees") and the California Community Foundation (the "Foundation"), with respect to the following facts:

A. Ferry currently owns and the Trust may, at Ferry's death, own shares of common stock in the Company (this common stock and any other stock in the Company, other than shares of Retirement Stock, acquired by either Ferry or the Trust after the date of this Agreement is referred to collectively as the "Ferry Stock"). Ferry also currently owns shares of the Company's Series A Preferred Stock (referred to collectively as the "Preferred Stock"). In addition, Ferry may, at his death, own shares of common stock in the Company which he acquired as part of the termination and distribution of the Korn/Ferry International Retirement Plan (referred to collectively as the "Retirement Stock").

B. Ferry, the Trust, the Co-Trustees and the Foundation each hold a nontransferable subordinated promissory note, issued pursuant to the Purchase Agreement dated December 31, 1994 as part of the Korn/Ferry Stock Sweep Program (referred to collectively as the "Sweep Notes"). In addition, Ferry may, at his death, hold a nontransferable subordinated promissory note issued pursuant to the Stock Repurchase Agreement for Ferry's Retirement Stock (the "Retirement Note").

C. The Company is the owner of certain life insurance policies (referred to individually as an "Insurance Policy" and collectively as the "Insurance Policies") insuring against Ferry's death, which are described in the attached Schedule 1.

D. The Company has agreed to maintain the Insurance Policies in full force and effect, and the Company has agreed to purchase, and Ferry and the Trust have agreed to sell, all of the Ferry Stock then owned by Ferry and the Trust upon Ferry's death and to use the proceeds from the Insurance Policies for such purchase.

E. After purchasing all of the Ferry Stock, the Company has further agreed to prepay to the extent of any remaining proceeds from the Insurance Policies any amounts due under the Sweep Notes upon Ferry's death and to use the remaining proceeds from the Insurance Policies for such prepayment.

F. After prepayment of amounts due under the Sweep Notes, the Company has further agreed to purchase, and Ferry, the Trust, the Co-Trustees and the Foundation have agreed to sell, to the extent of any remaining proceeds from the Insurance Policies all of the Preferred Stock then owned by Ferry, the Trust, the Co-Trustees and the Foundation upon Ferry's death and to use the remaining proceeds from the Insurance Policies for such purchase.

G. After purchasing all of the Preferred Stock, the Company has further agreed to purchase, and Ferry has agreed to sell, to the extent of any remaining proceeds from the Insurance Policies, the Retirement Stock then owned by Ferry upon Ferry's death, if any, and to use the remaining proceeds from the Insurance Policies for such purchase.

H. After purchasing all of the Retirement Stock, if any, the Company has further agreed prepay to the extent of any remaining proceeds from the Insurance Policies any amounts due under the Retirement Note, if any, upon Ferry's death and to use the remaining proceeds from the Insurance Policies for such prepayment.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, THE PARTIES AGREE AS FOLLOWS:

1. MAINTENANCE OF INSURANCE POLICIES.

(a) Payment of Premiums and Other Acts. So long as Ferry or the

Trust is a shareholder of the Company and until a complete Shareholder Termination (as defined in Paragraph 2(d) (ii) below) occurs, the Company agrees to pay all premiums, when due, on the Insurance Policies and to do any and all other acts required to maintain the Insurance Policies in full force and effect.

(b) Notice to Insurance Companies. Immediately upon execution of

this Agreement, the Company will notify the issuing insurance company or companies of the Insurance Policies (i) to provide the earliest possible prior written notice to Ferry and the Trustee of the nonpayment of any premiums when due and/or the lapse (for nonpayment of premiums or otherwise) with respect to any Insurance Policy issued by it and (ii) to pay the death proceeds under any Insurance Policy issued by it only upon receipt of joint authorization by the

Company and Ferry's executor or legal representative (or, if no executor or legal representative is appointed, the Trustee). The purpose of this notice is to ensure that (i) the Company maintains the Insurance Policies in full force and effect and (ii) the death proceeds of the Insurance Policies will be used in accordance with the provisions of this Agreement. A form of this notice is attached as Exhibit A.

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2. PURCHASE OF THE INSURANCE POLICIES.

(a) Right to Purchase. Ferry and/or the Trust (in either event,

as used in this paragraph, a "Purchaser") shall be permitted to purchase an Insurance Policy upon either an "Insurance Default" or a "Shareholder Termination" or at any time when there is "Excess Insurance." If there is an Insurance Default, the Purchaser's right of purchase shall continue until the earlier of the time the Default has been cured or the Insurance Policy is no longer in full force and effect, but in no event for less than thirty (30) days. If there is a Shareholder Termination, the right of purchase shall continue so long as the Insurance Policy remains in full force and effect. If there is Excess Insurance, the right of purchase shall continue so long as there continues to be Excess Insurance.

(b) Purchase Price; Terms. The purchase price for each Insurance

Policy purchased shall be the "Insurance Policy Book Value" and shall be paid in cash. The determination as to which of Ferry or the Trust shall have the right to purchase an Insurance Policy upon the occurrence of either an Insurance Default or a Shareholder Termination or at any time when there is Excess Insurance shall be a matter between Ferry and the Trust, shall be of no concern to the Company, and the Company shall only be required to sell an Insurance Policy if it receives a concurrent and unanimous direction from Ferry and the Trust.

Ferry or the Trust may purchase from the Company any Insurance Policy which is in Default or all or any of the Insurance Policies upon a Shareholder Termination. If there is Excess Insurance, the Insurance Policies must be purchased in the order of the most recently obtained policy being purchased first and the first policy obtained being purchased last; provided however, that there must be at least one dollar (\$1) of Excess Insurance from the remaining Insurance Policies after any such purchase. If Ferry or the Trust purchases an Insurance Policy, the company shall be relieved from, and Ferry or the Trust shall assume, all obligations for any policy loans on the Insurance Policy.

(c) Non-Exclusive Remedy. In the event of an Insurance Default,

the Purchaser's right to purchase the referenced Insurance Policy shall be in addition to any other remedies that the Purchaser may have against the Company as a result of the Insurance Default.

(d) Definitions. As used in this Agreement, the following

definitions shall apply:

(i) An "Insurance Default" means the Company's failure to pay a premium when due or to do any other act required to maintain the Insurance Policy in full force and effect.

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(ii) A "Shareholder Termination" means that date when (A) neither Ferry nor the Trust owns any shares of stock in the Company, (B) all installment payments due from the Company to Ferry or the Trust for the purchase of any such shares of stock have been paid in full and (C) all installment payments due from the Company to Ferry or the Trust under the Sweep Notes or the Retirement Note have been paid in full.

(iii) "Excess Insurance" means that the net death proceeds payable on Ferry's death of the Insurance Policies held by the Company exceeds one hundred twenty percent (120%) of the sum of (A) the purchase price which would be payable by the Company for the Ferry Stock pursuant to paragraph 3 if Ferry died on the determination date, (B) the current amount remaining unpaid on the Sweep Notes as of the determination date, (C) the purchase price which would be payable by the Company for the Preferred Stock pursuant to paragraph 5 if Ferry died on the determination date, (D) the purchase price which would be payable by the Company for the Retirement Stock pursuant to paragraph 6 if Ferry died on the determination date, and (E) the current amount remaining unpaid on the Retirement Note, if any, as of the determination.

(iv) The "Insurance Policy Book Value" means the cumulative premiums paid to date by the Company for such Insurance Policy (which premium amount will not include any premiums paid by the Company and allocated to Ferry as income), less the aggregate of any loan(s), together with accrued but unpaid interest, to the Company against such Insurance Policy.

3. PURCHASE OF FERRY STOCK UPON DEATH OF FERRY. Upon Ferry's death,

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the Company agrees to purchase, and Ferry and the Trust agree to sell, all of the Ferry Stock owned by Ferry and the Trust at the time of Ferry's death. The purchase price shall be the Value of each share of the Company's stock of the class being sold by Ferry and the Trust, multiplied by the number of shares of the class being sold. "Value" means, for purposes of determining the price at which a Share will be purchased pursuant to the Agreement, (a) the Book Value of such Share as of the end of the Fiscal Year immediately preceding such purchase, or (b) such other value or formula for determining value as may be specified from time to time after the date hereof in a resolution adopted by a majority of the shareholders of the Company as the value or formula for determining Value to be used in connection with any sales and purchases of Shares by the Company, including without limitation, sales and purchases pursuant to the equity plans adopted by the Company 1991 (the Executive Participation Program, the Foreign Executive Participation Program and the 1991 Executive Stock Purchase Plan, collectively referred to herein as the "Equity Plans"). "Book Value" means the book value of a Share, as determined in accordance with generally accepted accounting principles applied in accordance with the usual accounting practices of the Company. The purchase price shall be paid in cash (without interest) to the extent of proceeds from the Insurance Policies, within five (5) days after collection of any such proceeds. If the proceeds from the Insurance Policies

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are insufficient to pay for the shares purchased, the balance owing shall be paid to Ferry and the Trust, in cash (together with interest per annum from the date of Ferry's death at a rate equal to Bank of America's reference rate on the date of Ferry's death), within six (6) months after Ferry's death. All payments shall be pro-rated between the Trust and Ferry, unless they agree otherwise. Ferry and the Trust shall, if required by the Company, concurrently with delivery of the certificate(s) representing the Ferry Stock being sold to the Company, deliver to the Company a written representation and warranty from each of them that the seller owns such Ferry Stock free and clear of any liens or encumbrances and is lawfully empowered to transfer such Ferry Stock to the Company. As used in this paragraph, Ferry shall mean, where applicable, the executor, administrator or other legal representative of Ferry's estate.

4. PREPAYMENT OF SWEEP NOTES UPON DEATH OF FERRY. The Company

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agrees that following Ferry's death, the Company shall prepay all the amounts due, if any, under the Sweep Notes to the extent of any remaining proceeds from the Insurance Policies after the Company's Ferry Stock purchase pursuant to paragraph 3. All such prepayments will be made in accordance with the provisions of the Sweep Notes and shall be paid within sixty (60) days following the death of Ferry or within five (5) days after the Company's Ferry Stock purchase pursuant to paragraph 3, whichever is later. If the proceeds from the Insurance Policies are insufficient to prepay all the Sweep Notes, any remaining accrued and unpaid interest and any remaining scheduled installment payments shall continue to be subject to the terms and conditions of the Sweep Notes. All prepayments made under this Agreement shall be pro-rated between Ferry, the Trust, the Co-Trustees and the Foundation, unless they agree otherwise. Ferry, the Trust, the Co-Trustees and the Foundation shall, if required by the Company, concurrently with delivery of the Sweep Note(s), deliver to the Company a written representation and warranty from each of them that the seller owns such Sweep Note free and clear of any liens or encumbrances and is lawfully empowered to transfer such Sweep Note to the Company. As used in this paragraph, Ferry shall mean, where applicable, the executor, administrator or other legal representative of Ferry's estate.

5. PURCHASE OF PREFERRED STOCK UPON DEATH OF FERRY. Upon Ferry's

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death, the Company agrees to purchase, and Ferry, the Trust, the Co-Trustees and the Foundation agree to sell, all of the Preferred Stock owned by Ferry, the Trust, the Co-Trustees and the Foundation at the time of Ferry's death. The purchase price shall be determined in accordance with the purchase price as provided in the Purchase Agreement dated December 31, 1994 as part of the Korn/Ferry Stock Sweep Program. The purchase price shall be paid in cash (without interest) to the extent of any remaining proceeds from the Insurance Policies after the Company's Ferry Stock purchase pursuant to paragraph 3 and Sweep Notes prepayment pursuant to paragraph 4, within five (5) days after the prepayment of all amounts due under the Sweep Notes pursuant to paragraph 4. If the proceeds from the Insurance

5

Policies are insufficient to pay for all the Preferred Stock shares purchased, any remaining shares of Preferred Stock shall continue to be subject to the terms and conditions of the Purchase Agreement dated December 31, 1994 as part of the Korn/Ferry Stock Sweep Program. All payments made under this Agreement shall be pro-rated between Ferry, the Trust, the Co-Trustees and the Foundation, unless they agree otherwise. Ferry, the Trust, the Co-Trustees and the Foundation shall, if required by the Company, concurrently with delivery of the certificate(s) representing the Preferred Stock being sold to the Company, deliver to the Company a written representation and warranty from each of them that the seller owns such Preferred Stock free and clear of any liens or

encumbrances and is lawfully empowered to transfer such Preferred Stock to the Company. As used in this paragraph, Ferry shall mean, where applicable, the executor, administrator or other legal representative of Ferry's estate.

6. PURCHASE OF RETIREMENT STOCK UPON DEATH OF FERRY. Upon Ferry's

-----  
death, the Company agrees to purchase, and Ferry agrees to sell, all of the Retirement Stock owned by Ferry at the time of Ferry's death. The purchase price shall be determined in accordance with the Stock Repurchase Agreement for shares of Ferry's Retirement Stock. The purchase price shall be paid in cash (without interest) to the extent of any remaining proceeds from the Insurance Policies after the Company's Ferry Stock purchase pursuant to paragraph 3, Sweep Notes prepayment pursuant to paragraph 4 and Preferred Stock purchase pursuant to paragraph 5, within five (5) days after the prepayment of all amounts due under the Sweep Notes pursuant to paragraph 4. If the proceeds from the Insurance Policies are insufficient to pay for all the Retirement Stock shares purchased, any remaining shares of Retirement Stock shall continue to be subject to the terms and conditions of the Stock Repurchase Agreement for shares of Ferry's Retirement Stock. Ferry shall, if required by the Company, concurrently with delivery of the certificate(s) representing the Retirement Stock being sold to the Company, deliver to the Company a written representation and warranty that he owns such Retirement Stock free and clear of any liens or encumbrances and is lawfully empowered to transfer such Retirement Stock to the Company. As used in this paragraph, Ferry shall mean, where applicable, the executor, administrator or other legal representative of Ferry's estate.

7. PREPAYMENT OF RETIREMENT NOTE UPON DEATH OF FERRY. The Company

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agrees that within ninety (90) days following Ferry's death or within five (5) days after the Company's Retirement Stock purchase pursuant to paragraph 6, whichever is later, the Company shall prepay all the amounts due, if any, under the Retirement Note to the extent of any remaining proceeds from the Insurance Policies after the Company's Ferry Stock purchase pursuant to paragraph 3, Sweep Notes prepayment pursuant to paragraph 4, Preferred Stock purchase pursuant to paragraph 5 and Retirement Stock purchase to paragraph 6. Unless otherwise provided by the Retirement Note, all such prepayments will be applied first to accrued and unpaid interest and then to

6

scheduled installments of principal in the order of maturity. If the proceeds from the Insurance Policies are insufficient to prepay all of the Retirement Note, any remaining accrued and unpaid interest and any remaining scheduled installment payments shall continue to be subject to the terms and conditions of the Retirement Note. Ferry shall, if required by the Company, concurrently with delivery of the Retirement Note, deliver to the Company a written representation and warranty that he owns such Retirement Note free and clear of any liens or encumbrances and is lawfully empowered to transfer such Retirement Note to the Company. As used in this paragraph, Ferry shall mean, where applicable, the executor, administrator or other legal representative of Ferry's estate.

8. IMPOSSIBILITY OF COMPANY'S PERFORMANCE.

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(a) Stock Purchase. If, at Ferry's death, it is not legally

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possible for the Company to purchase all of the shares of stock as provided by this Agreement, the Company shall purchase as many of the shares as it is permitted to purchase at the time of Ferry's death. After the Company ceases to be legally disabled from purchasing such shares, the Company shall purchase all remaining shares of stock as soon as administratively feasible in accordance with the provisions of this Agreement. The purchase price for such remaining shares shall be the greater of:  
-----

(i) The purchase price for such shares as determined as of the date of Ferry's death in accordance with the provisions of this Agreement, or

(ii) The purchase price for such shares as determined as of the date of the purchase of any remaining shares of stock in accordance with the provisions of this Agreement.

(b) Promissory Note Prepayment. If, at Ferry's death, it is not

-----  
legally possible for the Company to prepay any of the amounts due under the Sweep Notes or the Retirement Note as provided by this Agreement, the Company shall prepay as much of the amounts due as it is permitted to prepay at the time of Ferry's death. After the Company ceases to be legally disabled from prepaying amounts due under the Sweep Notes or the Retirement Note, the Company shall prepay all remaining amounts as soon as administratively feasible in accordance with the provisions of this Agreement.

9. MISCELLANEOUS.

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(a) Integration. This Agreement constitutes the entire

-----  
agreement and understanding of the parties with respect to the transactions



contemplated hereby, and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof, including, but not limited to, that certain letter dated May 9, 1991 from the Company to Ferry. No representation, promise, inducement or statement of intention has been made by any of the parties hereto not embodied in this

7

Agreement or in the documents referred to herein, and no party shall be bound by, or liable for, any alleged representation, promise, inducement or statements of intention not set forth or referred to herein.

(b) Governing Law, Jurisdiction and Venue. This Agreement

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shall be governed by and construed and enforced in accordance with, the laws of the State of California.

(c) Binding Effect. All of the terms, covenants,

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representations, warranties and conditions herein shall be binding upon, and inure to the benefit of, and be enforceable by, the parties hereto, and their respective successors, assignees and delegates, including, but not limited to, successor corporations.

(d) Amendment and Waiver. This Agreement may not be amended,

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modified, superseded or cancelled, nor may any of the terms, covenants, representations, warranties or conditions hereof be waived, except by a written instrument executed by the party against whom such amendment, modification, supersedure, cancellation or waiver is charged. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of any condition, or of any breach of any term, covenant, representation, or warranty contained herein, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or waiver of any other condition or of any breach of any other term, covenant, representation or warranty.

(e) Construction. The captions and headings contained herein

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are for convenient reference only, and shall not in any way affect the meaning or interpretation of this Agreement. Notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty in this Agreement shall not be construed against either party based upon authorship of any of the provisions hereof.

(f) Counterparts. This Agreement may be executed in two or more

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counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(g) Attorneys' Fees. In the event that any party shall bring

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an action in connection with the performance, breach or interpretation of this Agreement, or in any action related to the transactions contemplated hereby, the prevailing party in such action, as may be determined by the court or other tribunal having jurisdiction, shall be entitled to recover from the losing party in such action, also as determined by the court or other tribunal having jurisdiction, all actual costs and expenses of such litigation, including attorneys' fees, court costs, costs of investigation, accounting, and other costs reasonably related to such litigation, in such amount as may be determined in the

8

discretion of the court or other tribunal having jurisdiction of such action.

(h) Severability. In the event that any provision hereof is

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determined to be illegal or unenforceable, such determination shall not affect the validity or enforceability of the remaining provisions hereof, all of which shall remain in full force and effect.

(i) Further Documents. The parties each hereby covenant and

-----  
agree that, from time to time, after the date hereof, at the reasonable request of any party, and without further consideration, they will execute and deliver such other documents and take such other action as may be reasonably required to carry out in all respects the transactions contemplated and intended by this Agreement.

(j) Notices. All notices, demands, and other communications

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required or permitted to be given hereunder shall be deemed to have been duly given and received if in writing and delivered personally or seventy-two (72) hours after deposit in the United States mail, first class, postage prepaid, registered or certified mail, return receipt requested, addressed as set forth next to the signature lines hereto. Any party may change the address to which communications are to be directed by giving written notice to the other parties

in the manner provided for herein.

(k) Gender and Tense. As used in this Agreement, the masculine,  
-----  
feminine and neuter gender, and the singular or plural number, shall each be  
deemed to include the other or others whenever the context so indicates.

(l) Exhibits. All exhibits referred to in this Agreement are  
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attached to this Agreement and are incorporated into this Agreement by the  
reference to same.

(m) Parties in Interest. Nothing in this Agreement, whether  
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express or implied, is intended to confer any rights or remedies under or by  
reason of this Agreement on any persons other than the parties to it and their  
respective successors and assigns, nor is anything in this Agreement intended to  
relieve or discharge the obligation or liability of any third persons to any  
party to this Agreement, nor shall any provision give any third persons a right  
of subrogation or action over or against any party to this Agreement.

(n) Authority. The Company is authorized to enter into this  
-----  
Agreement by resolutions of its Board of Directors adopted on May 1, 1992 and  
June 2, 1995.

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IN WITNESS WHEREOF, the undersigned have executed this Agreement as  
of the date first above written.

KORN/FERRY INTERNATIONAL,  
a California corporation

Address:  
Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, CA 90067

By:/s/ Peter L. Dunn  
-----  
PETER L. DUNN

By:/s/ Norman A. Glick  
-----  
NORMAN A. GLICK

Address:  
Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, CA 90067

/s/ Richard M. Ferry  
-----  
RICHARD M. FERRY

RICHARD M. FERRY AND MAUDE M.  
FERRY 1972 CHILDREN'S TRUST

Address:  
6116 Yucca  
Paradise Valley, AZ 85253

By:/s/ Henry B. Turner  
-----  
HENRY B. TURNER, Trustee of the  
Richard M. Ferry and Maude M. Ferry  
1972 Children's Trust

Address:  
Mullin Consulting, Inc.  
644 S. Figueroa Street  
Los Angeles, CA 90017

By:/s/ Peter W. Mullin  
-----  
PETER W. MULLIN, Trustee of the  
Richard M. Ferry and Maude M. Ferry  
1972 Children's Trust

CALIFORNIA COMMUNITY  
FOUNDATION AND RICHARD M.  
FERRY CO-TRUSTEES

Address:  
Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, CA 90067

By: /s/Richard M. Ferry  
-----  
RICHARD M. FERRY, Co-Trustee

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Address:  
California Community Foundation  
606 South Olive St., Suite 2400

By:/s/ Jack Shakely  
-----  
JACK SHAKELY, Co-Trustee

CALIFORNIA COMMUNITY  
FOUNDATION

Address:  
California Community Foundation  
606 South Olive St., Suite 2400  
Los Angeles, CA 90014

By: /s/ Jack Shakely  
-----  
JACK SHAKELY, President  
-----  
[Print Name] Title

RATIFICATION AND CONSENT  
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I, MAUDE M. FERRY, the wife of RICHARD M. FERRY, hereby certify that I have read the foregoing Agreement and that I hereby approve said Agreement and agree to be bound thereby.

/s/ Maude M. Ferry  
-----  
MAUDE M. FERRY

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SCHEDULE 1  
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LIFE INSURANCE POLICIES OWNED BY KORN/FERRY  
-----  
INTERNATIONAL INSURING AGAINST THE DEATH OF  
-----  
RICHARD M. FERRY RELATING TO STOCK PURCHASE AGREEMENT  
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<TABLE>  
<CAPTION>

Carrier	Policy Number	Annual Premium	Face Amount	Net Death Benefit 4/30/95	Effective Date	Gross CV 4/30/95	Loan Bal. 4/30/95	Net CV 4/30/95	Cumulative Corp. Prem. 4/30/95
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PM	0018419120	11,260	500,000	645,411	2/06/75	271,521	160,432	111,089	217,002
PM	0019514080	5,364	216,000	333,530	3/25/78	105,609	5,364	100,245	87,474
PM	0020181960	21,131	942,000	1,061,238	11/01/80	242,880	127,566	115,314	238,873
PM	0121632380	52,626	1,712,000	1,897,032	6/01/86	389,689	0	389,689	473,701
PM	1A22069620	28,815	1,348,779	1,506,831	2/01/89	172,879	0	164,158	195,988
PM	1A22197820	33,175	1,401,744	1,557,696	2/01/90	165,121	0	152,865	196,662
PM	1A22267040	19,675	755,142	827,624	9/19/90	78,314	0	70,432	97,953
			6,875,665	7,829,362		1,426,013	293,362	1,103,790	1,507,653

</TABLE>

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EXHIBIT A  
[Type on Letterhead of Korn Ferry International]

Ms. Martha Gates  
Pacific Mutual Life Insurance Company  
700 Newport Center Drive  
Newport Beach, California 92660

Re: Policies Listed on Schedule 1  
-----

Dear Ms. Gates:

Korn/Ferry International ("KFI") is the owner of certain life insurance policies issued by Pacific Mutual on the life of Richard M. Ferry ("Ferry") which are identified on Schedule 1 to this letter (hereafter the "PM Policies").

We hereby request that you provide the earliest possible prior written notice of any nonpayment of premiums when due and any lapse (for nonpayment of premiums or otherwise) with respect to each PM Policy identified on Schedule 1 hereto to Ferry and Henry B. Turner and Peter W. Mullin, who are Trustees of Ferry's 1972 Children's Trust ("Trust").

Your notices should be mailed to Messrs. Ferry, Turner and Mullin, with copies of the notices to Management Compensation Group, at the addresses

<TABLE>									
<CAPTION>									
Net death									
Cumulative	Policy	Annual	Face	Benefit	Effective	Gross CV	Loan Bal.	Net CV	Corp.
Prem.									
Carrier	Number	Premium	Amount	4/30/95	Date	4/30/95	4/30/95	4/30/95	4/30/95
-----									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PM	0018419120	11,260	500,000	645,411	2/06/75	271,521	160,432	111,089	217,002
PM	0019514080	5,364	216,000	333,530	3/25/78	105,609	5,364	100,245	87,474
PM	0020181960	21,131	942,000	1,061,238	11/01/80	242,880	127,566	115,314	238,873
PM	0121632380	52,626	1,712,000	1,897,032	6/01/86	389,689	0	389,689	473,701
PM	1A22069620	28,815	1,348,779	1,506,831	2/01/89	172,879	0	164,158	195,988
PM	1A22197820	33,175	1,401,744	1,557,696	2/01/90	165,121	0	152,865	196,662
PM	1A22267040	19,675	755,142	827,624	9/19/90	78,314	0	70,432	
97,953									
			6,875,665	7,829,362		1,426,013	293,362	1,103,790	
1,507,653									
</TABLE>									



## REVOLVING LINE AGREEMENT

THIS AGREEMENT is made and entered into this 31st day of January, 1997 by and between KORN/FERRY INTERNATIONAL (the "Borrower") and 1ST BUSINESS BANK, a California banking corporation (the "Bank").

## ARTICLE 1

## AMOUNT AND TERMS OF THE LINE

## Section 1.01. THE REVOLVING LINE. From the date the Borrower has satisfied

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all conditions precedent as set forth in Article II hereof, to and until November 30, 1998 (the "MATURITY DATE"), Bank will lend to Borrower an amount up to but not in excess of Eleven Million Dollars (\$11,000,000) outstanding in the aggregate at any one time (the "REVOLVING LINE") in one or more advances (each an "Advance"). Within the limits of time and amount and subject to the other provisions hereof, Borrower may borrow, repay and reborrow all or part of the Revolving Line in multiple integrals of TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000.00), at any time up until the Maturity Date. The Revolving Line shall be evidenced by two promissory notes (the "REVOLVING NOTES") which shall be in substantially the form of Exhibit A. Each Advance, the principal amount thereof, the interest rate applicable thereto and the unpaid principal balance owing on the Revolving Notes at any time may be evidenced by endorsement on the Notes or by Bank's internal records, including daily computer print-outs, and such entries shall be prima facie evidence of the amount of the Revolving Line outstanding and the terms thereof, but the

failure of the Bank to make any such notation shall not release Borrower from the obligation to repay amounts borrowed hereunder.

## Section 1.02. STANDBY LETTERS OF CREDIT. The Revolving Line shall include a

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\$3 million sublimit for standby letters of credit to be issued for the Borrower's account by the Bank ("Letters of Credit"). Notwithstanding anything herein to the contrary, the outstanding principal balance of all Advances plus the undrawn face amount of all standby Letters of Credit issued for the Borrower's account pursuant hereto plus amounts drawn on letters of credit and not yet reimbursed, shall not exceed the Commitment amount. Any standby Letters of Credit issued under the Revolving Line shall be issued on or before the Maturity Date and, except those specifically excluded in writing by Bank, shall have a maximum expiration of 365 days from the date of issuance, but shall in no event expire later than the date which is 90 days beyond the Maturity Date.

During the period Borrower has outstanding Letters of Credit, Borrower agrees:

(a) that in the event of a drawing under any Letter of Credit by the beneficiary thereof, the Borrower shall, immediately upon the receipt of notice thereof from the Bank, reimburse the Bank in an amount equal to the amount so paid by the Bank, provided, however, that at the request of the Borrower any sum drawn under a letter of credit may be deemed to constitute an Advance hereunder and added to the principal amount outstanding under this Agreement so long as no Default or Event of Default then exists.

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(b) if there is a Default or Event of Default under this Agreement, to immediately prepay and make the Bank whole for any reimbursement obligations of the Borrower for the face amount of outstanding letters of credit as provided in Section 502(b)(3) hereof.

(c) the issuance of any letter of credit and any amendment to a letter of credit is subject to the Bank's written approval and must be in form and content satisfactory to the Bank and in favor of a beneficiary acceptable to the Bank.

(d) to sign the Bank's form Application and Agreement for Standby Letter of Credit.

(e) to pay any issuance and/or other fees that the Bank notifies the Borrower will be charged for issuing and processing letters of credit for the Borrower.

(f) to pay the Bank a non-refundable fee equal to 1 1/2% per annum (the "Letter of Credit Fee") of the outstanding undrawn amount of each standby letter of credit, payable quarterly in arrears and calculated on the basis of the face amount of Letters of Credit outstanding during the immediately preceding calendar quarter or portion thereof.

## Section 1.03. PROCEDURE FOR ADVANCES. The Borrower shall request Revolving

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Line Advances by submitting to Bank an Authorization for Disbursement in the form of Exhibit E (i) on or before 2:00 p.m. on the date of any proposed Advance bearing interest under the Reference Rate Option or (ii) two London Business Days prior to the date of any proposed Advance bearing interest at the LIBOR-Rate Option. The Authorization for Disbursement shall specify (i) the amount of the proposed Advance, (ii) the interest rate option and interest period applicable thereto, and (iii) instructions for disbursement of the funds. The Authorization for Disbursement shall be

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executed by an officer of the Borrower and Bank shall be entitled to rely upon such Authorization for Disbursement without inquiry.

Section 1.04. INTEREST. The unpaid principal balance of each Advance shall  
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bear interest at either: 1) A rate per annum equal to one half percent (1/2%) below the Bank's Reference Rate (which shall be equal to the rate announced by the Bank from time to time as its Reference Rate) and shall vary concurrently with any change in such Reference Rate (the "Reference Rate Option"); or 2) A fixed per annum rate of interest equal to the LIBOR-Rate, plus one and one half percent (1 1/2%) (the "LIBOR-Rate Option"). LIBOR-Rate Advances must be in minimum amounts of five hundred thousand dollars (\$500,000) and integral multiples thereof. LIBOR-Rate Advances can be made for periods of one, three and six months as selected by the Borrower (each an "Interest Period"). No LIBOR Rate Advance will be made which would mature after the "Maturity Date". The first day of the Interest Period must be a Business Day. The last day of the interest period and the actual number of days during the Interest Period will be determined by the Bank using the practices of the London inter-bank market. The Bank will have no obligation to accept an election for a LIBOR Rate Advance if any of the following described events has occurred and is continuing:

(i) Dollar deposits in the principal amount, and for the periods equal to the interest period, of a LIBOR Rate Advance are not available in the London inter-bank market; or

(ii) the LIBOR Rate does not accurately reflect the actual cost to Bank of making and funding any LIBOR Rate Advance.

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Section 1.05. MANDATORY PAYMENTS. Borrower shall pay interest only on all  
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outstanding Advances under the Revolving Line, calculated on the outstanding principal balance thereunder, payable on the last Business Day of each fiscal quarter, commencing April 30, 1997 and ending on the Maturity Date.

Section 1.06. DELIVERY OF NOTES. The Borrower shall deliver the Notes to  
-----  
the Bank pursuant to Article II.

Section 1.07. PAYMENTS AND COMPUTATIONS. All payments hereunder by the  
-----  
Borrower shall be made without deduction or offset in lawful money of the United States of America to the Bank at its Headquarters Office in immediately available funds. The Borrower hereby authorizes the Bank, if and to the extent payment owed to the Bank is not promptly made pursuant to the Notes or this Section 1.07, to charge against the Borrower's account with the Bank an amount equal to the interest and fees from time to time due to the Bank hereunder and under the Notes. All computations of interest hereunder shall be made by the Bank on the basis of a 360-day year and the actual number of days (including the first day but excluding the last day) elapsed.

Section 1.08. PAYMENT ON NON-BUSINESS DAYS. Whenever any payment to be  
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made hereunder or under the Notes shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be.

Section 1.09. USE OF PROCEEDS. The proceeds of the Line shall be used only  
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for general corporate purposes of Borrower and its Subsidiaries.

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Section 1.10. OPTIONAL SECURITY. The obligations hereunder and under the  
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Notes are unsecured; provided, however, that in the event an Event of Default (as defined in Article V below), or any condition or event which with the giving of notice or lapse of time, or both, would become such an Event of Default shall

have occurred and be continuing, the Bank may, at its option, elect to secure such obligations and upon receipt by the Borrower of written notice of such election, Borrower will execute and deliver to the Bank such security agreements, financing statements and deeds of trust, and such other documents, instruments, notices and agreements as the Bank in its reasonable judgment deems necessary or desirable to obtain a perfected security interest in and lien upon such assets of Borrower (and/or of its Subsidiaries) to fully and adequately secure the repayment of the Line, together with all interest thereon, and all other obligations of Borrower hereunder.

Section 1.11. INTEREST AFTER MATURITY. Any Advance which is not paid as  
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and when due hereunder shall bear interest from and after the Maturity Date to the date paid at a rate which is 2% above the Reference Rate.

Section 1.12. INDEMNITY. The Borrower shall indemnify the Bank from and  
-----

against any loss or expense (including loss of margin) incurred as a consequence of any payment or pre-payment of any LIBOR-Rate Advance on any date other than the last day of the Interest Period applicable thereunto whether or not such payment or pre-payment is mandatory. Amounts payable by Borrower pursuant to this Section 1.12 shall be payable on demand.

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Section 1.13. Fees. The Borrower shall pay to the Bank a Commitment fee  
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in the amount of three eighths percent (3/8%) per annum of the Unused Commitment Amount. The Commitment fee shall be paid in arrears on a quarterly basis.

ARTICLE II

CONDITIONS OF LENDING

Section 2.01. CONDITIONS PRECEDENT TO THE LINE. The obligation of the  
-----

Bank to make any Advance or issue any Letter of Credit (an "Issuance") under the Revolving Line is subject to the conditions precedent that the Bank shall have received on or before the day of the initial Disbursement the following, each dated the date of the initial Disbursement, in form and substance satisfactory to the Bank;

(a) Duly executed Notes, payable to the order of the Bank (or to the order of the Bank and such assignee as the Bank may designate with the agreement of the Borrower).

(b) A copy of the Articles of Incorporation of the Borrower, certified by the California Secretary of State.

(c) A copy of the By-Laws of the Borrower, certified by its secretary.

(d) Certified copies of the resolutions of the Board of Directors of the Borrower authorizing this Agreement and the Notes and within ninety days of the execution of this Agreement, certified copies of the resolutions of the Boards of Directors of the Subsidiaries which are corporations authorizing the Guarantees.

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(f) An Opinion of O'Melveny & Myers, LLP, counsel to the Borrower, as to such matters as required by the Bank.

Section 2.02. ADDITIONAL CONDITIONS PRECEDENT. The obligation of the Bank  
-----

to make the initial and any subsequent Disbursements, shall be subject to the further conditions precedent that the Bank shall have received the following on or prior to the day of the requested Disbursement, and that the statements therein shall be true and correct as of such date:

(a) A certificate of the Borrower's Chief Financial Officer to the effect that:

(i) The representations and warranties contained in Section 1.09 and 3.01 are true and correct on and as of the date of the Disbursement as though made on and as of such date;



(ii) No event has occurred and is continuing, and no event would result from the making of the Disbursement which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both (a "Default");

(iii) The proceeds of the Disbursement will be applied in a manner consistent with the provisions of Sections 1.09 and 3.01(h); and

(iv) The making of such Disbursement will not contravene any law, regulation or order applicable to the Borrower.

(b) Such other approvals, opinions or documents as the Bank may reasonably request.

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### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

Section 3.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower  
-----  
represents and warrants as follows:

(a) SUBSIDIARIES. A complete list of the Borrower's Subsidiaries is  
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attached as Exhibit C, which Exhibit also shows the jurisdiction of incorporation or organization of each Subsidiary, and Borrower's percentage ownership of or interest in each Subsidiary, including directors' qualifying shares. The Borrower has unrestricted rights to vote the shares or interests of all Subsidiaries and (except as restricted by applicable law) to receive dividends or distributions thereon. The outstanding shares of all Subsidiaries which are corporations are validly issued, fully paid and non-assessable.

(b) INCORPORATION, ETC. The Borrower and its Subsidiaries are duly  
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organized, validly existing and in good standing under the laws of the jurisdictions of their respective incorporation or organization, and are qualified to do business in all jurisdictions where the nature of their business or activities requires such qualification, except where such qualification has not had or will not have a material adverse effect on the Borrower.

(c) AUTHORIZATION. The execution, delivery and performance by the Borrower  
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of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no governmental approval, and do not contravene law or any contractual restriction binding on or affecting the Borrower.

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(d) APPROVALS. No authorization or approval or other action by, and no  
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notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(e) BINDING OBLIGATIONS. This Agreement is, and the Notes when delivered  
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hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or the application of equitable principles.

(f) FINANCIAL STATEMENTS. The consolidated balance sheet of the Borrower  
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and its Subsidiaries as of April 30, 1996, and the related consolidated statements of income and retained earnings of the Borrower and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to Bank, fairly present the financial condition of the Borrower and its Subsidiaries as of such date and the results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since that time, except as disclosed in writing to Bank prior to the date of this Agreement, there has been no material adverse change in such condition or operations.

(g) LITIGATION. There are no pending or, to the Borrower's knowledge,  
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threatened actions or proceedings affecting the Borrower or any of its Subsidiaries before any court or governmental agency, which in management's opinion may materially adversely affect the financial condition or operations of the Borrower.

(h) USE OF PROCEEDS. Borrower is not engaged principally in, nor does it

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have as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the Line will be used to purchase or carry any margin stock or extend credit to others for the purpose of purchasing or carrying any margin stock or used for any purpose which violates Regulation U or Regulation X or any other provision of law or the apposite regulations.

(i) ERISA. With respect to Borrower's or any Subsidiary's employee benefit

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plans, except as disclosed to Bank in writing, (a) Borrower and all Subsidiaries are in compliance in all material respects with the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "CODE"); (b) no "reportable event" within the meaning of Section 4043 of ERISA ("REPORTABLE EVENT") has occurred that has not been timely reported or that, whether or not reported, would authorize the involuntary termination of one of such plans; (c) there are no "accumulated funding deficiencies" within the meaning of Section 412(a) of the Code exceeding \$250,000 in the aggregate and no waiver of the minimum funding standards of Code Section 412 has been requested or granted by the Internal Revenue Service.

#### ARTICLE IV

##### COVENANTS OF THE BORROWER

Section 4.01. AFFIRMATIVE COVENANTS. So long as the Notes shall remain

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unpaid or the Bank shall have any Commitment hereunder, the Borrower will, unless the Bank shall otherwise agree in writing:

(a) COMPLIANCE WITH LAWS, ETC. Comply, and cause each of its Subsidiaries

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to comply, in all material respects with all applicable laws, rules, regulations and orders (the failure to comply with which would have a material adverse effect upon the Borrower), such compliance to include, without limitation, the payment of, before the same become delinquent, all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith.

(b) INSURANCE. Maintain and cause each of its Subsidiaries to maintain

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insurance to such extent and covering such risks as is usual for companies engaged in the same or similar businesses and on request will advise the Bank of all insurance so carried.

(c) REPORTING REQUIREMENTS. Furnish to the Bank:

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(i) as soon as available and in any event within seventy-five (75) days after the end of each quarter of each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such quarter and consolidated statements of income and retained earnings of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the Chief Financial Officer or President of the Borrower, subject to year end audit adjustments;

(ii) As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year projected consolidated statements of income and retained earnings for the succeeding year in an acceptable form to the Bank.

(iii) As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Borrower, a copy of the annual consolidated audit report for such year for the Borrower and its Subsidiaries, containing financial statements for such year, certified in a manner acceptable to the Bank by Arthur Andersen & Co., or other independent certified public accountants acceptable to the Bank;

(iv) Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any employees benefit plan maintained by the Borrower disclosing: (a) any Reportable Event; (b) any "prohibited transaction" within the meaning of Section 4975 of the Code; or (c) the voluntary or involuntary termination of any such plan that is subject to Title IV of ERISA;

(v) no later than seventy-five (75) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower in the case of Sections 4.02(a)-(d) and (f)-(m), and one hundred and twenty (120) days after the end of each fiscal year of the Borrower in the case of Sections 4.02(a)-(m), a statement in form and substance satisfactory to Bank evidencing compliance with the appropriate requirements of Section 4.02, certified by Chief Financial Officer or President of Borrower; and

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(vi) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as the Bank may from time to time reasonably request.

(d) INSPECTION OF BOOKS AND RECORDS. Allow the Bank and its agents to

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inspect the Borrower's properties and examine, audit, and make copies of books and records at any reasonable time. If any of the Borrower's properties, books or records are in the possession of a third party to permit the Bank or its agents to have access to perform inspections or audits and to respond to the Bank's requests for information concerning such properties, books and records.

(e) NOTICE OF EVENTS. Give the Bank, promptly upon the Borrower's

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obtaining such knowledge, written notice of any condition or event which has resulted or would with the giving of notice, lapse of time or both, result in:

(i) a material adverse change in the Borrower's consolidated financial condition or operations, or

(ii) a breach of or noncompliance with any material term, representation, warranty, condition or covenant contained herein or in any document delivered pursuant hereto, or

(iii) a breach of or noncompliance with any material term, representation, warranty, condition or covenant of any material contract to which the Borrower or any of its Subsidiaries is a party or by which they or their property may be bound.

(f) NOTICE OF DISPUTES. Give the Bank, promptly upon the Borrower's

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obtaining such knowledge, written notice of any legal, judicial or regulatory proceedings affecting the Borrower or

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any of its Subsidiaries in which the amount involved is material and not covered by insurance and which, if adversely determined, would have a material adverse effect upon the Borrower.

(g) FORMATION OF SUBSIDIARIES. Advise the Bank promptly of the formation,

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restructuring, sale, transfer or liquidation of any Subsidiary and update Exhibit C to this Agreement accordingly.

(h) GUARANTEES. Within ninety (90) days of the date hereof, deliver to the

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Bank guarantees of the Borrower's obligations hereunder by all Subsidiaries of the Borrower listed in Exhibit C hereto, all in form and substance satisfactory to the Bank.

Section 4.02. NEGATIVE COVENANTS. So long as the Notes shall remain unpaid

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or the Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Bank:

(a) DEBT. Create or suffer to exist, or permit any of its Subsidiaries to

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create or suffer to exist, any Debt, including Debt secured by the cash surrender value of any life insurance policy owned by the Borrower, whether or not such debt is recognized on the Borrower's financial statements as prepared in accordance with generally accepted accounting principles; other than:

(i) Debt described on Exhibit D hereto;

(ii) the Line contemplated hereby;

(iii) purchase money obligations which are secured by security interests in the equipment or fixtures so acquired, and capital leases entered into for the use and acquisition of equipment, in the ordinary course of business, and guarantees of any such Debt; provided that such security interests shall not extend to other assets of the Borrower or its Subsidiaries;

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(iv) trade debt incurred in the ordinary course of business and on normal and customary trade terms;

(v) Debt arising out of the issuance of letters of credit issued by Bank or with the consent of Bank, in support of Borrower or its Subsidiaries;

(vi) notes payable for a term not in excess of five (5) years, issued in connection with the purchase of shares of stock of the Borrower owned by shareholders or in connection with the payment of benefits due to Persons who leave the employment of the Borrower; provided however, that the issuance of such notes by the Borrower shall not otherwise create an Event of Default hereunder or an event which, with the passage of time or the giving of notice, would constitute an Event of Default hereunder;

(vii) Debt incurred by the Borrower to its Subsidiaries or incurred by Subsidiaries to the Borrower; and

(viii) Debt secured by the cash surrender value of life insurance policies owned by the Borrower, whether or not such debt is recognized on the Borrower's financial statements, providing that the proceeds of such Debt are either used solely for the purpose of making scheduled premium payments currently due on such policies or making investments in liquid marketable securities.

(b) NET WORTH RATIO. Permit its Net Worth Ratio (after taking into  
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account all Restricted Cash) to be greater than the ratio of 2.5:1.0 at all times or permit its net worth to be greater than the ratio of 2.25:1.0 after excluding the accrued liability, "Accrued Bonuses," from "outstanding Indebtedness," as defined in Section 6.01.

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(c) CONSOLIDATED TANGIBLE NET WORTH. Permit its Consolidated Tangible Net  
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Worth to be less than Forty Million Dollars (\$40,000,000) at all times.

(d) WORKING CAPITAL & CURRENT RATIO. Permit its Net Working Capital to be  
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less than Seventeen Million Dollars (\$17,000,000) or permit its ratio of Current Assets to Current Liabilities to be less than 1.20 to 1.0, both on a consolidated basis.

(e) NET INCOME. Permit its Consolidated Net Income in any fiscal year to  
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be less than Two Million Dollars (\$2,000,000).

(f) SALES OF ASSETS. Permit any Subsidiary to sell, lease, abandon or  
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otherwise dispose of, directly or indirectly, a material amount of the assets of the Borrower or the Borrower and its Subsidiaries, taken as a whole, except for sales, leases or transfers to the Borrower or any wholly-owned Subsidiary.

(g) CONSOLIDATION, MERGER. Permit any Subsidiary to, consolidate with or  
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merge into any other corporation or entity, except (i) any Subsidiary may consolidate with or merge into the Borrower or a wholly-owned Subsidiary; and (ii) any Subsidiary the value of whose assets are not material may consolidate or merge with any other entity provided that the terms of such consolidation or merger are negotiated at arm's length and constitute fair value under the circumstances.

(h) COVERAGE. Permit its Consolidated Pre interest expense and pre-tax  
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income during any consecutive twelve (12) month period (computed on a quarterly basis) to be less than the sum of two hundred percent (200%) of consolidated current maturities of long term debt, and consolidated interest expense for the preceding twelve month period. (This ratio will be calculated

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at the end of each fiscal quarter, using the results of that quarter and each of the three immediately preceding quarters.)

(i) GUARANTIES. Permit any Subsidiary to, guarantee, endorse or otherwise  
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become or be contingently liable upon any Indebtedness or obligations of any person, firm or corporation (other than Indebtedness or obligations of the Borrower or any Subsidiary permitted under this Agreement), in excess of \$250,000 on an unsecured basis and \$500,000 on a secured basis, at any time in the aggregate, except in the ordinary course of business as may be necessary to support its Subsidiaries.

(j) LIENS, ETC. Permit any Subsidiary to create or suffer to exist any  
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lien, security interest or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its accounts receivable and properties, whether now owned or hereafter acquired, except:

(i) liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being contested in good faith;

(ii) liens of carriers, warehousemen, mechanics, materialmen, landlords and other liens imposed by law, incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(iii) liens securing Debt permitted under Section 4.02(a) and 4.02(i); and

(iv) other liens or encumbrances which in the aggregate are immaterial to the Borrower and its Subsidiaries on a consolidated basis and are incurred in the ordinary course of the Borrower's business.

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(k) INVESTMENT AND ADVANCES. Permit any Subsidiary (i) to advance, lend ----- or contribute funds to any Person (other than Borrower or any Subsidiary), whether by way of loan, stock purchase, capital contribution or otherwise, or (ii) to acquire by purchase of stock or by purchase of assets, in exchange for cash or shares of capital stock or other securities of the Borrower, any Subsidiary or any other Person, all or substantially all of any division or portion of the assets and business of any other Person (other than the Borrower or any Subsidiary or Strategic Compensation Associates); (iii) provided, however, that the Borrower may lend funds (excluding payments to employees against future bonuses) to employees for the sole purpose of purchasing shares of common stock of the Borrower and the Borrower may loan or provide guarantees up to but not in excess of at any one time One Million Five Hundred Thousand Dollars (\$1,500,000) in the aggregate to employees of the Borrower for other purposes.

(l) ERISA COMPLIANCE. And with respect to any employee benefit plan ----- maintained by it or any Subsidiary, permit:

(i) any "prohibited transaction" as such term is defined in Section 4975 of the Code;

(ii) any "accumulated funding deficiency" as such term is defined in Section 412(a) of the Code;

(iii) the voluntary or involuntary termination of any such Plan under circumstances that could result in material liability of the Borrower; or

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(iv) the imposition of a lien on the property of the Borrower pursuant to Section 4068 of ERISA or Section 412(a) of the Code.

(m) OTHER BUSINESS ACTIVITIES. Engage in any business activities substantially different from the Borrower's present business.

#### ARTICLE V

##### EVENTS OF DEFAULT

Section 5.01. EVENTS OF DEFAULT. The occurrence of any one of the ----- following events shall be an "Event of Default" hereunder:

(a) The Borrower shall fail to pay any installment of principal of, or interest on, the Notes when due; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any of the terms, covenants or agreements contained in Article IV of this Agreement; or

(d) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in any other section of this Agreement and any such failure shall remain unremedied for thirty (30) days thereafter; or

(e) The Borrower or any of its Subsidiaries shall:

(i) fail to pay any material Debt (excluding Debt evidenced by the Notes) of the Borrower or such Subsidiary (as the case may be), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or

(ii) fail to perform any term, covenant or condition on its part to be performed under any agreement or instrument relating to any such material Debt, when required to be performed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) The Borrower or any of its Subsidiaries shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property, and any such proceeding instituted against the Borrower or such Subsidiary shall not have been dismissed after sixty (60) days; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

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(g) A judgment or order for the payment of money in an amount in excess of \$500,000 shall be rendered against the Borrower or any of its Subsidiaries and such judgment or order shall continue unsatisfied or unstayed, and in effect for a period of thirty (30) consecutive days; or

(h) The institution of a voluntary or involuntary termination of any employee benefit plan maintained by the Borrower or any Subsidiary pursuant to Title IV of ERISA if, as of the date thereof, the amount of unfunded "benefit liabilities" is (after giving effect to the tax consequences thereof), in the good faith judgment of the Bank, material.

(i) A material adverse change occurs in the Borrower's financial condition, properties, or ability to repay the Revolving Line.

Section 5.02. UPON AN EVENT OF DEFAULT. If any Event of Default shall  
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have occurred and be continuing, then:

(a) if the Event of Default is described in Section 5.01(f), the Commitment shall forthwith terminate and the Notes, all interest thereon, and all other amounts payable under this Agreement shall become forthwith due and payable, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by the Borrower, and

(b) if the Event of Default is described in any Section other than Section 5.01(f), the Bank may, by notice to the Borrower, (i) declare the Commitment to be terminated, whereupon the same shall forthwith terminate, and/or (ii) declare

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the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly

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waived by the Borrower, and (iii) require the Borrower to immediately prepay and make the Bank whole for any outstanding Letters of Credit.

## ARTICLE VI

### CERTAIN DEFINITIONS

Section 6.01 CERTAIN DEFINITIONS. As used herein, and unless otherwise  
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defined herein, the following terms have the following respective meanings:

"Business Day". Unless otherwise provided in this Agreement, a business day is a day other than a Saturday or a Sunday on which the Bank is open for business in California. All payments and disbursements which would be due on a day which is not a business day will be due on the next Business Day. All payments received on a day which is not a Business Day will be applied to the

credit on the next Business Day.

"Commitment" shall mean the amount of \$11,000,000, which the Borrower is,

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at any time permitted to borrow in accordance with Section 1.01 and Section 1.02.

"Consolidated Gross Expenses" means the annual total of all costs and

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expenses of the Borrower and each Subsidiary determined in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01 (f) as such principles may be modified from time to time.

"Consolidated Gross Revenues" means the annual total of all items of income

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and revenues of the Borrower and each Subsidiary, determined in accordance with generally accepted accounting

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principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01(f) as such principles may be modified from time to time.

"Consolidated Net Income" means Consolidated Gross Revenues less

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Consolidated Gross Expenses (adding or subtracting, as appropriate extraordinary income or expenses) and less all taxes.

"Consolidated Tangible Net Worth" means the total of all assets of the

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Borrower and its Subsidiaries, determined on a consolidated basis, less the sum of (i) all liabilities of the Borrower and its Subsidiaries, determined on a consolidated basis, except for such amounts which are specifically subordinated to the Bank in a form satisfactory to the Bank and (ii) the amount, if any, of intangible assets such as goodwill, trademarks, trademark rights, trade name rights, copyrights, patents, patent rights and licenses, unamortized debt discounts and expenses which appear on the asset side of the consolidated balance sheet of the Borrower and its Subsidiaries, and (iii) all amounts due from officers, directors, or shareholders of the Borrower where the Borrower retains no rights of offset against other indebtedness.

"Current Assets" and "Current Liabilities", means those assets and

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liabilities which are so classified by the Borrower's certified public accountant in accordance with generally accepted accounting principles, except that deferred taxes shall be excluded from Current Liabilities for purpose of this calculation.

"Debt" means:

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(i) Indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade debt to vendors and suppliers in the ordinary course of

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business and not more than ninety (90) days overdue) in respect of which such corporation is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which such corporation otherwise assures a creditor against loss;

(ii) obligations of such corporation under leases which shall have been or should be, in accordance with generally accepted accounting principles, included in determining liabilities as shown on the liability side of a balance sheet of such Person as of the date as of which Indebtedness is to be determined.

(iii) unfunded benefit liabilities under each employee benefit plan maintained for employees of such corporation and covered by Title IV of ERISA.

"Disbursement" means the making of any Advance or issuance of any Letter of

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Credit pursuant hereto.

"Indebtedness" of any Person, means all items of indebtedness which, in

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accordance with generally accepted accounting principles, would be included in determining liabilities as shown on the liability side of a balance sheet of such Person as of the date as of which Indebtedness is to be determined.

"Issuing Bank" means the Bank or any bank who becomes participant pursuant

to Section 7.09 who issues a standby letter of credit for the account of the Borrower pursuant to the terms of this Agreement.

"LIBOR-Rate" means for each Advance under the LIBOR-Rate Option, the rate  
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per annum determined by the Bank by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (x) the rate of interest (which shall be the same for each day of such LIBOR-Rate

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Advance) determined in good faith by the Bank by reference to the Wall street Journal or otherwise (which determination shall be presumed correct absent obvious error) to be the average of the rates per annum for deposits in U.S. Dollars offered to banks in the London Interbank market at approximately 11:00 o'clock a.m., London time, two London Business Days prior to the first day of such Advance for delivery on the first day of such Advance by (y) a number equal to 1.00 minus the LIBOR-Rate Reserve Percentage.

The "LIBOR-Rate Reserve Percentage" for any date is the maximum effective percentage (expressed as a decimal fraction, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Bank (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, with limitation, supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") of a member bank in such System but only to the extent actually incurred by the Bank, the Bank's determination thereof to be presumed correct in the absence of obvious error. The LIBOR-Rate shall be adjusted automatically as of the effective date of each change in the LIBOR-Rate Reserve Percentage.

Advances bearing interest under the LIBOR-Rate Option shall be referred to as "LIBOR-Rate Advances".

"London Business Day" means a Business Day which is also a day for dealing  
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in deposits of U.S. dollars by and among banks in the London Interbank Market.

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"Long Term Debt" means any Debt which does not finally mature within  
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twelve (12) months.

"Material" means, in reference to payments or liabilities, an amount equal  
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to or exceeding five percent (5%) of Consolidated Tangible Net Worth; in reference to other matters a condition or event which creates a change or which with the giving of notice or lapse of time, or both, would create a change in the financial condition of the Borrower and its Subsidiaries in this amount.

"Month" with respect to a LIBOR-Rate Interest Period has the following  
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meaning unless a calendar month is specified or the context otherwise clearly requires:

(i) if the first day of such LIBOR-Rate Interest Period is the last day of a calendar month, a "month" is the interval between the last days of consecutive calendar months;

(ii) otherwise, a "month" is the interval between the days in consecutive calendar months numerically corresponding to the first day of such LIBOR-Rate Interest Period or, if there is no such numerically corresponding day in a particular calendar month, then the last day of such calendar month.

"Net Working Capital" means the excess of Current Assets over Current  
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Liabilities of the Borrower and its Subsidiaries (after taking into account all Restricted Cash).

"Net Worth Ratio" means the ratio of (i) outstanding Indebtedness of the  
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Borrower and its Subsidiaries including outstanding standby letters of credit less outstanding borrowings which are secured by said letters of credit on a consolidated basis, less subordinated debt, to (ii) Consolidated Tangible Net Worth plus subordinated debt and shall be expressed as a ratio, so that, for example, if

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the amount of such Indebtedness is twice the amount of Consolidated Tangible Net Worth, then the Net Worth Ratio is 2 to 1.

"Person" means any natural person, corporation, firm, association,



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government, governmental agency or any other entity and whether acting in an individual, fiduciary or other capacity.

"Restricted Cash" means all cash of the Borrower or any Subsidiary which is  
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not available for the payment of principal or interest hereunder.

"Subsidiary" means as to any parent corporation, any other corporation of  
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which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time shares of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such parent corporation and/or one or more of its Subsidiaries and also means any partnership in which such parent corporation has directly or indirectly an interest sufficient to control the management or operations of the partnership.

"Unused Commitment" means the Commitment amount minus the sum of (i) the  
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aggregate amount of all Advances outstanding hereunder and (ii) the undrawn face amount of all Letters of Credit issued for the account of the Borrower pursuant hereto.

#### ARTICLE VII

##### MISCELLANEOUS

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Section 7.01. AMENDMENTS, ETC. No amendment or waiver of any provision of  
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this Agreement or of the Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.02. NOTICES, ETC. All notices and other communications provided  
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for hereunder shall be in writing (including telegraphic communication) and mailed, transmitted by facsimile transmission, telegraphed or delivered, if to the Borrower, at its address at 1800 Century Park East, Suite 900, Los Angeles, California 90067, Facsimile No. (310) 553-8640, Attention: Norman A. Glick, Vice President-Finance; if to the Bank, at its address at 601 West Fifth Street, Los Angeles, California 90071, Facsimile No. (213) 622-8975, Attention: Commercial Loan Department (or any successor office) or to such other address as either party may designate to the other in writing. All such notices and communications shall, when mailed or telegraphed, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid, except that notices to the Bank pursuant to the provisions of Article I shall not be effective until received by the Bank.

Section 7.03. COSTS, EXPENSES AND TAXES. The Borrower agrees to pay on  
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demand all reasonable costs and expenses in connection with the preparation, execution and delivery and administration of this Agreement, the Notes and the other documents to be delivered hereunder, including the reasonable fees and out-of-pocket expenses of counsel for the Bank, with respect thereto, and with respect to advising the Bank as to its rights and responsibilities under this

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Agreement and all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement, the Notes and the other documents to be delivered hereunder.

The Borrower will not deduct any taxes from any payments it makes to the Bank. If any government authority imposes any taxes or charges on any payments made by the Borrower, the Borrower will pay the taxes or charges. Upon request by the Bank, the Borrower will confirm that it has paid the taxes by giving the Bank official tax receipts within 30 days after the due date. However, the Borrower will not pay the Bank's net income taxes.

Section 7.04. ACCOUNTING TERMS. All accounting terms not specifically  
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defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01(f) hereof, as such principles may be modified from time to time, and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

Section 7.05. SURVIVAL. The representations, warranties, covenants and

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obligations of Borrower contained herein shall survive the making of the Advances and the Maturity Date and shall remain effective until all obligations contemplated hereby shall have been paid or performed by Borrower in full, including without limitation, the Borrower's obligations under any Letter of Credit issued pursuant hereto.

Section 7.06. ONE AGREEMENT. This Agreement and any related security or -----  
other agreements required by this Agreement, collectively:

(a) represent the sum of the understandings and agreements between the Bank and the Borrower concerning the Revolving Line; and

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(b) replace any prior oral or written agreements between the Bank and the Borrower concerning this Revolving Line; and

(c) are intended by the Bank and the Borrower as the final, complete and exclusive statement of the terms agreed to by them.

In the event of any conflict between this Agreement and any other agreements required by this Agreement, including without limitation the inclusion of additional fees and additional defaults in the Application and Agreement for Stand-by Letters of Credit, this Agreement will prevail.

Section 7.07. NO WAIVER. No failure to exercise, and no delay in -----  
exercising any right, power or remedy hereunder or under any Note or under any other document delivered pursuant hereto shall impair any right, power or remedy which any Bank or the Borrower may have, nor shall any such delay be construed to be a waiver of any such rights, powers or remedies, or an acquiescence in any breach or default under this Agreement or under any Note or under any other document delivered pursuant hereto, nor shall any waiver of any breach or default of the Borrower or any Bank or the Bank hereunder be deemed a waiver of any default or breach subsequently occurring. The rights and remedies herein specified are cumulative and not exclusive of any rights or remedies which any Bank or the Bank or the Borrower would otherwise have.

Section 7.08. SEVERABILITY OF PROVISIONS. In case any one or more of the -----  
provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

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Section 7.09. PARTICIPATIONS AND ASSIGNMENTS. The Bank shall have the right -----  
at any time to sell, assign, transfer, negotiate or grant participations to other banks in all or part of the Revolving Line, the Commitment or the obligations of Borrower outstanding under this Agreement or the Notes, and any other documents in connection with this Agreement; provided that any such sale, assignment, transfer, negotiation or participation shall be in compliance with the applicable federal and state securities laws. The Bank agrees to give notice to Borrower of the identity of any such buyer, assignee, transferee or participant prior to consummation of the applicable transaction. The Borrower hereby acknowledges and agrees that any such disposition will give rise to a direct obligation of the Borrower to the participant; provided that the Borrower may rely upon any waiver, consent, amendment or other written advice obtained from Bank pursuant to Section 7.02 hereof. Each buyer, assignee, transferee and participant shall be entitled to all of the rights of the Bank hereunder and may exercise any and all rights of set-off and banker's lien as fully as though the borrower were directly indebted to such buyer, assignee, transferee and participant in the amount of the consideration for such sale, assignment, transfer or participation, plus any accrued but unpaid interest or fees. In connection with any participation under this Section 7.09, Bank may disclose any and all information concerning the Borrower and its Subsidiaries in its possession to the participant and the Borrower hereby consents to such disclosure. Bank agrees to inform such participant that all such information is confidential.

Section 7.10. COUNTERPARTS. This Agreement may be executed by the parties -----  
hereto individually, or in any combination of the parties hereto, in two or more counterparts, each of

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which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.11. SET-OFFS. Bank is hereby authorized at any time and from

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time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Borrower against any and all obligations of the Borrower now or hereafter existing under this Agreement and the Notes held by the Bank irrespective of whether the Bank shall have made any demand under this Agreement or the Notes and although such obligations may be unmatured. The Bank hereunder agrees promptly to notify the Borrower after each set-off and application made by the Bank, as the case may be, provided that the failure to give such notice shall not affect validity of such set-off and application. The rights of the Bank under Section 7.11 are in addition to other rights and remedies (including without limitation, other rights of set-off) which the Bank may have, and in the exercise of such rights, the Borrower agrees that Bank shall assume no liability to the Borrower, and Subsidiary or any other party for special, indirect or consequential damages which may arise as a result of a set-off.

Section 7.12. BINDING EFFECT: GOVERNING LAW. This Agreement shall be  
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binding upon and inure to the benefit of the Borrower, the Bank and their respective successors and assigns when it shall have been executed by the Borrower and the Bank. The Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank. This

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Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

7.13. ARBITRATION.  
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(a) This paragraph concerns the resolution of any controversies or claims between the Borrower and the Bank, including but not limited to those that arise from:

(i) This Agreement (including any renewals, extensions or modifications of this Agreement;

(ii) Any document, agreement or procedure related to or delivered in connection with this Agreement;

(iii) Any violation of this Agreement; or

(iv) Any claims for damages resulting from any business conducted between the Borrower and the Bank, including claims from injury to persons, property or business interests (torts).

(b) At the request of the Borrower or the Bank, any such controversies or claims will be settled by arbitration in accordance with the United States Arbitration Act. The United States Arbitration Act will apply even though this Agreement provides that it is governed by California law.

(c) Arbitration proceedings will be administered by the American Arbitration Association and will be subject to its commercial rules of arbitration.

(d) For purposes of the application of the statute of limitations, the filing of an arbitration pursuant to this paragraph is the equivalent of the filing of a lawsuit, and any claim or

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controversy which may be arbitrated under this paragraph is subject to any applicable statute of limitations. The arbitrators will have the authority to decide whether any such claim or controversy is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis.

(e) If there is a dispute as to whether an issue is arbitrable, the arbitrators will have the authority to resolve any such dispute.

(f) The decision that results from an arbitration proceeding may be submitted to any authorized court of law to be confirmed and enforced.

(g) The procedure described above will not apply if the controversy or claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property located in California. In this case, both the Borrower and the Bank must consent to submission of the claim or controversy to arbitration. If both parties do not consent to arbitration, the controversy or claim will be settled as follows:

(i) The Borrower and the Bank will designate a referee (or a panel of referees) selected under the auspices of Arbitration Association in the same manner as arbitrators are selected in Association-sponsored proceedings;

(ii) The designated referee (or the panel of referees) will be appointed by a court as provided in California Code of Civil Procedure Section 638 and the following related sections;

(iii) The referee (or the presiding referee of the panel) will be an active attorney or a retired judge; and

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(iv) The award that results from the decision of the referee (or the panel) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645.

(h) This provision does not limit the right of the Borrower or the Bank to:

(i) exercise self-help remedies such as setoff;

(ii) foreclose against or sell any real or personal property collateral; or

(iii) act in a court of law, before, during or after the arbitration proceeding to obtain:

(A) an interim remedy; and/or

(B) additional or supplementary remedies.

(i) The pursuit of or a successful action for interim, additional or supplementary remedies, or the filing of a court action, do not constitute a waiver of the right of the Borrower or the Bank, including the suing party, to submit the controversy or claim to arbitration if the other party contests the lawsuit. However, if the controversy or claim arises from or relates to an obligation to the Bank which is secured by real property located in California at the time of the proposed submission to arbitration, this right is limited according to the provision above requiring the consent of both the Borrower and the Bank to seek resolution through arbitration.

(j) If the Bank forecloses against any real property securing this Agreement, the Bank has the option to exercise the power of sale under the deed of trust or mortgage, or to proceed by judicial foreclosure.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

KORN/FERRY INTERNATIONAL  
A California Corporation

By: /s/ Norman A. Glick

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Title: V.P. Finance  
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1st Business Bank

By: /s/ Robert Kummer Jr.

-----  
Title: Chairman and CEO  
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By: /s/ Kim Defenderfer

-----  
Title: Vice President  
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FIRST AMENDMENT TO THE REVOLVING LINE AGREEMENT

THIS FIRST AMENDMENT TO THE REVOLVING LINE AGREEMENT is made and entered into this 27th day of February, 1998, by and between KORN/FERRY INTERNATIONAL, a California corporation (the "Borrower"), and Mellon 1st Business Bank, a California Banking Corporation (the "Bank"). This Amendment shall be called the

First Amendment to the Revolving Line Agreement.

RECITALS

A. Borrower and Bank entered into that certain Revolving Line Agreement dated January 31, 1997, wherein Bank agreed to lend to Borrower an amount up to but not in excess of Eleven Million Dollars (\$11,000,000) outstanding in the aggregate at any one time. All initial capitalized terms used herein and not otherwise defined herein shall have the same meaning as the Revolving Line Agreement. Borrower and Bank agree to the following.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration rendered to the parties, the parties do mutually agree as follows:

AGREEMENT

1. MATURITY DATE. In Section 1.01 the Maturity Date is hereby amended from November 30, 1998 to November 30, 1999.
2. LETTER OF CREDIT FEE. In Section 1.02(f) the non-refundable fee of 1 1/2% per annum of the outstanding undrawn amount of each standby letter of credit is hereby amended from 1 1/2% to 1.00%.
3. CONSOLIDATED TANGIBLE NET WORTH DEFINITION. Section (i) in the definition of Consolidated Tangible Net Worth in Section 6.01 of the Loan Agreement is hereby amended from "all liabilities of the Borrower and its Subsidiaries, determined on a consolidated basis, except for such amounts which are specifically subordinated to the Bank in a form satisfactory to the Bank and" to "all liabilities of the Borrower and its Subsidiaries, determined on a consolidated basis, except for subordinated debt and"
4. REAFFIRMATION. As of the date hereof, Borrower hereby reaffirms for the benefit of Bank that the representations and warranties of Borrower as set forth in Article III of the Revolving Line Agreement are true and correct.
5. FULL FORCE AND EFFECT. Each and every and all singular of the terms, conditions and covenants contained in the Revolving Line Agreement shall remain in full force and effect except as specifically amended herein, and not present or future rights remedies, benefits or powers belonging or accruing to Bank under the Revolving Line Agreement, shall be affected, prejudiced, limited or restricted hereby.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the Revolving Line Agreement as of the date first above written.

First Amendment to the Revolving Line Agreement  
Page 2

KORN/FERRY INTERNATIONAL  
A California Corporation.

By:/s/ E.S. Murray  
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Its: VP & CFO  
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MELLON IST BUSINESS BANK  
a California Corporation

By:/s/ Kim Defenderfer ----- Vice President	By: /s/ Robert Kummer Jr. ----- Chairman & Chief Executive Officer
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SECOND AMENDMENT TO THE REVOLVING LINE AGREEMENT

THIS SECOND AMENDMENT TO THE REVOLVING LINE AGREEMENT is made and entered into this 19th day of June, 1998, by and between KORN/FERRY INTERNATIONAL, a California corporation (the "Borrower"), and Mellon 1st Business Bank, a California Banking Corporation (the "Bank"). This Amendment shall be called the Second Amendment to the Revolving Line Agreement.

RECITALS

A. Borrower and Bank entered into that certain Revolving Line Agreement dated January 31, 1997, wherein Bank agreed to lend to Borrower an amount up to but not in excess of Eleven Million Dollars (\$11,000,000) outstanding in the aggregate at any one time. All initial capitalized terms used herein and not otherwise defined herein shall have the same meaning as the Revolving Line Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration rendered to the parties, the parties do mutually agree as follows:

AGREEMENT

1. ADDITION OF TEMPORARY INCREASE. The following sentence is hereby added to Section 1.01 after the first sentence which ends with the phrase (each an "Advance").

"In addition to the Eleven Million Dollars (\$11,000,000) Revolving Line, the Bank will lend the Borrower an amount up to but not in excess of Five Million Dollars (\$5,000,000) ("Temporary Increase") under the same terms and conditions as the Revolving Line except that the maturity date of the Temporary Increase will be September 30, 1998. Hereafter all references to the Maturity Date shall include the maturity date of the Temporary Increase. Also, hereafter all references to the Revolving Line shall include the Revolving Line and the Temporary Increase except the Temporary Increase shall be evidenced by two promissory notes (the "Temporary Increase Notes") and the Temporary Increase will not have a sublimit for standby letters of credit.

2. REAFFIRMATION. As of the date hereof, Borrower hereby reaffirms for the benefit of Bank that the representations and warranties of Borrower as set forth in Article III of the Revolving Line Agreement are true and correct.

3. FULL FORCE AND EFFECT. Each and every and all singular of the terms, conditions and covenants contained in the Revolving Line Agreement shall remain in full force and effect as specifically amended herein, and not present or future rights remedies, benefits or powers belonging or accruing to Bank under the Revolving Line Agreement, shall be affected, prejudiced, limited or restricted hereby.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to the Revolving Line Agreement as of the date first above written.

Second Amendment to the Revolving Line Agreement  
Page 2

KORN/FERRY INTERNATIONAL  
A California Corporation.

By:/s/ E. S. Murray  
-----  
Its: Chief Financial Officer  
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MELLON IST BUSINESS BANK  
a California Corporation

By:/s/ Kim Defendefor ----- Senior Vice President	By:/s/ Robert Kummer Jr. ----- Chairman & Chief Executive Officer
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TEMPORARY INCREASE NOTE  
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\$2,000,000	Los Angeles, California June 19, 1998
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FOR VALUE RECEIVED, KORN-FERRY INTERNATIONAL, a California corporation (the "Borrower"), promises to pay to the order of MELLON BANK, N.A., a Pennsylvania banking corporation (the "Bank") the principal sum of TWO MILLION DOLLARS (\$2,000,000) or, if less, the aggregate unpaid principal amount of all Loans made by the Bank to the undersigned pursuant to the Revolving Line Agreement by and between the Borrower and the Bank dated as of January 31, 1997 as shown on the records of the Bank or on the schedule attached hereto (and any continuation or amendment thereof), payable on the September 30, 1998; plus interest as calculated below.

Interest shall be payable from the date hereof on the unpaid principal balance outstanding hereunder at any time quarterly, on the last Business Day of each fiscal quarter, commencing on July 30, 1998 and continuing until the September 30, 1998, at either:

- (a) a fluctuating rate equal at all times to and including the date of maturity, one half percent (1/2%) lower than the rate which the Bank publicly announces from time to time at its Los Angeles Main Office (defined below) as its "Reference Rate"; or
- (b) a fixed rate of interest equal to the London Interbank Offered Rate (LIBOR) of the same origination and maturity dates plus one and one half percent (1 1/2%). Fixed rate advances must be made with forty eight(48) hours advance notice and in minimum increments of five hundred thousand dollars (\$500,000). Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity; and

- (c) after maturity, whether by acceleration or otherwise, both before as well

as after judgment, the Reference Rate plus two percent (2%).

Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change.

Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Both principal and interest are payable in lawful money of the United States of America, without deduction or offset, to the Bank at 601 West Fifth Street, Los Angeles, California 90071 (Los Angeles Main Office), in immediately available funds.

The failure of the Bank to exercise its rights to make demand at any one time will not constitute a waiver of such right at any subsequent time. Acceptance by the Bank of any payment hereunder which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise such option at that time or any subsequent time or nullify any prior exercise of such option, except as and to the extent otherwise provided by law and any such payment may be applied to any indebtedness owed to the Bank in any order the Bank chooses.

If the Note is not paid when due, whether on demand or at the date set forth herein, the Borrower promises to pay all costs of collection including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection of realization of any collateral securing the payment hereof, or enforcement of any guarantee or security therefore, incurred by the Bank or any holder hereof on account of such collection, whether or not suit is actually filed thereof.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

This Note is one of the Notes referred to in, and is subject to and governed by, the Revolving Line Agreement. Reference is made thereto for the definitions, terms, conditions and provisions governing this Note, including the conditions under which the amount owing hereunder may be accelerating.

This Note may be prepaid only in accordance with the terms of the Revolving Line Agreement.

This Note is made under and governed by the laws of the State of California.

KORN-FERRY INTERNATIONAL

By: /s/ E. S. Murray

By: E. S. Murray

TEMPORARY INCREASE NOTE

\$3,000,000

Los Angeles, California  
June 19, 1998

FOR VALUE RECEIVED, KORN-FERRY INTERNATIONAL, a California corporation (the "Borrower"), promises to pay to the order of MELLON 1ST BUSINESS BANK, a California banking corporation (the "Bank") the principal sum of THREE MILLION DOLLARS (\$3,000,000) or, if less, the aggregate unpaid principal amount of all Loans made by the Bank to the undersigned pursuant to the Revolving Line Agreement by and between the Borrower and the Bank dated as of January 31, 1997 as shown on the records of the Bank or on the schedule attached hereto (and any continuation or amendment thereof), payable on the September 30, 1998; plus interest as calculated below.

Interest shall be payable from the date hereof on the unpaid principal balance outstanding hereunder at any time quarterly, on the last Business Day of each fiscal quarter, commencing on July 30, 1998 and continuing until the September 30, 1998, at either:

(a) a fluctuating rate equal at all times to and including the date of maturity, one half percent (1/2%) lower than the rate which the Bank publicly announces from time to time at its Los Angeles Main Office (defined below) as its "Reference Rate"; or

(b) a fixed rate of interest equal to the London Interbank Offered Rate (LIBOR) of the same origination and maturity dates plus one and one half percent (1 1/2%). Fixed rate advances must be made with forty eight (48) hours advance notice and in minimum increments of five hundred thousand dollars (\$500,000). Such advances will be subject to a prepayment penalty equal to the amount of

interest which would have accrued had the advance been outstanding for the full maturity; and

(c) after maturity, whether by acceleration or otherwise, both before as well as after judgment, the Reference Rate plus two percent (2%).

Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change.

Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Both principal and interest are payable in lawful money of the United States of America, without deduction or offset, to the Bank at 601 West Fifth Street, Los Angeles, California 90071 (Los Angeles Main Office), in immediately available funds.

The failure of the Bank to exercise its rights to make demand at any one time will not constitute a waiver of such right at any subsequent time. Acceptance by the Bank of any payment hereunder which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise such option at that time or any subsequent time or nullify any prior exercise of such option, except as and to the extent otherwise provided by law and any such payment may be applied to any indebtedness owed to the Bank in any order the Bank chooses.

REVOLVING NOTE

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\$6,600,000

Los Angeles California  
January 31, 1997

FOR VALUE RECEIVED, KORN-FERRY INTERNATIONAL, a California corporation (the "Borrower"), promises to pay to the order of 1ST BUSINESS BANK, a California banking corporation (the "Bank") the principal sum of SIX MILLION SIX HUNDRED THOUSAND (\$6,600,000) or, if less, the aggregate unpaid principal amount of all Loans made by the Bank to the undersigned pursuant to the Revolving Line Agreement by and between the Borrower and the Bank dated as of January 31, 1997 as shown on the records of the Bank or on the schedule attached hereto (and any continuation thereof), payable on the Maturity Date, as defined in the Revolving Line Agreement; plus interest as calculated below.

Interest shall be payable from the date hereof on the unpaid principal balance outstanding hereunder at any time quarterly, on the last Business Day of each fiscal quarter, commencing on April 30, 1997 and continuing until the Maturity Date, at either:

(a) a fluctuating rate equal at all times to and including the date of maturity, one half percent (1/2%) lower than the rate which the Bank publicly announces from time to time at its Los Angeles Main Office (defined below) as its "Reference Rate"; or

(b) a fixed rate of interest equal to the London Interbank Offered Rate (LIBOR) of the same origination and maturity dates plus one and one half percent (1 1/2%). Fixed rate advances must be made with forty eight (48) hours advance notice and in minimum increments of five hundred thousand dollars (\$500,000). Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity; and

(c) after maturity, whether by acceleration or otherwise, both before as well as after judgment, the Reference Rate plus two percent (2%).

Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change.

Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Both principal and interest are payable in lawful money of the United States of America, without deduction or offset, to the Bank at 601 West Fifth Street, Los Angeles, California 90071 (Los Angeles Main Office), in immediately available funds.

The failure of the Bank to exercise its rights to make demand at any one time will not constitute a waiver of such right at any subsequent time. Acceptance by the Bank of any payment hereunder which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise such option at that time or any subsequent time or nullify any prior exercise of such option, except as and to the extent otherwise provided by law and any such payment may be applied to any indebtedness owed to the Bank in any order the Bank chooses.



If this Note is not paid when due, whether on demand or at the date set forth herein, the Borrower promises to pay all costs of collection including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection of realization of any collateral securing the payment hereof, or enforcement of any guarantee or security therefore, incurred by the Bank or any holder hereof on account of such collection, whether or not suit is actually filed thereof.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

This Note is one of the Notes referred to in, and is subject to and governed by, the Revolving Line Agreement. Reference is made thereto for the definitions, terms, conditions and provisions governing this Note, including the conditions under which the amounts owing hereunder may be accelerating.

This Note may be prepaid only in accordance with the terms of the Revolving Line Agreement.

This Note is made under and governed by the laws of the State of California.

KORN-FERRY INTERNATIONAL

By: /s/ Norman A. Glick

By: Norman A. Glick

REVOLVING NOTE

\$4,400,000

Los Angeles, California  
January 31, 1997

FOR VALUE RECEIVED, KORN-FERRY INTERNATIONAL, a California corporation (the "Borrower"), promises to pay to the order of MELLON BANK, N.A., a Pennsylvania banking corporation (the "Bank") the principal sum of FOUR MILLION FOUR HUNDRED THOUSAND (\$4,400,000) or, if less, the aggregate unpaid principal amount of all Loans made by the Bank to the undersigned pursuant to the Revolving Line Agreement by and between the Borrower and the Bank dated as of January 31, 1997 as shown on the records of the Bank or on the schedule attached hereto (and any continuation thereof), payable on the Maturity Date, as defined in the Revolving Line Agreement; plus interest as calculated below.

Interest shall be payable from the date hereof on the unpaid principal balance outstanding hereunder at any time quarterly, on the last Business Day of each fiscal quarter, commencing on April 30, 1997 and continuing until the Maturity Date, at either:

(a) a fluctuating rate equal at all times to and including the date of maturity, one half percent (1/2%) lower than the rate which the Bank publicly announces from time to time at its Los Angeles Main Office (defined below) as its "Reference Rate"; or

(b) a fixed rate of interest equal to the London Interbank Offered Rate (LIBOR) of the same origination and maturity dates plus one and one half percent (1 1/2%). Fixed rate advances must be made with forty eight (48) hours advance notice and in minimum increments of five hundred thousand dollars (\$500,000). Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity; and

(c) after maturity, whether by acceleration or otherwise, both before as well as after judgment, the Reference Rate plus two percent (2%).

Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change.

Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Both principal and interest are payable in lawful money of the United States of America, without deduction or offset, to the Bank at 601 West Fifth Street, Los Angeles, California 90071 (Los Angeles Main Office), in immediately available funds.

The failure of the Bank to exercise its rights to make demand at any one time will not constitute a waiver of such right at any subsequent time. Acceptance by the Bank of any payment hereunder which is less than payment in full of all

amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise such option at that time or any subsequent time or nullify any prior exercise of such option, except as and to the extent otherwise provided by law and any such payment may be applied to any indebtedness owed to the Bank in any order the Bank chooses.

If this Note is not paid when due, whether on demand or at the date set forth herein, the Borrower promises to pay all costs of collection including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection of realization of any collateral securing the payment hereof, or enforcement of any guarantee or security therefore, incurred by the Bank or any holder hereof on account of such collection, whether or not suit is actually filed thereof.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor, and nonpayment of this Note.

This Note is one of the Notes referred to in, and is subject to any governed by, the Revolving Line Agreement. Reference is made thereto for the definitions, terms, conditions and provisions governing this Note, including the conditions under which the amounts owing hereunder may be accelerating.

This Note may be prepaid only in accordance with the term of the Revolving Line Agreement.

This Note is made under and governed by the laws of the State of California.

KORN-FERRY INTERNATIONAL

By: /s/ Norman A. Glick

By: Norman A. Glick

EXHIBIT C  
January 31, 1997

KORN/FERRY INTERNATIONAL SUBSIDIARIES

Parent Company  
Korn/Ferry International, (California Corporation)

SUBSIDIARIES	PERCENT-OWNED*
ARGENTINA Korn/Ferry International S.A.	100%
AUSTRALIA Korn/Ferry International Pty. Limited*	100%
AUSTRIA (Branch of London) Korn/Ferry Carre Orban International, Ltd. Niederlassung Osterreich	100%
BRAZIL Korn/Ferry International S/C Ltda.	100%
CANADA Korn/Ferry International Limited	100% (INACTIVE)
CHILE Korn/Ferry International S.A.	100%
CHINA Korn/Ferry International (China) Limited	100%
CZECH REPUBLIC Korn/Ferry Carre/Orban International spol.s.r.o.	100%
DENMARK Korn/Ferry International A/S***	100% (INACTIVE)
FRANCE Korn/Ferry International & Cie, S.N.C.** Korn/Ferry International, S.N.C.** Brussels (Branch) Korn/Ferry International, S.N.C.** Amsterdam (Branch)	100%

GERMANY - Korn/Ferry International, GmbH.	100%
GREECE Korn/Ferry International S.A.	100%
HONG KONG Korn/Ferry International (H.K.) Limited	100%
HUNGARY Korn/Ferry International Budapest Individual Consulting & Services Ltd. (Short Form Name: K/F Ltd.)	100%
ITALY Korn/Ferry Carre/Orban International S.R.L.	100%
JAPAN Nihon Korn/Ferry International	100%
NETHERLANDS K/FI Holdings BV (Netherlands) Korn/Ferry Carre/Orban International B.V.	100% (INACTIVE) 100%
NEW ZEALAND Korn/Ferry International (New Zealand) Ltd.	100%
NORWAY Korn/Ferry Carre/Orban International A/S	100%
POLAND Korn/Ferry Carre/Orban International Sp.z o.o.	100%
PUERTO RICO Korn/Ferry Caribbean, Inc.***	100%
ROMANIA Korn/Ferry International srl.	100%
K/FI REVISED January 31, 1997 PAGE 3	
SINGAPORE Korn/Ferry International Pte. Ltd.	100%
SLOVAKIA New Europe Consulting Group, spol. s.r.o.	100%
SPAIN Korn/Ferry Espana, S.A.	100%
SWEDEN Korn/Ferry Carre'/Orban International, A.B.	100%
SWITZERLAND Korn/Ferry (Switzerland) S.A. (Zurich) Korn/Ferry International S.A. (Geneva) John Stork International (Geneva) K/F Associates AG	100% 100% 100% (INACTIVE) 100%
UNITED KINGDOM Korn/Ferry International, Limited John Stork International Group Limited John Stork International Limited Pintab Associates Limited	100% 100% 100% 100%
UNITED STATES Korn/Ferry International Strategic Compensation Group, Inc. Avery & Associates, Inc. Continental American Management, Co. John Stork International Group Limited Korn/Ferry Carre'/Orban Worldwide, Inc. Korn/Ferry S.A.	100% 100% 100% (INACTIVE) 100% (INACTIVE) 100% (INACTIVE) 100% 100% (INACTIVE)
K/FI REVISED January 31, 1997 PAGE 4	
VENEZUELA Korn/Ferry International Consultores Asociados, C.A.	100%

\* Includes Directors' qualifying shares  
\*\* In process of being converted to a full  
subsidiary of Korn/Ferry International  
\*\*\* In the process of liquidation.

<TABLE>

<CAPTION>

Description	Notes Payable
<hr/>	
<S>	<C>
Section 4.02(a) (i)	
<hr/>	
Bank Lines of Credit - United States	
First Business Bank/Bank of America	\$ 500,000
Loans against Cash Surrender Value of Life Insurance -	
Loans against cash surrender values of life Insurance policies are not considered indebtedness of the Company for purposes of this loan agreement. These amounts are considered to be a reduction of the related assets as recorded in the financial statements of the Company.	-
	-----
	\$ 500,000
	=====
Section 4.02 (a) (vi)	
<hr/>	
Indebtedness incurred incident to repurchase of the Company's capital stock and to payment of benefits to former employees. Loans are payable in installments over a five year period and are subordinated to bank debt.	
Nancy Albert	\$ 38,000
1972 Childrens Trust - Richard Ferry	\$ 470,000
California Community Foundation	\$ 151,000
California Community Foundation & Richard Ferry Trustee	\$ 990,000
Ken Clark	\$ 228,000
Mel Connet	\$ 56,000
Deborah Cornwall	\$ 313,000
Joe Defregger	\$ 88,000
Heinrich Eichenberger	\$ 163,000
Richard Ferry	\$1,096,000
Peter Gasperini	\$ 18,000
Wilmot Gravenslund	\$ 145,000
Richard Hardison	\$ 192,000
John Harlow	\$ 76,000
James Herget	\$ 26,000
Bill Ingils	\$ 28,000
Harold Johnson	\$ 10,000
Peter Kelly	\$ 64,000
Arnold Kuypers	\$ 26,000
Irene Latino	\$ 26,000
Robert Lepage	\$ 132,000
Bernhard Mahlo	\$ 66,000
Joseph McMahon	\$ 19,000
Martin Nass	\$ 6,000
Howard Nitschke	\$ 63,000
Win Priem	\$ 19,000
Paul Putney	\$ 48,000
Robert Rollo	\$ 88,000
Buzz Schulte	\$ 5,000
Gary Silverman	\$ 41,000
John Sullivan	\$ 26,000
William Tholke	\$ 78,000
Jean-Marie Van Den Borre	\$ 101,000
Laurence Vienot	\$ 178,000
Daniel Wilbrez	\$ 27,000
Matthew Wright	\$ 3,000
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	\$5,104,000
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</TABLE>

## REVOLVING CREDIT AND TERM LOAN AGREEMENT

THIS AGREEMENT is made and entered into this 31st day of January, 1997 by and between KORN/FERRY INTERNATIONAL (the "BORROWER") and 1ST BUSINESS BANK, a California banking corporation (the "BANK").

## ARTICLE I

## AMOUNT AND TERMS OF THE LOAN

## Section 1.01. THE REVOLVING LOAN. From the date the Borrower has satisfied

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all conditions precedent as set forth in Article II hereof, to and until November 30, 1997 (the "CONVERSION DATE"), Bank will lend to Borrower an amount up to but not in excess of Five Million Dollars (\$5,000,000) outstanding in the aggregate at any one time (the "REVOLVING LOAN") in one or more advances (each an "Advance"). Within the limits of time and amount and subject to the other provisions hereof, Borrower may borrow, repay and reborrow all or part of the Revolving Loan in multiple integrals of TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000.00), at any time up until the Conversion Date, at which time the unpaid principal balance of the Revolving Loan will be converted to a term loan (the "TERM LOAN") in accordance with, and subject to the conditions set forth in, Section 1.02 hereof. The Revolving Loan shall be evidenced by two promissory notes (the "REVOLVING NOTES") which shall be in substantially the form of Exhibit A. Each Advance, the principal amount thereof, the interest rate applicable thereto and the unpaid principal balance owing on the Revolving Notes at any time may be evidenced by

endorsement on the Notes or by Bank's internal records, including daily computer print-outs, and such entries shall be prima facie evidence of the amount of the Revolving Loan outstanding and the terms thereof, but the failure of the Bank to make any such notation shall not release Borrower from the obligation to repay amounts borrowed hereunder.

## Section 1.02. THE TERM LOAN. The principal balance of the Revolving Loan

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outstanding on the Conversion Date shall be converted to the Term Loan on the Conversion Date, except that Bank shall not be obligated to make such conversion unless Borrower, as of the Conversion Date, shall be in compliance with all of the provisions of this Agreement and any other agreement by and between Borrower and Bank. The Term Loan shall be evidenced by two promissory notes, (the "TERM NOTES"), which shall be substantially in the form of Exhibit B. The Revolving Loan and Term Loan are collectively referred to herein as the "LOANS", and the Revolving Notes and Term Notes are collectively referred to here as the "NOTES".

## Section 1.03. PROCEDURE FOR ADVANCES. The Borrower shall request Revolving

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Loan advances by submitting to Bank an Authorization for Disbursement in the form of Exhibit E (i) on or before 2:00 p.m. on the date of any proposed Advance bearing interest under the Reference Rate Option; or (ii) two London Business Days prior to the date of any proposed Advance bearing Interest at the LIBOR-Rate Option. The Authorization for Disbursement shall specify (i) the amount of the proposed Advance, (ii) the interest rate option and interest period applicable thereto, and (iii) instructions for disbursement of the funds. The Authorization for Disbursement shall be executed by an officer of the Borrower and Bank shall be entitled to rely upon such Authorization for Disbursement without inquiry.

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## Section 1.04. INTEREST - REVOLVING LOAN AND TERM LOAN. The unpaid principal

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balance of the Loans shall bear interest at either: 1) a rate per annum equal to one half percent (1/2%) below the Bank's Reference Rate (which shall be equal to the rate announced by the Bank from time to time as its Reference Rate) and shall vary concurrently with any change in such Reference Rate (the "Reference Rate Option"); or 2) A fixed per annum rate of interest equal to the LIBOR-Rate plus one and one half percent (1 1/2%) (the LIBOR-Rate Option). LIBOR-Rate Advances must be in minimum amounts of five hundred thousand dollars (\$500,000) and integral multiples thereof. LIBOR-Rate Advances can be made for periods of one, three and six months as selected by the Borrower (each an "Interest Period"). No LIBOR-Rate Advance on the Revolving Line will be made which would mature after the Conversion Date. No LIBOR-Rate Advance on the Term Loan will be made which would mature after the Maturity Date. The first day of the Interest Period must be a Business Day. The last day of the Interest Period and the actual number of days during the Interest Period will be determined by the Bank using the practices of the London inter-bank market. The Bank will have no obligation to accept an election for a LIBOR-Rate Advance if any of the

following described events has occurred and is continuing:

(i) Dollar deposits in the principal amount, and for the periods equal to the Interest Period, of a LIBOR-Rate Advance are not available in the London inter-bank market; or

(ii) the LIBOR Rate does not accurately reflect the cost of a LIBOR-Rate Advance; or (iii) Borrower shall have a one time option at the Conversion Date, to fix the rate of interest for the Term Loan. Said fixed rate shall be equal to the U.S. Treasury Note Yield (as quoted in the Wall Street Journal), for U.S. Treasury Notes with a maturity equivalent to the Maturity Date of the

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Term Loan, plus 1.75%. Such fixed rate Advance will be subject to a prepayment premium equal to the amount of interest which would have accrued had the Advance been outstanding for the full maturity.

Section 1.05. MANDATORY PAYMENTS. Borrower shall pay interest only on all  
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outstanding Advances under the Revolving Notes calculated on the outstanding principal balance thereunder, payable on the last Business Day of each fiscal quarter, commencing April 30, 1997 and ending on (and including) the Conversion Date. The Term Notes shall provide for equal quarterly installments of principal each together with accrued interest, payable on the last Business Day of each fiscal quarter commencing on the last Business Day of the first fiscal quarter following the Conversion Date, and continuing until November 30, 2002 (the "Maturity Date") at which time all unpaid principal and accrued interest shall be due and payable.

Section 1.06. DELIVERY OF NOTES. The Borrower shall deliver the Notes to  
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the Bank pursuant to Article II.

Section 1.07. OPTIONAL PREPAYMENTS. The Borrower may at any time prepay the  
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Notes in whole or ratably in part, provided that each partial prepayment shall be in the principal amount not less than One Hundred Thousand Dollars (\$100,000) and shall be applied first to any interest then due, and then, to principal which, in the case of prepayment to the Term Notes, shall be applied to the installment of principal in the inverse order of their maturities.

Section 1.08. PAYMENTS AND COMPUTATIONS. All payments hereunder by the  
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Borrower shall be made without deduction or offset in lawful money of the United States of America to the Bank at its Lending Office in immediately available funds. The Borrower hereby authorizes the

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Bank, if and to the extent payment owed to the Bank is not promptly made pursuant to the Notes or this Section 1.05, to charge against the Borrower's account with the Bank an amount equal to the interest and fees from time to time due to the Bank hereunder and under the Notes. All computations of interest hereunder shall be made by the Bank on the basis of a 360-day year and the actual number of days (including the first day but excluding the last day) elapsed.

Section 1.09. PAYMENT ON NON-BUSINESS DAYS. Whenever any payment to be made  
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hereunder or under the Notes shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be.

Section 1.10. USE OF PROCEEDS. The proceeds of the Loan shall be used only  
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for general corporate purposes of Borrower and its Subsidiaries.

Section 1.11. OPTIONAL SECURITY. The obligations hereunder and under the  
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Notes are unsecured; provided, however, that in the event an Event of Default (as defined in Article V below), or any condition or event which with the giving of notice or lapse of time, or both, would become such an Event of Default shall have occurred and be continuing, the Bank may, at its option, elect to secure such obligations and upon receipt by the Borrower of written notice of such election, Borrower will execute and deliver to the Bank such security agreements, financing statements and deeds of trust, and such other documents, instruments, notices and agreements as the Bank in its reasonable judgment deems necessary or desirable to obtain a perfected security interest in and lien upon such assets of Borrower (and/or of its Subsidiaries) to fully and adequately secure the

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repayment of the Loan, together with all interest thereon, and all other obligations of Borrower hereunder.

Section 1.12. FEES. The Borrower shall pay to the Bank a Commitment fee in

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the amount of three eighths percent (3/8%) per annum of the unused portion of the Commitment. The Commitment fee shall be paid in arrears on a quarterly basis.

Section 1.13. INTEREST AFTER MATURITY. Any Advance which is not paid as and

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when due hereunder shall bear interest from and after the Maturity Date to the date paid at a rate which is 2% above the Reference Rate.

Section 1.14. INDEMNITY. The Borrower shall indemnify the Bank from and

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against any loss or expense (including loss of margin) incurred as a consequence of any payment or prepayment of any LIBOR-Rate Advance on any date other than the last day of the Interest Period applicable thereunto whether or not such payment or pre-payment is mandatory. Amounts payable by Borrower pursuant to this Section 1.14 shall be payable on demand.

## ARTICLE II

### CONDITIONS OF LENDING

SECTION 2.01. CONDITIONS PRECEDENT TO THE LOAN. The obligation of the Bank

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to make any Advance on the Revolving Loan is subject to the conditions precedent that the Bank shall have received on or before the day of the initial Advance the following, each dated the date of the initial Advance, in form and substance satisfactory to the Bank;

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(a) Duly executed Notes, payable to the order of the Bank (or to the order of the Bank and such assignee as the Bank may designate with the agreement of the Borrower).

(b) A copy of the Articles of Incorporation of the Borrower, certified by the California Secretary of State.

(c) A copy of the By-Laws of the Borrower, certified by its secretary.

(d) Certified copies of the resolutions of the Board of Directors of the Borrower authorizing this Agreement and the Notes and within ninety days of the execution of this Agreement, certified copies of the resolutions of the Boards of Directors of the Subsidiaries which are corporations authorizing the Guarantees.

(e) An Opinion of O'Melveny & Myers, LLP, counsel to the Borrower, as to such matters as required by the Bank.

Section 2.02. ADDITIONAL CONDITIONS PRECEDENT. The obligation of the Bank

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to make the initial and any subsequent Advance shall be subject to the further conditions precedent that the Bank shall have received the following on or prior to the day of the requested Advance, and that the statements therein shall be true and correct as of such date:

(a) A certificate of the Borrower's Chief Financial Officer to the effect that:

(i) The representations and warranties contained in Section 1.09 and 3.01 are true and correct on and as of the date of the disbursement as though made on and as of such date;

(ii) No event has occurred and is continuing, and no event would result from the making of the Advance which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

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(iii) The proceeds of the Advance will be applied in a manner consistent with the provisions of Sections 1.09 and 3.01(h); and

(iv) The making of such Advance will not contravene any law, regulation or order applicable to the Borrower.

(b) Such other approvals, opinions or documents as the Bank may reasonably

request.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

##### Section 3.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower

represents and warrants as follows:

(a) SUBSIDIARIES. A complete list of the Borrower's Subsidiaries is

attached as Exhibit C, which Exhibit also shows the jurisdiction of incorporation or organization of each Subsidiary, and Borrower's percentage ownership of or interest in each Subsidiary, including directors' qualifying shares. The Borrower has unrestricted rights to vote the shares or interests of all Subsidiaries and (except as restricted by applicable law) to receive dividends or distributions thereon. The outstanding shares of all Subsidiaries which are corporations are validly issued, fully paid and non-assessable.

(b) INCORPORATION ETC. The Borrower and its Subsidiaries are duly

organized, validly existing and in good standing under the laws of the jurisdictions of their respective incorporation or organization, and are qualified to do business in all jurisdictions where the nature of their business

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or activities requires such qualification, except where such qualification has not had or will not have a material adverse effect on the Borrower.

(c) AUTHORIZATION. The execution, delivery and performance by the Borrower

of this Agreement and the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no governmental approval, and do not contravene law or any contractual restriction binding on or affecting the Borrower.

(d) APPROVALS. No authorization or approval or other action by, and no

notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(e) BINDING OBLIGATIONS. This Agreement is, and the Notes when delivered

hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or the application of equitable principles.

(f) FINANCIAL STATEMENTS. The consolidated balance sheet of the Borrower

and its Subsidiaries as of April 30, 1996, and the related consolidated statements of income and retained earnings of the Borrower and its Subsidiaries for the fiscal year then ended, copies of which have been furnished to Bank, fairly present the financial condition of the Borrower and its Subsidiaries as of such date and the results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently

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applied, and since that time, except as disclosed in writing to Bank prior to the date of this Agreement, there has been no material adverse change in such condition or operations.

(g) LITIGATION. There are no pending or, to the Borrower's knowledge,

threatened actions or proceedings affecting the Borrower or any of its Subsidiaries before any court or governmental agency, which in management's opinion may materially adversely affect the financial condition or operations of the Borrower.

(h) USE OF PROCEEDS. Borrower is not engaged principally in, nor does it

have as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the Loan will be used to purchase or carry any margin stock or extend credit to others for the purpose of purchasing or carrying any margin stock or used for any purpose which violates Regulation U or Regulation X



or any other provision of law or the apposite regulations.

(i) ERISA. With respect to Borrower's or any Subsidiary's employee benefit  
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plans, except as disclosed to Bank in writing, (a) Borrower and all Subsidiaries are in compliance in all material respects with the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "CODE"); (B) no "reportable event" within the meaning of Section 4043 of ERISA ("REPORTABLE EVENT") has occurred that has not been timely reported or that, whether or not reported, would authorize the involuntary termination of one of such plans; (c) there are no "accumulated funding deficiencies" within the meaning of Section 412(a) of the Code exceeding \$250,000 in the

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aggregate and no waiver of the minimum funding standards of Code Section 412 has been requested or granted by the Internal Revenue Service.

#### ARTICLE IV

##### COVENANTS OF THE BORROWER

Section 4.01. AFFIRMATIVE COVENANTS. So long as the Notes shall remain  
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unpaid or the Bank shall have any Commitment hereunder, the Borrower will, unless the Bank shall otherwise agree in writing:

(a) COMPLIANCE WITH LAWS, ETC. Comply, and cause each of its Subsidiaries  
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to comply, in all material respects with all applicable laws, rules, regulations and orders (the failure to comply with which would have a material adverse effect upon the Borrower), such compliance to include, without limitation, the payment of, before the same become delinquent, all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith.

(b) INSURANCE. Maintain and cause each of its Subsidiaries to maintain  
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insurance to such extent and covering such risks as is usual for companies engaged in the same or similar businesses and on request will advise the Bank of all insurance so carried.

(c) REPORTING REQUIREMENTS. Furnish to the Bank:  
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(i) as soon as available and in any event within seventy-five (75) days after the end of each quarter of each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such quarter and consolidated statements of income and

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retained earnings of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the Chief Financial Officer or President of the Borrower, subject to year end audit adjustments;

(ii) As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year projected consolidated statements of income and retained earnings for the succeeding year in an acceptable form to the Bank.

(iii) As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Borrower, a copy of the annual consolidated audit report for such year for the Borrower and its Subsidiaries, containing financial statements for such year, certified in a manner acceptable to the Bank by Arthur Andersen & Co., or other independent certified public accountants acceptable to the Bank;

(iv) Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any employee benefit plan maintained by the Borrower disclosing: (a) any Reportable Event; (b) any "prohibited transaction" within the meaning of Section 4975 of the Code; or (c) the voluntary or involuntary termination of any such plan that is subject to Title IV of ERISA;

(v) no later than seventy-five (75) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower in the case of Sections 4.02(a)-(d) and (f)-(m), and one hundred and twenty (120) days after the end of each fiscal year of the Borrower in the case of Sections 4.02(a)-(m), a statement in form and substance satisfactory to Bank evidencing

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compliance with the appropriate requirements of Section 4.02, certified by the Chief Financial Officer or President of Borrower; and

(vi) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as the Bank may from time to time reasonably request.

(d) INSPECTION OF BOOKS AND RECORDS. Allow the Bank and its agents to

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inspect the Borrower's properties and examine, audit, and make copies of books and records at any reasonable time. If any of the Borrower's properties, books or records are in the possession of a third party to permit the Bank or its agents to have access to perform inspections or audits and to respond to the Bank's requests for information concerning such properties, books and records.

(e) NOTICE OF EVENTS. Give the Bank, promptly upon the Borrower's

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obtaining such knowledge, written notice of any condition or event which has resulted or would with the giving of notice, lapse of time or both, result in:

(i) a material adverse change in the Borrower's consolidated financial condition or operations, or

(ii) a breach of or noncompliance with any material term, representation, warranty, condition or covenant contained herein or in any document delivered pursuant hereto, or

(iii) a breach of or noncompliance with any material term, representation, warranty, condition or covenant of any material contract to which the Borrower or any of its Subsidiaries is a party or by which they or their property may be bound.

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(f) NOTICE OF DISPUTES. Give the Bank, promptly upon the Borrower's

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obtaining such knowledge, written notice of any legal, judicial or regulatory proceedings affecting the Borrower or any of its Subsidiaries in which the amount involved is material and not covered by insurance and which, if adversely determined, would have a material adverse effect upon the Borrower.

(g) FORMATION OF SUBSIDIARIES. Advise the Bank promptly of the formation,

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restructuring, sale, transfer or liquidation of any Subsidiary and update Exhibit C to this Agreement accordingly.

(h) GUARANTEES. Within ninety (90) days of the date hereof, deliver to the

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Bank guarantees of the Borrower's obligations hereunder by all Subsidiaries of the Borrower listed in Exhibit C hereto, all in form and substance satisfactory to the Bank.

Section 4.02. NEGATIVE COVENANTS. So long as the Notes shall remain unpaid

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or the Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Bank:

(a) DEBT. Create or suffer to exist, or permit any of its Subsidiaries to

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create or suffer to exist, any Debt, including Debt secured by the cash surrender value of any life insurance policy owned by the Borrower, whether or not such debt is recognized on the Borrower's financial statements as prepared in accordance with generally accepted accounting principles; other than:

(i) Debt described on Exhibit D hereto;

(ii) the Loan contemplated hereby;

(iii) purchase money obligations which are secured by security interests in the equipment or fixtures so acquired, and capital leases entered into for the use and acquisition of

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equipment, in the ordinary course of business, and guarantees of any such Debt; provided that such security interests shall not extend to other assets of the Borrower or its Subsidiaries;

(iv) trade debt incurred in the ordinary course of business and on normal and customary trade terms;

(v) Debt arising out of the issuance of letters of credit issued by Bank or with the consent of Bank, in support of Borrower or its Subsidiaries;

(vi) notes payable for a term not in excess of five (5) years, issued in connection with the purchase of shares of stock of the Borrower owned by shareholders or in connection with the payment of benefits due to Persons who leave the employment of the Borrower; provided however, that the issuance of such notes by the Borrower shall not otherwise create an Event of Default hereunder or an event which, with the passage of time or the giving of notice, would constitute an Event of Default hereunder;

(vii) Debt incurred by the Borrower to its Subsidiaries or incurred by Subsidiaries to the Borrower; and

(viii) Debt secured by the cash surrender value of life insurance policies owned by the Borrower, whether or not such debt is recognized on the Borrower's financial statements, providing that the proceeds of such Debt are either used solely for the purpose of making scheduled premium payments currently due on such policies or making investments in liquid marketable securities.

(b) NET WORTH RATIO. Permit its Net Worth Ratio (after taking into account  
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all Restricted Cash) to be greater than the ratio of 2.5:1.0 at all times or permit its net worth to be

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greater than the ratio of 2.25:1.0 after excluding the accrued liability, "Accrued Bonuses," from "outstanding Indebtedness," as defined in Section 6.01.

(c) CONSOLIDATED TANGIBLE NET WORTH. Permit its Consolidated Tangible Net  
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Worth to be less than Forty Million Dollars (\$40,000,000) at all times.

(d) WORKING CAPITAL & CURRENT RATIO. Permit its Net Working Capital to be  
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less than Seventeen Million Dollars (\$17,000,000) or permit its ratio of Current Assets to Current Liabilities to be less than 1.20 to 1.0, both on a consolidated basis.

(e) NET INCOME. Permit its Consolidated Net Income in any fiscal year  
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to be less than Two Million Dollars (\$2,000,000).

(f) SALES OF ASSETS. Permit any Subsidiary to sell, lease, abandon or  
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otherwise dispose of, directly or indirectly, a material amount of the assets of the Borrower or the Borrower and its Subsidiaries, taken as a whole, except for sales, leases or transfers to the Borrower or any wholly-owned Subsidiary.

(g) CONSOLIDATION, MERGER. Permit any Subsidiary to, consolidate with or  
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merge into any other corporation or entity, except (i) any Subsidiary may consolidate with or merge into the Borrower or a wholly-owned Subsidiary; and (ii) any Subsidiary the value of whose assets are not material may consolidate or merge with any other entity provided that the terms of such consolidation or merger are negotiated at arm's length and constitute fair value under the circumstances.

(h) COVERAGE. Permit its Consolidated Pre interest expense and pre-tax  
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income during any consecutive twelve (12) month period (computed on a quarterly basis) to be less than the sum

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of two hundred percent (200%) of consolidated current maturities of long term debt, and consolidated interest expense for the preceding twelve month period. (This ratio will be calculated at the end of each fiscal quarter, using the results of that quarter and each of the three immediately preceding quarters.)

(i) GUARANTIES. Permit any Subsidiary to, guarantee, endorse or otherwise  
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become or be contingently liable upon any Indebtedness or obligations of any person, firm or corporation (other than Indebtedness or obligations of the Borrower or any Subsidiary permitted under this Agreement), in excess of \$250,000 on an unsecured basis and \$500,000 on a secured basis, at any time in the aggregate, except in the ordinary course of business as may be necessary to support its Subsidiaries.

(j) LIENS, ETC. And will not permit any Subsidiary to create or suffer  
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to exist any lien, security interest or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its accounts receivable and properties, whether now owned or hereafter acquired, except:

(i) liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being contested in good faith;

(ii) liens of carriers, warehousemen, mechanics, materialmen, landlords and other liens imposed by law, incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(iii) liens securing Debt permitted under Section 4.02(a) and 4.02(i); and

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(iv) other liens or encumbrances which in the aggregate are immaterial to the Borrower and its Subsidiaries on a consolidated basis and are incurred in the ordinary course of the Borrower's business.

(k) INVESTMENT AND ADVANCES. Permit any Subsidiary (i) to advance, lend or contribute funds to any Person (other than Borrower or any Subsidiary), whether by way of loan, stock purchase, capital contribution or otherwise, or (ii) to acquire by purchase of stock or by purchase of assets, in exchange for cash or shares of capital stock or other securities of the Borrower, any Subsidiary or any other Person, all or substantially all of any division or portion of the assets and business of any other Person (other than the Borrower or any Subsidiary or Strategic Compensation Associates); (iii) provided, however, that the Borrower may lend funds (excluding payments to employees against future bonuses) to employees for the sole purpose of purchasing shares of common stock of the Borrower and the Borrower may loan or provide guarantees up to but not in excess of at any one time One Million Five Hundred Thousand Dollars (\$1,500,000) in the aggregate to employees of the Borrower for other purposes.

(l) ERISA COMPLIANCE. And with respect to any employee benefit plan maintained by it or any Subsidiary, permit:

(i) any "prohibited transaction" as such term is defined in Section 4975 of the Code;

(ii) any "accumulated funding deficiency" as such term is defined in Section 412(a) of the Code;

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(iii) the voluntary or involuntary termination of any such Plan under circumstances that could result in material liability of the Borrower; or

(iv) the imposition of a lien on the property of the Borrower pursuant to Section 4068 of ERISA or Section 412(a) of the Code.

(m) Other Business Activities. Engage in any business activities substantially different from the Borrower's present business.

## ARTICLE V

### EVENTS OF DEFAULT

Section 5.01. EVENTS OF DEFAULT. The occurrence of any one of the following events shall be an "Event of Default" hereunder:

(a) The Borrower shall fail to pay any installment of principal of, or interest on, the Notes when due; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) The Borrower shall fail to perform or observe any of the terms, covenants or agreements contained in Article IV of this Agreement; or

(d) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in any other section of this Agreement and any such failure shall remain unremedied for thirty (30) days thereafter; or

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(e) The Borrower or any of its Subsidiaries shall:

(i) fail to pay any material Debt (excluding Debt evidenced by the

Notes) of the Borrower or such Subsidiary (as the case may be), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or

(ii) fail to perform any term, covenant or condition on its part to be performed under any agreement or instrument relating to any such material Debt, when required to be performed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) The Borrower or any of its Subsidiaries shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property, and any such proceeding instituted against the Borrower or such Subsidiary shall not have

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been dismissed after sixty (60) days; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) A judgment or order for the payment of money in an amount in excess of \$500,000 shall be rendered against the Borrower or any of its Subsidiaries and such judgment or order shall continue unsatisfied or unstayed, and in effect for a period of thirty (30) consecutive days; or

(h) The institution of a voluntary or involuntary termination of any employee benefit plan maintained by the Borrower or any Subsidiary pursuant to Title IV of ERISA if, as of the date thereof, the amount of unfunded "benefit liabilities" is (after giving effect to the tax consequences thereof), in the good faith judgment of the Bank, material.

(i) A material adverse change occurs in the Borrower's financial condition, properties, or ability to repay the Revolving Loan.

Section 5.02. UPON AN EVENT OF DEFAULT. If any Event of Default shall have  
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occurred and be continuing, then:

(a) if the Event of Default is described in Section 5.01(f), the Commitment shall forthwith terminate and the Notes, all interest thereon, and all other amounts payable under this Agreement shall become forthwith due and payable, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by the Borrower, and

(b) if the Event of Default is described in any Section other than Section 5.01(f), the Bank, may by notice to the Borrower, (i) declare the Commitment to be terminated, whereupon the same shall forthwith terminate, or (ii) declare the  
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Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such

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interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower;

## ARTICLE VI

### CERTAIN DEFINITIONS

Section 6.01 CERTAIN DEFINITIONS. As used herein, and unless otherwise  
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defined herein, the following terms have the following respective meanings:

"Business Day". Unless otherwise provided in this Agreement, a business day is a day other than a Saturday or a Sunday on which the Bank is open for business in California. All payments and disbursements which would be due on a day which is not a Business Day will be due on the next Business Day. All payments received on a day which is not a business day will be applied to the credit on the next business day.

"Commitment" shall mean the amount of \$5,000,000 which the Borrower is,  
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at any time permitted to borrow in accordance with Section 1.01 and Section 1.02.

"Consolidated Gross Expenses" means the annual total of all costs and  
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expenses of the Borrower and each Subsidiary determined in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01(f) as such principles may be modified from time to time.

"Consolidated Gross Revenues" means the annual total of all items of income  
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and revenues of the Borrower and each Subsidiary, determined in accordance with generally accepted accounting

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principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01(f) as such principles may be modified from time to time.

"Consolidated Net Income" means Consolidated Gross Revenues less  
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Consolidated Gross Expenses (adding or subtracting, as appropriate extraordinary income or expenses) and less all taxes.

"Consolidated Tangible Net Worth" means the total of all assets of the  
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Borrower and its Subsidiaries, determined on a consolidated basis, less the sum of (i) all liabilities of the Borrower and its Subsidiaries, determined on a consolidated basis, except for such amounts which are specifically subordinated to the Bank in a form satisfactory to the Bank and (ii) the amount, if any, of intangible assets such as goodwill, trademarks, trademark rights, trade name rights, copyrights, patents, patent rights and licenses, unamortized debt discounts and expenses which appear on the asset side of the consolidated balance sheet of the Borrower and its Subsidiaries, and (iii) all amounts due from officers, directors, or shareholders of the Borrower where the Borrower retains no rights of offset against other indebtedness.

"Current Assets" and "Current Liabilities", means those assets and  
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liabilities which are so classified by the Borrower's certified public accountant in accordance with generally accepted accounting principles, except that deferred taxes shall be excluded from Current Liabilities for purpose of this calculation.

"Debt" means:  
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(i) Indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade debt to vendors and suppliers in the ordinary course of

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business and not more than ninety (90) days overdue) in respect of which such corporation is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which such corporation otherwise assures a creditor against loss;

(ii) obligations of such corporation under leases which shall have been or should be, in accordance with generally accepted accounting principles, included in determining liabilities as shown on the liability side of a balance sheet of such Person as of the date as of which Indebtedness is to be determined.

(iii) unfunded benefit liabilities under each employee benefit plan maintained for employees of such corporation and covered by Title IV or ERISA.

"Indebtedness" of any Person, means all items of indebtedness which, in  
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accordance with generally accepted accounting principles, would be included in determining liabilities as shown on the liability side of a balance sheet of such Person as of the date as of which Indebtedness is to be determined.

"LIBOR Rate" means for each Advance under the LIBOR-Rate Option, the rate  
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per annum determined by the Bank by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (x) the rate of interest (which shall be the same for each day of such LIBOR-Rate Advance) determined in good faith by the Bank by reference to the Wall Street Journal or otherwise (which determination shall be presumed correct absent obvious error) to be the average

of the rates per annum for deposits in U.S. Dollars offered to banks in the London Interbank market at approximately 11:00 o'clock a.m., London time, two London Business Days prior to the first day of

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such Advance for delivery on the first day of such Advance by (y) a number equal to 1.00 minus the LIBOR-Rate Reserve Percentage.

The "LIBOR-Rate Reserve Percentage" for any date is the maximum effective percentage (expressed as a decimal fraction, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Bank (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, with limitation, supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") of a member bank in such System but only to the extent actually incurred by the Bank, the Bank's determination thereof to be presumed correct in the absence of obvious error. The LIBOR-Rate shall be adjusted automatically as of the effective date of each change in the LIBOR-Rate Reserve Percentage.

Advances bearing interest under the LIBOR-Rate Option shall be referred to as "LIBOR-Rate Advances".

"London Business Day" means a Business Day which is also a day for dealing  
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in deposits of U.S. dollars by and among banks in the London Interbank Market.

"Long Term Debt" means any Debt which does not finally mature within twelve  
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(12) months.

"Material" means, in reference to payments or liabilities, an amount equal  
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to or exceeding five percent (5%) of Consolidated Tangible Net Worth; in reference to other matters a condition or

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event which creates a change or which with the giving of notice or lapse of time, or both, would create a change in the financial condition of the Borrower and its Subsidiaries in this amount.

"Month" with respect to a LIBOR-Rate Interest Period has the following  
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meaning unless a calendar month is specified or the context otherwise clearly requires:

(i) if the first day of such LIBOR-Rate Interest Period is the last day of a calendar month, a "month" is the interval between the last days of consecutive calendar months;

(ii) otherwise, a "month" is the interval between the days in consecutive calendar months numerically corresponding to the first day of such LIBOR-Rate Interest Period or, if there is no such numerically corresponding day in a particular calendar month, then the last day of such calendar month.

"Net Working Capital" means the excess of Current Assets over Current  
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Liabilities of the Borrower and its Subsidiaries (after taking into account all Restricted Cash).

"Net Worth Ratio" means the ratio of (i) outstanding Indebtedness of the  
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Borrower and its Subsidiaries including outstanding standby letters of credit less outstanding borrowings which are secured by said letters of credit on a consolidated basis, less subordinated debt, to (ii) Consolidated Tangible Net Worth plus subordinated debt and shall be expressed as a ratio, so that, for example, if the amount of such Indebtedness is twice the amount of Consolidated Tangible Net Worth, then the Net Worth Ratio is 2 to 1.

"Person" means any natural person, corporation, firm, association,  
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government, governmental agency or any other entity and whether acting in an individual, fiduciary or other capacity.

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"Restricted Cash" means all cash of the Borrower or any Subsidiary which is  
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not available for the payment of principal or interest hereunder.

"Subsidiary" means as to any parent corporation, any other corporation  
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of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time shares of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such parent corporation and/or one or more of its Subsidiaries and also means any partnership in which such parent corporation has directly or indirectly an interest sufficient to control the management or operations of the partnership.

"Unused Commitment" means the Commitment amount minus the sum of the  
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aggregate amount of all Advances outstanding hereunder.

## ARTICLE VII

### MISCELLANEOUS

#### SECTION 7.01 AMENDMENTS, ETC. No amendment or waiver of any provision of

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this Agreement or of the Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

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#### Section 7.02 NOTICES, ETC. All notices and other communications provided

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for hereunder shall be in writing (including telegraphic communication) and mailed, transmitted by facsimile transmission, telegraphed or delivered, if to the Borrower, at its address at 1800 Century Park East, Suite 900, Los Angeles, California 90067, Facsimile No. (310) 553-8640, Attention: Norman A. Glick, Vice President-Finance; if to the Bank, at its address at 601 West Fifth Street, Los Angeles, California 90071, Facsimile No. (213) 622-8975, Attention: Commercial Loan Department (or any successor office) or to such other address as either party may designate to the other in writing. All such notices and communications shall, when mailed or telegraphed, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid, except that notices to the Bank pursuant to the provisions of Article I shall not be effective until received by the Bank.

#### Section 7.03. COSTS, EXPENSES AND TAXES. The Borrower agrees to pay on

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demand all reasonable costs and expenses in connection with the preparation, execution and delivery and administration of this Agreement, the Notes and the other documents to be delivered hereunder, including the reasonable fees and out-of-pocket expenses of counsel for the Bank, with respect thereto, and with respect to advising the Bank as to its rights and responsibilities under this Agreement and all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement, the Notes and the other documents to be delivered hereunder.

The Borrower will not deduct any taxes from any payments it makes to the Bank. If any government authority imposes any taxes or charges on any payments made by the Borrower, the Borrower will pay the taxes or charges. Upon request by the Bank, the Borrower will confirm that

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it has paid the taxes by giving the Bank official tax receipts within 30 days after the due date. However, the Borrower will not pay the Bank's net income taxes.

#### Section 7.04. ACCOUNTING TERMS. All accounting terms not specifically

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defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 3.01(f) hereof, as such principles may be modified from time to time, and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

#### Section 7.05. SURVIVAL. The representations and warranties of Borrower

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contained herein shall survive the making of the Revolving Loan and shall remain effective until all indebtedness contemplated hereby shall have been paid by Borrower in full.

#### Section 7.06. ONE AGREEMENT. This Agreement and any related security or

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other agreements required by this Agreement, collectively:

(a) represent the sum of the understandings and agreements between the Bank



and the Borrower concerning the Revolving Loan; and

(b) replace any prior oral or written agreements between the Bank and the Borrower concerning this Revolving Loan; and

(c) are intended by the Bank and the Borrower as the final, complete and exclusive statement of the terms agreed to by them.

In the event of any conflict between this Agreement and any other agreements required by this Agreement, including without limitation the inclusion of additional fees and additional defaults in the Application and Agreement for Stand-by Letters of Credit, this Agreement will prevail.

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Section 7.07. NO WAIVER. No failure to exercise, and no delay in exercising

any right, power or remedy hereunder or under any Note or under any other document delivered pursuant hereto shall impair any right, power or remedy which any Bank or the Borrower may have, nor shall any such delay be construed to be a waiver of any such rights, powers or remedies, or an acquiescence in any breach or default under this Agreement or under any Note or under any other document delivered pursuant hereto, nor shall any waiver of any breach or default of the Borrower or any Bank or the Bank hereunder be deemed a waiver of any default or breach subsequently occurring. The rights and remedies herein specified are cumulative and not exclusive of any rights or remedies which any Bank or the Bank or the Borrower would otherwise have.

Section 7.08. SEVERABILITY OF PROVISIONS. In case any one or more of the

provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Section 7.09. PARTICIPATIONS. The Bank shall have the right at any time to

sell, assign, transfer, negotiate or grant participations to other banks in all or part of the Commitment, the Loans or the obligations of Borrower outstanding under this Agreement or the Notes, and any other documents in connection with this Agreement; provided that any such sale, assignment, transfer, negotiation or participation shall be in compliance with the applicable federal and state securities laws. The Bank agrees to give notice to Borrower of the identity of any such buyer, assignee, transferee or participant prior to consummation of the applicable transaction. The Borrower hereby acknowledges and agrees that any such disposition will give rise to a direct obligation of the

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Borrower to the participant; provided that the Borrower may rely upon any waiver, consent, amendment or other written advice obtained from Bank pursuant to Section 7.02 hereof. Each buyer, assignee, transferee and participant shall be entitled to all of the rights of the Bank hereunder and may exercise any and all rights of set-off and banker's lien as fully as though the borrower were directly indebted to such buyer, assignee, transferee and participant in the amount of the consideration for such sale, assignment, transfer or participation, plus any accrued but unpaid interest or fees. In connection with any participation under this Section 7.09, Bank may disclose any and all information concerning the Borrower and its Subsidiaries in its possession to the participant and the Borrower hereby consents to such disclosure. Bank agrees to inform such participant that all such information is confidential.

Section 7.10. COUNTERPARTS. This Agreement may be executed by the parties

hereto individually, or in any combination of the parties hereto, in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.11. SET-OFFS. Bank is hereby authorized at any time and from

time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Borrower against any and all obligations of the Borrower now or hereafter existing under this Agreement and the Notes held by the Bank irrespective of whether the Bank shall have made any demand under this Agreement or the Notes and although such obligations may be unmaturing. The

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Bank hereunder agrees promptly to notify the Borrower after each set-off and application made by the Bank, as the case may be, provided that the failure to give such notice shall not affect validity of such set-off and application. The rights of the Bank under this Section 7.11 are in addition to other rights and

remedies (including, without limitation, other rights of set-off) which the Bank may have, and in the exercise of such rights, the Borrower agrees that Bank shall assume no liability to the Borrower, and Subsidiary or any other party for special, indirect or consequential damages which may arise as a result of a set-off.

Section 7.12. BINDING EFFECT; GOVERNING LAW. This Agreement shall be

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binding upon and inure to the benefit of the borrower, the Bank and their respective successors and assigns when it shall have been executed by the Borrower and the Bank. The Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

7.13. ARBITRATION.

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(a) This paragraph concerns the resolution of any controversies or claims between the Borrower and the Bank, including but not limited to those that arise from:

(i) This Agreement (including any renewals, extensions or modifications of this Agreement;

(ii) Any document, agreement or procedure related to or delivered in connection with this Agreement;

(iii) Any violation of this Agreement; or

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(iv) Any claims for damages resulting from any business conducted between the Borrower and the Bank, including claims from injury to persons, property or business interests (torts).

(b) At the request of the Borrower or the Bank, any such controversies or claims will be settled by arbitration in accordance with the United States Arbitration Act. The United States Arbitration Act will apply even though this Agreement provides that it is governed by California law.

(c) Arbitration proceedings will be administered by the American Arbitration Association and will be subject to its commercial rules of arbitration.

(d) For purposes of the application of the statute of limitations, the filing of an arbitration pursuant to this paragraph is the equivalent of the filing of a lawsuit, and any claim or controversy which may be arbitrated under this paragraph is subject to any applicable statute of limitations. The arbitrators will have the authority to decide whether any such claim or controversy is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis.

(e) If there is a dispute as to whether an issue is arbitrable, the arbitrators will have the authority to resolve any such dispute.

(f) The decision that results from an arbitration proceeding may be submitted to any authorized court of law to be confirmed and enforced.

(g) The procedure described above will not apply if the controversy or claim, at the time of the proposed submission to arbitration, arises from or relates to an obligation to the Bank secured by real property located in California. In this case, both the Borrower and the Bank must consent to

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submission of the claim or controversy to arbitration. If both parties do not consent to arbitration, the controversy or claim will be settled as follows:

(i) The Borrower and the Bank will designate a referee (or a panel of referees) selected under the auspices of Arbitration Association in the same manner as arbitrators are selected in Association-sponsored proceedings;

(ii) The designated referee (or the panel of referees) will be appointed by a court as provided in California Code of Civil Procedure Section 638 and the following related sections;

(iii) The referee (or the presiding referee of the panel) will be an active attorney or a retired judge; and

(iv) The award that results from the decision of the referee (or the panel) will be entered as a judgment in the court that appointed the referee, in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645.

(h) This provision does not limit the right of the Borrower or the Bank to:

(i) exercise self-help remedies such as setoff;

(ii) foreclose against or sell any real or personal property collateral; or

(iii) act in a court of law, before, during or after the arbitration proceeding to obtain;

(A) an interim remedy; and/or

(B) additional or supplementary remedies.

(i) The pursuit of or a successful action for interim, additional or supplementary remedies, or the filing of a court action, do not constitute a waiver of the right of the Borrower or

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the Bank, including the suing party, to submit the controversy or claim to arbitration if the other party contests the lawsuit. However, if the controversy or claim arises from or relates to an obligation to the Bank which is secured by real property located in California at the time of the proposed submission to arbitration, this right is limited according to the provision above requiring the consent of both the Borrower and the Bank to seek resolution through arbitration.

(j) If the Bank forecloses against any real property securing this Agreement, the Bank has the option to exercise the power of sale under the deed of trust or mortgage, or to proceed by judicial foreclosure.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

KORN/FERRY INTERNATIONAL  
A California Corporation

BY: /s/ Norman A. Glick

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TITLE: V.P. FINANCE  
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1ST BUSINESS BANK

BY: /s/ Robert Kummer, Jr.

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TITLE: CHAIRMAN & CEO  
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BY: /s/ Kim Defenderfer

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TITLE: VICE PRESIDENT  
OR SENIOR VICE PRESIDENT  
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TERM NOTE  
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\$2,000,000

Los Angeles, California  
January 31, 1997

FOR VALUE RECEIVED, KORN-FERRY INTERNATIONAL, a California corporation (the "Borrower"), promises to pay to the order of MELLON BANK, a Pennsylvania banking corporation (the "Bank") the principal sum of TWO MILLION DOLLARS (\$2,000,000) or, if less, the aggregate unpaid principal amount of all Loans made by the Bank to the undersigned pursuant to the Revolving Credit and Term Loan Agreement by and between the Borrower and the Bank dated as of January 31, 1997 as shown on the records of the Bank or on the schedule attached hereto (and any continuation thereof), payable on the Maturity Date, as defined in the Revolving Credit and Term Loan Agreement; plus interest as calculated below.

Interest shall be payable from the date hereof on the unpaid principal balance outstanding hereunder at any time quarterly, on the last Business Day of each fiscal quarter, commencing on April 30, 1998 and continuing until the Maturity Date:

(a) at either a fluctuating rate equal at all times to and including the date of maturity, one half percent (1/2%) lower than the rate which the Bank publicly announces from time to time at its Los Angeles Main Office (defined below) as its "Reference Rate"; or

(b) a fixed rate of interest equal to the London Interbank Offered Rate (LIBOR) of the same origination and maturity dates plus one and one half percent (1 1/2%). Fixed rate advances must be made with forty eight (48) hours advance notice and in minimum increments of five hundred thousand dollars (\$500,000). Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity; or

(c) Borrower shall have a one time option at the Conversion Date, to fix the rate of interest for the remaining term of the Loan. Said fixed rate shall be equal to the U.S. Treasury Note Yield (as quoted in the Wall Street Journal), for U.S. Treasury Notes with a maturity equivalent to the Maturity date of the loan, plus 1.75%. Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity.

(d) after maturity, whether by acceleration or otherwise, both before as well as after judgment, the Reference Rate plus two percent (2%).

Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change.

Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Principal shall be due hereunder in equal quarterly installments, with the first such installment due on the last Business Day of the first fiscal quarter following the Conversion Date, with subsequent installments due on the last Business Day of each fiscal quarter thereafter, and the last installment due on or before November 30, 2002, at which time all outstanding principal and accrued interest shall be due and payable.

Both principal and interest are payable in lawful money of the United States of America, without deduction or offset, to the Bank at 601 West Fifth Street, Los Angeles, California 90071 (Los Angeles Main Office), in immediately available funds.

The failure of the Bank to exercise its rights to make demand at any one time will not constitute a waiver of such right at any subsequent time. Acceptance by the Bank of any payment hereunder which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise such option at that time or any subsequent time or nullify any prior exercise of such option, except as and to the extent otherwise provided by law and any such payment may be applied to any indebtedness owed to the Bank in any order the Bank chooses.

If this Note is not paid when due, whether on demand or at the date set forth herein, the Borrower promises to pay all costs of collection including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection of realization of any collateral securing the payment hereof, or enforcement of any guarantee or security therefore, incurred by the Bank or any holder hereof on account of such collection, whether or not suit is actually filed thereof.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

This Note is one of the Notes referred to in, and is subject to and governed by, the Revolving Credit and Term Loan Agreement. Reference is made thereto for the definitions, terms, conditions and provisions governing this Note, including the conditions under which the amounts owing hereunder may be accelerating.

This Note may be prepaid only in accordance with the terms of the Revolving Credit and Term Loan Agreement.

This Note is made under and governed by the laws of the State of California.

KORN-FERRY INTERNATIONAL

By: /s/ Norman A. Glick

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By: \_\_\_\_\_

TERM NOTE

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\$3,000,000

Los Angeles, California  
January 31, 1997

FOR VALUE RECEIVED, KORN-FERRY INTERNATIONAL, a California corporation (the "Borrower"), promises to pay to the order of 1ST BUSINESS BANK, a California banking corporation (the "Bank") the principal sum of THREE MILLION DOLLARS (\$3,000,000) or, if less, the aggregate unpaid principal amount of all Loans made by the Bank to the undersigned pursuant to the Revolving Credit and Term Loan Agreement by and between the Borrower and the Bank dated as of January 31, 1997 as shown on the records of the Bank or on the schedule attached hereto (and any continuation thereof), payable on the Maturity Date, as defined in the Revolving Credit and Term Loan Agreement; plus interest as calculated below.

Interest shall be payable from the date hereof on the unpaid principal balance outstanding hereunder at any time quarterly, on the last Business Day of each fiscal quarter, commencing on April 30, 1998 and continuing until the Maturity Date at either:

- (a) a fluctuating rate equal at all times to and including the date of maturity, one half percent (1/2%) lower than the rate which the Bank publicly announces from time to time at its Los Angeles Main Office (defined below) as its "Reference Rate"; or
- (b) a fixed rate of interest equal to the London Interbank Offered Rate (LIBOR) of the same origination and maturity dates plus one and one half percent (1 1/2%). Fixed rate advances must be made with forty eight (48) hours advance notice and in minimum increments of five hundred thousand dollars (\$500,000). Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity; or
- (c) Borrower shall have a one time option at the Conversion Date, to fix the rate of interest for the remaining term of the Loan. Said fixed rate shall be equal to the U.S. Treasury Note Yield (as quoted in the Wall Street Journal), for U.S. Treasury Notes with a maturity equivalent to the Maturity date of the loan, plus 1.75%. Such advances will be subject to a prepayment penalty equal to the amount of interest which would have accrued had the advance been outstanding for the full maturity.
- (d) after maturity, whether by acceleration or otherwise, both before as well as after judgment, the Reference Rate plus two percent (2%).

Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change.

Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Principal shall be due hereunder in equal quarterly installments, with the first such installment due on the last Business Day of the first fiscal quarter following the Conversion Date, with subsequent installments due on the last Business Day of each fiscal quarter thereafter, and the last installment due on or before November 30, 2002, at which time all outstanding principal and accrued interest shall be due and payable.

Both principal and interest are payable in lawful money of the United States of America, without deduction or offset, to the Bank at 601 West Fifth Street, Los Angeles, California 90071 (Los Angeles Main Office), in immediately available funds.

The failure of the Bank to exercise its rights to make demand at any one time will not constitute a waiver of such right at any subsequent time. Acceptance by the Bank of any payment hereunder which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise such option at that time or any subsequent time or nullify any prior exercise of such option, except as and to the extent otherwise provided by law and any such payment may be applied to any indebtedness owed to the Bank in any order the Bank chooses.

If this Note is not paid when due, whether on demand or at the date set forth herein, the Borrower promises to pay all costs of collection including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection of realization of any collateral securing the payment hereof, or enforcement of any guarantee or security therefore, incurred by the Bank or any holder hereof on account of such collection, whether or not suit is actually filed thereof.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

This Note is one of the Notes referred to in, and is subject to and governed by, the Revolving Credit and Term Loan Agreement. Reference is made thereto for the definitions, terms, conditions and provisions governing this Note, including the conditions under which the amounts owing hereunder may be accelerating.

This Note may be prepaid only in accordance with the terms of the Revolving Credit and Term Loan Agreement.

This Note is made under and governed by the laws of the State of California.

KORN-FERRY INTERNATIONAL

By: /s/ Norman A. Glick  
-----

By: \_\_\_\_\_

EXHIBIT C  
January 31, 1997

KORN/FERRY INTERNATIONAL SUBSIDIARIES

Parent Company  
Korn/Ferry International, (California Corporation)

SUBSIDIARIES	PERCENT-OWNED*
ARGENTINA Korn/Ferry International S.A	100%
AUSTRALIA Korn/Ferry International Pty. Limited*	100%
AUSTRIA (Branch of London) Korn/Ferry Carre Orban International, Ltd. Niederlassung Osterreich	100%
BRAZIL Korn/Ferry International S/C Ltda.	100%
CANADA Korn/Ferry International Limited	100% (INACTIVE)
CHILE Korn/Ferry International S.A.	100%
CHINA Korn/Ferry International (China) Limited	100%
CZECH REPUBLIC Korn/Ferry Carre/Orban International spol.s.r.o.	100%
DENMARK Korn/Ferry International A/S***	100% (INACTIVE)
FRANCE Korn/Ferry International & Cie, S.N.C.** Korn/Ferry International, S.N.C.** Brussels (Branch) Korn/Ferry International, S.N.C.** Amsterdam (Branch)	100%
K/FI REVISED January 31, 1997 PAGE 2	
GERMANY Korn/Ferry International, GmbH,	100%
GREECE Korn/Ferry International S.A.	100%
HONG KONG Korn/Ferry International (H.K.) Limited	100%
HUNGARY Korn/Ferry International Budapest Individual Consulting & Services Ltd. (Short Form Name: K/F Ltd.)	100%
ITALY	

Korn/Ferry Carre/Orban International S.R.L.	100%
JAPAN	
Nihon Korn/Ferry International	100%
NETHERLANDS	
K/FI Holdings BV (Netherlands)	100% (INACTIVE)
Korn/Ferry Carre/Orban International B.V.	100%
NEW ZEALAND	
Korn/Ferry International (New Zealand) Ltd.	100%
NORWAY	
Korn/Ferry Carre/Orban International A/S	100%
POLAND	
Korn/Ferry Carre/Orban International Sp.zo.o	100%
PUERTO RICO	
Korn/Ferry Caribbean, Inc.***	100%
ROMANIA	
Korn/Ferry International srl.	100%
K/FI	
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SINGAPORE	
Korn/Ferry International Pte. Ltd.	100%
SLOVAKIA	
New Europe Consulting Group, spol. s.r.o.	100%
SPAIN	
Korn/Ferry Espana, S.A.	100%
SWEDEN	
Korn/Ferry Carre'/Orban International, A.B.	100%
SWITZERLAND	
Korn/Ferry (Switzerland) S.A. (Zurich)	100%
Korn/Ferry International S.A. (Geneva)	100%
John Stork International (Geneva)	100% (INACTIVE)
K/F Associates AG	100%
UNITED KINGDOM	
Korn/Ferry International, Limited	100%
John Stork International Group Limited	100%
John Stork International Limited	100%
Pintab Associates Limited	100%
UNITED STATES	
Korn/Ferry International	100%
Strategic Compensation Group, Inc.	100%
Avery & Associates, Inc.	100% (INACTIVE)
Continental American Management Co.	100% (INACTIVE)
John Stork International Group Limited	100% (INACTIVE)
Korn/Ferry Carre'/Orban Worldwide, Inc	100%
Korn/Ferry S.A.	100% (INACTIVE)

K/FI  
REVISED January 31, 1997  
PAGE 4

VENEZUELA	
Korn/Ferry International Consultores Asociados, C.A.	100%
Korn/Ferry International Consultores Asociados, C.A. Bogota (Branch)	

\* Includes Directors' qualifying shares  
 \*\* In process of being converted to a full subsidiary of Korn/Ferry International  
 \*\*\* In the process of liquidation.

&lt;TABLE&gt;

&lt;CAPTION&gt;

Description <S>	Notes Payable <C>
-----	-----
Section 4.02 (a) (i)	
-----	
Bank Lines of Credit - United States	
First Business Bank/Bank of America	\$500,000
Loans against Cash Surrender Value of Life Insurance -	
Loans against cash surrender values of life insurance policies are not	
considered indebtedness of the Company for purposes of this loan	
agreement. These amounts are considered to be a reduction of the related	
assets as recorded in the financial statements of the Company.	-
	-----
	\$500,000
	=====
Section 4.02 (a) (vi)	
-----	
Indebtedness incurred incident to repurchase of the Company's capital stock	
and to payment of benefits to former employees. Loans are payable in	
installments over a five year period and are subordinated to bank debt.	
Nancy Albert	\$38,000
1972 Childrens Trust - Richard Ferry	\$470,000
California Community Foundation	\$151,000
California Community Foundation & Richard Ferry Trustee	\$990,000
Ken Clark	\$228,000
Mel Connet	\$56,000
Deborah Cornwall	\$313,000
Joe Defregger	\$88,000
Heinrich Eichenberger	\$163,000
Richard Ferry	\$1,096,000
Peter Gasperini	\$18,000
Wilmot Gravenslund	\$145,000
Richard Hardison	\$192,000
John Harlow	\$76,000
James Herget	\$26,000
Bill Inglis	\$28,000
Harold Johnson	\$10,000
Peter Kelly	\$64,000
Arnold Kuypers	\$26,000
Irene Latino	\$26,000
Robert Lepage	\$132,000
Bernhard Mahlo	\$66,000
Joseph McMahon	\$19,000
Martin Nass	\$6,000
Howard Nitschke	\$63,000
Win Priem	\$19,000
Paul Putney	\$48,000
Robert Rollo	\$88,000
Buzz Schulte	\$5,000
Gary Silverman	\$41,000
John Sullivan	\$26,000
William Tholke	\$78,000
Jean-Marie Van Den Borre	\$101,000
Laurence Vienot	\$178,000
Daniel Wilbrez	\$27,000
Matthew Wright	\$3,000
	-----
	\$5,104,000
	=====

&lt;/TABLE&gt;



## PROMISSORY NOTE

=====

Borrower:	KORN/FERRY INTERNATIONAL; ET, AL	Lender:	1st Business Bank
	1800 CENTURY PARK EAST, SUITE 900		Headquarters
	LOS ANGELES, CA 90067		601 West Fifth St.
	AND MICHAEL D. BOXBERGER		Los Angeles, Ca 90071

=====

Principal Amount: \$1,000,000.00 Initial Rate: 8.000% Date of Note: January  
28, 1998

PROMISE TO PAY. KORN/FERRY INTERNATIONAL and MICHAEL D. BOXBERGER (referred to in this Note individually and collectively as "Borrower") jointly and severally promise to pay to 1st Business Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million and 00/100 Dollars (\$1,000,000.00), with interest on the unpaid principal balance from January 28, 1998, until paid in full.

PAYMENT. Borrower will pay this loan in one principal payment of \$1,000,000.00 plus interest on January 15, 1999. This payment due January 15, 1999, will be for all principal and accrued interest not yet paid. In addition, Borrower will pay, monthly, interest, beginning February 15, 1998, with all subsequent interest payments to be due on the same day of each month after that. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and any late charges, then to any unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the 1st Business Bank Reference Rate (the "Reference Rate"). Any change in the interest rate resulting from a change in the Reference Rate shall be effective on and as of the date of such change. Lender will tell Borrower the current Reference Rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The Reference Rate currently is 8.500% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 0.500 percentage points under the Reference Rate, resulting in an initial rate of 8.000% per annum. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. (\*) INITIAL: MDB NAG

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due. (\*\*) INITIAL:MDB / NAG  
--- ---

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (g) Lender in good faith deems itself insecure.

ADDITIONAL DEFAULT PROVISION. BORROWER WILL ALSO BE IN DEFAULT IF ANY OF THE FOLLOWING HAPPENS: BORROWER'S FAILURE TO SUBMIT FINANCIAL STATEMENTS, TAX RETURNS AND SUCH OTHER FINANCIAL INFORMATION TO THE HOLDER HEREOF WHEN REQUESTED; THE OCCURRENCE OF AN EVENT WHICH CAUSES A MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION; THE GOOD FAITH BELIEF BY LENDER THAT THERE EXISTS, OR THE ACTUAL EXISTENCE OF, ANY DETERIORATION OF BORROWER'S ABILITY TO MEET BORROWER'S OBLIGATIONS TO LENDER OR TO BORROWER'S OTHER CREDITORS OR IN THE VALUE OF ANY COLLATERAL SECURING THE OBLIGATIONS OF THE UNDERSIGNED HEREUNDER; BORROWER CEASES TO EXIST OR ANY GENERAL PARTNER IN BORROWER CEASES TO EXIST OR IS NO LONGER A GENERAL PARTNER IN BORROWER.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon Borrower's failure to pay all amounts declared due pursuant to this section, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note 5.000 percentage points. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender all costs and expenses of collection. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of California. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Los Angeles County, the State of California. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other. This Note shall be governed by and construed in accordance with the laws of the State of California.

(\*) VARIABLE INTEREST RATE (CONTINUED). The interest rate on advances made under this Note will be based on changes in an index which is the 1st Business Bank Reference Rate, as described above, or LIBOR, as described to the attached "Addendum to Promissory Note" which is incorporated herein by this reference as though fully set forth. INITIAL: MDB / NAG.

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(\*\*) PREPAYMENT (CONTINUED). Notwithstanding the preceding regarding allowance of prepayment without penalty, all advances requested by Borrower to bear the LIBOR rate option shall have the term fixed for the LIBOR rate chosen and shall not be repaid earlier than due. INITIAL MDB / NAG.

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GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs the Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PROMISSORY NOTE

PAGE 2

Loan No (Continued)

=====

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS AND THE ATTACHED NOTICE TO COSIGNER. EACH BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

KORN/FERRY INTERNATIONAL

By:/s/Norman A. Glick

-----

NORMAN A. GLICK, TREASURER

X /s/ M. D. Boxberger

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ADDENDUM TO PROMISSORY NOTE

This Addendum to Promissory Note (this "Addendum") is made this 28th day of January, 1998, and is attached to and incorporated into, and shall be deemed to be a part of, that certain Promissory Note (the "Note") of even date herewith, executed by MICHAEL D. BOXBERGER AND KORN/FERRY INTERNATIONAL ("Borrower") to and in favor of 1st Business Bank, a California banking corporation ("Bank"), to wit:

Except as otherwise herein expressly defined, all terms herein beginning with a capital letter shall have the meanings ascribed to them in the Note. The Note is hereby modified in the following respects only:

1. Definitions  
-----

As used in this Addendum, the following definitions shall apply:

1.1 "LIBOR" means the London Interbank Offered Rate for U.S. Dollar deposits in the London bank deposit market for one (1), three (3) or six (6) month contracts based on current quotations at major banks, as determined and reported from time to time by The Wall Street Journal, Western Edition, Money Rates column. For purposes of this Addendum, all such rates shall be deemed to be effective on the date so published, without regard to the effective date of reported quotations.

1.2 "LIBOR Rate" means the per annum rate of interest in effect from time to time, applicable to a particular advance under the Note upon Borrower's election to be charged interest thereon based on LIBOR. The LIBOR rate for a particular advance shall be one and one-half percentage points (1.50%) above LIBOR applicable to the corresponding Rate period selected by Borrower. The LIBOR Rate for a particular advance shall be fixed at the beginning of the corresponding Rate Period selected by Borrower and shall continue to accrue and be payable at the same rate until said Rate Period expires.

1.3 "Rate Period" means a period of time during which interest shall accrue at a LIBOR Rate. Borrower may select Rate Periods of one, three or six months, but not extending beyond the maturity date provided in the Note.

2. Interest Rate; LIBOR Election.  
-----

2.1 Initial Rate and Election.  
-----

The LIBOR Rate accruing under the Note during the initial Rate Period shall be LIBOR plus 1.50%. Commencing on the first day of each Rate Period following the initial Rate Period, interest accruing on the Note shall be adjusted to be the LIBOR Rate in effect during such Rate Period as herein provided, subject to further adjustment upon the occurrence of a default as provided in the Note. From time to time, and provided Borrower is not in default under the Note, Borrower may, if expressly permitted by the provisions of the Note, request additional advances, provided the aggregate amount of the initial advance and all additional advances shall not exceed the total principal amount of the Note as therein stated, and to elect to be charged interest on any or all such advances at the LIBOR Rate applicable to the corresponding Rate Period then selected by Borrower with respect to each such advance.

2.2 Procedure for Electing LIBOR  
-----

Borrower's election to be charged interest at the LIBOR Rate with respect to a particular advance, or to renew one or more LIBOR Rates with respect to outstanding unpaid advances under the Note at the same or different Rate Periods as may be permitted by this Addendum, shall be made, if at all, by Borrower's requesting a LIBOR Rate or Rate Periods, as follows: Each such request may be made by Borrower in writing or by telephone call to an officer of Bank assigned to the office of Bank at which payments are required to be made under this Note. In response to Borrower's request, Bank may provide an indicative rate quote of LIBOR for a Rate Period selected by Borrower; provided, however, that Borrower may not select a Rate Period which extends beyond the maturity date set forth in the Note. Borrower's election shall be irrevocable, whether it is made in writing or otherwise. If Bank so chooses, Bank may confirm any election by Borrower with respect to each LIBOR Rate and the corresponding Rate Period in the form of a written notice thereof, and Borrower shall have a period of three business days from the date Borrower receives Bank's written confirmation within which to notify Bank of any error by Bank in its notice confirming the LIBOR Rate election and corresponding Rate Period. If Bank fails to send any such written confirmation, or if Borrower

fails to deliver written notice to Bank of any such error by Bank within said time period, then any such failure shall not effect the LIBOR Rate or corresponding Rate Period established by Bank pursuant to Borrower's election.

3.   Reference Rate.  
-----

      If Borrower fails to elect a LIBOR Rate at any time Borrower requests an advance under the Note, or fails to select a new or renewal Rate Period prior to the expiration of a Rate Period applicable to a particular advance, or if Borrower fails to designate a Rate Period applicable to any LIBOR Rate election, the rate of interest applicable to the loan advance as to which such failure occurs shall automatically revert to a per annum variable rate of interest equal to the Reference Rate (as defined in the Note) in effect from time to time. With respect to any advance then accruing interest at a LIBOR Rate, the Reference Rate will begin to accrue as of the expiration of any Rate Period then or therefore expiring, and continuing until Borrower makes a valid election for a new LIBOR Rate and Rate Period, at which time the interest rate due under the Note with respect to such advance shall be based on the LIBOR Rate in effect at the time of Borrower's election as hereinabove provided for the corresponding Rate Period.

      Except as herein otherwise expressly provided, the Note has not been otherwise modified and remains in full force and effect.

("Borrower")

KORN/FERRY INTERNATIONAL

By: /s/ Norman A Glick  
-----  
      NORMAN A. GLICK, TREASURER

X /s/ M. D. Boxberger  
-----  
      MICHAEL D. BOXBERGER,   CO-BORROWER

KORN/FERRY INTERNATIONAL  
 AMENDED AND RESTATED  
 STOCK RIGHT PLAN

(as originally adopted June 12, 1991, effective as of May 1, 1991,  
 and amended and restated December 21, 1992)

KORN/FERRY INTERNATIONAL  
 -----  
 AMENDED AND RESTATED  
 -----  
 STOCK RIGHT PLAN  
 -----  
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KORN/FERRY INTERNATIONAL

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AMENDED AND RESTATED

-----

STOCK RIGHT PLAN

-----

(as originally adopted June 12, 1991, effective as of May 1, 1991,  
and amended and restated December 21, 1992)

ARTICLE I

-----

TITLE AND PURPOSE

-----

This Plan shall be known as the "Korn/Ferry International Amended and Restated Stock Right Plan." The purpose of this Plan is to provide a long-term performance incentive to employees of Korn/Ferry International and a means of attracting and retaining employees of outstanding abilities.

ARTICLES II

-----  
DEFINITIONS  
-----

Whenever the following terms are used in this Plan they shall have the meaning specified below unless the context clearly indicates to the contrary:

Board of Directors means the Board of Directors of the Company.  
-----

Cash Value means the value of each share of Common Stock as determined  
-----  
pursuant to Article VI.

Change of Control means (i) the sale or other transfer of 50% or more  
-----  
of the voting stock of the Company, other than to (a) shareholders of the Company, (b) a pension, profit-sharing, stock bonus or similar plan established for the benefit of employees of the Company, or (c) an entity in which the former shareholders of the Company hold 50% or more of the value of the outstanding stock; (ii) a merger, consolidation, business combination or other reorganization of the Company in which the former shareholders of the Company hold less than 50% of the value of the outstanding stock of the surviving corporation; or (iii) the sale or other transfer of all or substantially all of the assets of the Company, other than to (a) shareholders of the Company, (b) a pension, profit-sharing, stock bonus or similar plan established for the benefit of employees of the Company, or (c) an entity in which the former shareholders of the Company hold 50% or more of the value of the outstanding stock.

Company means Korn/Ferry International, a California corporation.  
-----

Committee means the group of individuals appointed and acting in  
-----  
accordance with Article IX.

2

Common Stock means the Company's common stock, \$0.10 par value.  
-----

Fiscal Year means the fiscal year of the Company.  
-----

Grant Date means the date on which the Committee grants a Stock Right  
-----  
to a Participant.

Grant Notice means the notice sent to a Participant pursuant to  
-----  
Article IV.

Market Value means the market value of the Common Stock. Market Value  
-----  
shall be determined by the Board of Directors, whenever necessary under the provisions of the plan, if the Common Stock is neither listed nor admitted to trading on any stock exchange nor actively traded in the over-the-counter market at the time. If the Common Stock is not listed or admitted to trading on a stock exchange but is actively traded over-the-counter at the time, the Market value shall be the mean between the highest reported bid price and the lowest reported asked price of the Common Stock in the over-the-counter market on the last business day prior to the relevant date, as reported by any publication selected by the Committee which regularly reports the market price of the Common Stock in such market. If the Common Stock is then listed or admitted to trading on any stock exchange, the Market Value shall

3

be the last reported sales price on the last business day prior to the relevant date on the principal stock exchange on which the Common Stock is then listed or admitted to trading, as reported by any publication selected by the Committee which regularly reports the market price of the Common Stock on such exchange, or, if no sale takes place on such day on such principal stock exchange, then the closing bid price of the Common Stock on such exchange on such day.

Participant means an employee who has been selected to participate in  
-----  
the Plan by the Committee pursuant to Article III.

Payment Date with respect to each vested Stock Right means a date  
-----

which is 30 days after the termination (for any reason) of the employment with the Company of the Participant holding such Right.

Plan means the Korn/Ferry International Amended and Restated Stock

-----

Right Plan.

Stock Right or Right means the right to receive the Cash Value of one

-----

share of Common Stock upon termination of both: (i) the Vesting Period and (ii) the Participant's employment with the Company for any reason.

4

Valuation Date means the last day of each Fiscal Year or, with respect

-----

to any individual grant of a Right, such other date as may be set by the Committee in the Grant Notice relating to such Right.

### ARTICLE III

-----

### PARTICIPATION

-----

Eligibility for participation in the Plan shall be limited to employees of the Company (including officers and directors). Participants in the Plan shall be selected by the Committee from such eligible employees.

### ARTICLE IV

-----

### GRANT OF RIGHTS

-----

The Committee may from time to time grant Stock Rights to a Participant. Any grant of Rights under the Plan shall be evidenced by a Grant Notice to the Participant signed on behalf of the Committee by any member thereof, which notice shall indicate the number of Rights granted, the Grant Date of such Rights and, if the Committee so desires, the date of vesting of such Rights. A Participant may receive more than one grant of Rights. The Rights granted under this Plan shall not be treated as property or as a trust fund of any kind. All amounts at any time attributable to the Rights shall be and remain the sole property of the Company prior to vesting, and each Participant's rights in the vested Stock Rights shall be limited to the right to receive the Cash Value of the number of shares of Common Stock represented

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by such vested Rights as herein provided. No Participant shall be entitled to any voting rights with respect to Rights granted under this Plan. The maximum number of Rights that may be granted pursuant to this Plan shall be 150,000 or such greater amount as may be approved by the Board of Directors from time to time.

### ARTICLE V

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### ADJUSTMENTS

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In the event of any stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, sale of all or substantially all of the assets of the Company, split-ups, split-offs, spin-offs, liquidations or similar changes in capitalization or any distribution to holders of the Company's Common Stock other than cash dividends and distributions, the Committee shall make appropriate adjustments in the number and/or value of Rights theretofore granted to Participants so as to maintain the proportionate numbers and values of Rights. Such adjustments shall be conclusive and binding for all purposes of the Plan.

### ARTICLE VI

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### VALUATION

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#### 6.1 Determination of Value. The Cash Value of a share of Common Stock

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at any Payment Date shall be equal to the 'book value' of the Company, divided by the number of shares of Company Common Stock (not

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including Stock Rights) issued and outstanding, in each case determined as of



the immediately preceding Valuation Date. However, following a Change of Control the Market Value (as of the later of (i) the date on which such Change of Control occurred, or (ii) the Valuation Date immediately preceding the applicable Payment Date), instead of the book value, of a share of Common Stock shall be used in determining the Cash Value of a Right.

6.2 Book Value. For purposes of this Article, "book value" shall be  
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as determined by the Company in accordance with generally accepted accounting principles consistently applied. Determination of the book value shall be made in the sole discretion of the Committee, and such determination shall be binding and conclusive for all purposes of the Plan.

ARTICLE VII  
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VESTING  
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Each Stock Right shall vest on the earlier of (i) the date set forth by the Committee in the Grant Notice relating to such Right or (ii) the occurrence of a Change in Control (the "Vesting Period"). Each vested Stock Right shall entitle the Participant holding such Right to receive on the Payment Date the Cash Value of one share of Common Stock determined in accordance with Article VI and as adjusted, if necessary, pursuant to Article V.

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ARTICLE VIII  
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PAYMENT  
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8.1 Vesting During Employment. If a Participant's Stock Rights vest  
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during such Participant's employment with the Company, the Company shall, in accordance with Section 8.2, deliver to the Participant, on the Payment Date with respect to such Participant, the Cash Value as of such Payment Date (determined pursuant to Article VI) of the shares of the Common Stock represented by such vested Rights.

8.2 Company's Right to Withhold. The Company shall have the right to  
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deduct from any payment of Cash Value any federal, state or local taxes required by law to be withheld with respect to such payment.

8.3 Forfeitures. Upon a Participant's termination of employment with  
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the Company for any reason, any Stock Rights which have not become vested pursuant to Article VII shall be forfeited, and the Company shall not thereafter be obligated to the Participant with respect to such Rights.

ARTICLE IX  
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ADMINISTRATION  
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9.1 The Committee. The Committee hereunder shall consist of three (3)  
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or more persons appointed from time to time by the Board of Directors to serve at its pleasure. Any member of the Committee may resign by

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delivering a written resignation to the Board of Directors. Members of the Committee shall not receive any additional compensation for administration of the Plan.

9.2 Committee Action. The Committee shall, for the purpose of  
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administering the Plan, choose a Secretary who may be, but is not required to be, a member of the Committee, who shall keep minutes of the Committee's proceedings and all records and documents pertaining to the Committee's administration of the Plan. A member of the Committee shall not vote or act upon any matter which relates solely to himself as a Participant in the Plan. The Secretary may execute any certificate or other written direction on behalf of the Committee. Any act which this Plan authorizes or requires the Committee to do may be done by a majority of its members. The action of such majority, expressed from time to time by a vote at a meeting or by unanimous written consent of Committee members without a meeting, shall constitute the action of

the Committee.

9.3 Rights and Duties. Subject to the limitations of this Plan, the  
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Committee shall be charged with the general administration of this Plan and the responsibility for carrying out its provisions, and shall have powers necessary to accomplish those purposes, including, but not limited to the following:

(a) To construe, interpret and administer this Plan;

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(b) To select Participants from the eligible employees;

(c) To select the Participants to be granted Rights under this Plan;

(d) To determine the number of Rights included in each grant;

(e) To determine the time or times when Rights will be granted;

(f) To make all other determinations required by this Plan;

(g) To compute and certify the amount of benefits payable to Participants;

(h) To authorize all payments pursuant to this Plan;

(i) To maintain all the necessary records for the administration of this Plan; and

(j) To make and publish rules for the administration, interpretation and regulation of this Plan.

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The determination of the Committee in good faith as to any disputed question or controversy and the Committee's calculation of benefits payable to Participants shall be conclusive. In performing its duties, the Committee shall be entitled to rely on information, opinions, reports or statements prepared or presented by: (i) officers or employees of the Company whom the Committee believes to be reliable and competent as to such matters; and (ii) counsel (who may be employees of the Company), independent accountants and other persons as to matters which the Committee believes to be within such persons' professional or expert competence. The Committee shall be fully protected with respect to any action taken or omitted by it in good faith pursuant to the advice of such persons.

9.4 Indemnity and Liability. All expenses of the Committee shall be  
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paid by the Company and the Company shall furnish the Committee with such clerical and other assistance as is necessary in the performance of its duties.

No member of the Committee shall be liable for any act or omission of any other member of the Committee nor for any act or omission on his own part, excepting only his own willful misconduct or gross negligence. To the extent permitted by law, the Company shall indemnify and hold harmless each member of the Committee against any and all expenses and liabilities arising out of his membership on the Committee, excepting only expenses and

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liabilities arising out of his own willful misconduct or gross negligence, as determined by the Board of Directors:

ARTICLE X  
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PLAN CHANGES AND TERMINATION  
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10.1 Plan Changes. The Board of Directors shall have the right to  
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amend this Plan in whole or in part from time to time or may at any time suspend or terminate this Plan; provided, however, that no amendment or termination shall cancel or otherwise adversely affect in any way any Participant's rights with respect to Rights previously granted to such Participant, without the written consent of such Participant. Such amendments shall be stated in an instrument in writing, certified in the same manner and at the time therein set forth, and all Participants shall be bound thereby upon receipt of notice thereof.

10.2 Plan Termination. It is the expectation of the Company that this

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Plan shall be continued indefinitely, but continuance of this Plan is not assumed as a contractual obligation of the Company. If the Board of Directors decides to discontinue and terminate this Plan, it shall notify the Committee of its action in an instrument in writing, certified in the same manner at this Plan, and this Plan shall be terminated at the time therein set forth, and all Participants shall be bound thereby. Notwithstanding the above, a termination of this

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Plan shall only be effective as to Rights not yet granted and shall have no effect on either granted but unvested rights or vested rights.

ARTICLE XI

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MISCELLANEOUS  
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11.1 Receipt or Release. Any payment to any Participant in

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accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee and the Company, and, to the extent permitted by law, the Committee may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

11.2 Limitation on Participants' Rights. Participation in this Plan

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shall not give any Participant the right to be retained in the employ of the Company or any rights or interests other than as herein provided. No Participant or other employee shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. The employment rights of any Participant or other Employee shall not be enlarged, guaranteed or affected by reason of any of the provisions of this Plan. The Company reserves the right to dismiss any Participant without any liability for any claim against the Company under this Plan, except for payment of vested benefits to the extent expressly provided herein. This Plan shall create only a contractual obligation

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on the part of the Company as to such amounts and shall not be construed as creating a trust. This Plan, in and of itself, has no assets.

11.3 Beneficiaries. A Participant may designate in writing, on forms

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prescribed by and filed with the Committee, a beneficiary or beneficiaries to receive any payments payable after his death and may at any time amend or revoke any such designation; provided, however, that if a person other than the Participant's spouse is designated as a beneficiary, the Participant's spouse must sign a statement specifically approving such designation. If no beneficiary designation is in effect at the time of a Participant's death, or, in the absence of a spouse approval as hereinabove provided, payments hereunder shall be made to his personal representative. Any payments which would have been payable to any Participant if he had lived shall be paid to the Participant's designated beneficiaries (or, in the absence of any such designation, to his personal representative) in the same amounts and on the same dates as such payments would have been paid to the Participant had he lived (and terminated his employment on the date of his death if he died while in the employ of the Company).

11.4 Benefits Not Assignable: Obligations Binding Upon Successors. The

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benefits of a Participant under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan,

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other than by operation of law or pursuant to Section 11.3, shall not be permitted or recognized. The obligations of the Company under this Plan shall be binding upon successors of the Company.

11.5 California Law Governs: Severability. The validity of this Plan

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or any of its provisions shall be construed, administered and governed in all respects under and by the laws of the State of California. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

11.6 Gender. The masculine pronoun and adjective shall be deemed to

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include the feminine, unless a different meaning is plainly required by the  
context.

11.7 Headings Not Part of Plan. Headings and Subheadings in this Plan

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are inserted for reference only and are not to be considered in the construction  
of the provisions hereof.

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CERTIFICATION

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I, Peter L. Dunn, Secretary of KORN/FERRY INTERNATIONAL, do hereby  
certify that the foregoing is a true and correct copy of the KORN/FERRY  
INTERNATIONAL AMENDED AND RESTATED STOCK RIGHT PLAN, as originally adopted June  
12, 1991, effective as of May 1, 1991, and amended and restated December 21,  
1992.

KORN/FERRY INTERNATIONAL

By /s/ Peter L. Dunn

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(domestic version,  
which is the same  
in all material  
respects as the  
international  
version)

EXECUTIVE PARTICIPATION PROGRAM  
-----  
STOCK SUBSCRIPTION AGREEMENT  
-----  
(BASIC EQUITY ACCOUNT)

THIS STOCK SUBSCRIPTION AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry International, a California corporation (the "Company") and \_\_\_\_\_,  
an officer of the Company ("Executive").

R E C I T A L S

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. In 1991, the Company adopted the Executive Participation Program, which, as amended prior to the date hereof, provides for the sale to certain officers of the Company of shares of Company Common Stock ("Shares") on the terms and subject to the conditions set forth in this Agreement and the schedules and exhibits hereto.

C. Executive desires to purchase Shares under the Executive Participation Program on the terms and subject to the conditions set forth in this Agreement and the schedules and exhibits hereto.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following  
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definitions apply:

"Adjustment Shares" means a number of Shares equal to the Total Purchase Price divided by the Adjustment Value.

"Adjustment Value" means the sum of (A) the Value of a Share as of the end of the Fiscal Year immediately preceding the date hereof, plus or  
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minus (as the case may be) (B) a prorated portion as of the date hereof of the  
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increase or decrease from such Value to the Value of a Share as of the end of the Fiscal Year immediately following the date hereof, allocating for such purpose such increase or decrease in equal monthly increments over such Fiscal Year period.

"Basic Equity Account" means the dollar amount set forth as Item 1 of Schedule 1 hereto.

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"Book Value" means the book value of a Share, as determined in accordance with generally accepted accounting principles applied in accordance with the usual accounting practices of the Company.

"Book Value of Current Holdings" means the dollar amount set forth as Item 3 of Schedule 1 hereto, which equals the Book Value of the Current Holdings as of the end of the Fiscal Year immediately preceding the date hereof, assuming for this purpose that the Phantom Units were Shares.

"Cash Value of Current Holdings" means the Book Value of Current Holdings minus any amounts owing by the Executive to the Company as of the date hereof pursuant to the Korn/Ferry International Phantom Stock Plan, effective May 1, 1988.

"Current Holdings" means the shares of Common Stock of the Company held by Executive as of the date hereof or which Executive is entitled to receive pursuant to any agreement between Executive and the Company (other than this Agreement) in effect as of the date hereof, together with any Phantom

Units held by Executive as of the date hereof.

"Deferred First Installment Shares" means the number of Shares equal to twenty-five percent (25%) of the First Installment divided by the Value as of the end of the Fiscal Year immediately following the date hereof.

"Deferred Second Installment Shares" means the number of Shares equal to twenty-five percent (25%) of the Second Installment divided by the Value as of the end of the Fiscal Year immediately following the date hereof.

"Deferred Shares" means the Deferred First Installment Shares and the Deferred Second Installment Shares.

"Fiscal Year" means the fiscal year of the Company, which begins each May 1 and ends each April 30.

"First Installment" means the dollar amount set forth as Item 6 of Schedule 1 hereto, which equals twenty percent (20%) of the Basic Equity Account minus the Cash Value of Current Holdings, but in no event less than zero.

"First Installment Shares" means the Initial First Installment Shares and the Deferred First Installment Shares.

"Initial First Installment Shares" means the number of Shares equal to seventy-five percent (75%) of the First Installment divided by the Value as of the end of the Fiscal Year immediately preceding the date hereof.

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"Initial Second Installment Shares" means the number of Shares equal to seventy-five percent (75%) of the Second Installment divided by the Value as of the end of the Fiscal Year immediately preceding the date hereof.

"Initial Shares" means the Initial First Installment Shares and the Initial Second Installment Shares.

"Phantom Units" means phantom shares issued pursuant to the Korn/Ferry International Phantom Stock Plan, effective May 1, 1988.

"Second Installment" means the dollar amount set forth as Item 7 of Schedule 1 hereto, which equals eighty (80%) of the Basic Equity Account minus the remainder of the Cash Value of Current Holdings, if any, after calculation of the First Installment.

"Second Installment Shares" means the Initial Second Installment Shares and the Deferred Second Installment Shares.

"Shares" has the meaning set forth in Recital B.

"Total Purchase Price" means the dollar amount set forth as Item 5 of Schedule 1 hereto, which equals the Basic Equity Account minus the Cash Value of Current Holdings.

"U.S. Person" has the meaning set forth in Regulation S of the Securities Act of 1933, as amended. Without limitation and as further qualified in Regulation S, a "U.S. Person" is as set forth on Schedule 2 hereto and incorporated herein by this reference.

"Value" means, for purposes of determining the price at which a Share will be sold or purchased pursuant to this Agreement, (a) the Book Value of such Share as of the end of the Fiscal Year immediately preceding (or immediately following, as set forth herein) such sale or purchase, or (b) such other value or formula for determining value as may be specified from time to time after the date hereof in a resolution adopted by such percentage of the shareholders of the Company as are then required pursuant to the Company's Articles of Incorporation as the value or formula for determining value to be used in connection with any sales and purchases of Shares by the Company, including, without limitation, sales and purchases pursuant to the Executive Participation Program.

2. SUBSCRIPTION. Executive hereby subscribes for and agrees to

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purchase the First Installment Shares and the Second Installment Shares for an amount equal to the Total Purchase Price, with such Shares being issuable and such amount being payable in accordance with the provisions of this Agreement. Executive agrees that this subscription is subject to acceptance or rejection by the Company, in its

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discretion, in whole or in part, and shall be irrevocable upon acceptance by the Company.

3. METHOD OF PAYMENT. Executive shall pay the Total Purchase Price

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by a combination of the options described in Sections 4 and 5 below.  
Simultaneously with executing and delivering this Agreement, Executive shall complete, execute and deliver to the Company a Payment Election in the form of Exhibit A hereto, which Payment Election shall indicate the methods of payment selected by Executive. Executive acknowledges that such Payment Election shall be irrevocable and may only be modified with the prior written consent of the Company.

4. FIRST INSTALLMENT. The First Installment shall be paid by  
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Executive to Company as follows:

(a) Seventy-five percent (75%) of the First Installment shall be paid on or prior to the date hereof pursuant to paragraphs (i) or (ii) below;

(i) in cash; or

(ii) By delivery of a promissory note in the form of Exhibit B attached hereto (the "First Installment Note"). The First Installment Note shall bear interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America, as in effect from time to time, commencing on the date hereof. Principal and interest payments on the First Installment Note shall be payable as follows:

(A) One-third of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the first full month immediately following the date hereof (i.e., if the date hereof is not the first day of a month, then such payment will be due on the last business day of the following month);

(B) One-third of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the sixth full month following the date hereof; and

(C) One-third of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the twelfth full month following the date hereof.

(b) Twenty-five percent (25%) of the First Installment shall be paid within thirty (30) days after the completion of the Company's audited financial statements as of the end of the Fiscal Year following the date hereof, as follows:

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(i) in cash including accrued interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America, as in effect from time to time, commencing on the date hereof; or

(ii) By amendment to the First Installment Note in the form of Exhibit H attached hereto increasing the principal thereof by such amount payable, plus all accrued and unpaid interest on such additional principal amount through the date payment is made, on the last business day of the eighteenth full month following the date hereof.

5. SECOND INSTALLMENT. The Second Installment shall be paid by  
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Executive to Company as follows:

(a) Seventy-five percent (75%) of the Second Installment shall be paid on or prior to the date hereof pursuant to paragraphs (i), (ii) or (iii) below;

(i) In cash;

(ii) By delivery of a promissory note in the form of Exhibit C attached hereto (the "Second Installment Note - Option 1"). The Second Installment Note - Option 1 shall bear interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America, as in effect from time to time, commencing on the date hereof. Principal and interest payments on the Second Installment Note - Option 1 shall commence on the 15th of the first full month following the date hereof and be payable semi-monthly and on the date any bonus payment is made by the Company to Executive, and will be computed based on levels of gross compensation for each Fiscal Year as set forth in the Second Installment Note - Option 1, as follows:

(A) Six percent (6%) of the first \$100,000 of compensation;

(B) Ten percent (10%) of the next \$50,000 of compensation;

(C) Fifteen percent (15%) of the next \$100,000 of compensation; and

(D) Twenty-five percent (25%) of compensation in excess of \$250,000.

Payments will be applied first to accrued and unpaid interest and second to reduce the principal outstanding; or

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(iii) By delivery of a promissory note in the form of Exhibit D attached hereto (the "Second Installment Note - Option 2"). The Second Installment Note - Option 2 shall bear interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America, as in effect from time to time, commencing on the date hereof. Principal and interest payments shall commence on the last day of the fiscal quarter ending after the date hereof and shall be made on a quarterly basis in twelve (12) equal installments of principal plus all accrued and unpaid interest on the total principal amount.

(b) Twenty-five percent (25%) of the Second Installment shall be paid within thirty (30) days after the completion of the Company's audited financial statements as of the end of the Fiscal Year following the date hereof, as follows:

(i) in cash including accrued interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America, as in effect from time to time, commencing on the date hereof;

(ii) By amending the Second Installment Note - Option 1 in the form of Exhibit I attached hereto or by amending the Second Installment Note - - Option 2 in the form of Exhibit J attached hereto to increase the principal thereof by such amount. In the case of the Second Installment Note - Option 2, the maturity will be extended by one year and payments will be made on a quarterly basis in four (4) equal installments of principal plus all accrued and unpaid interest on the total principal amount; or

(iii) By delivery of a Second Installment Note - Option 1 or, provided Executive has elected payment in cash pursuant to Section 5(a)(i) above, by delivery of a Second Installment Note - Option 2, with such changes thereto as are necessary to reflect the date of execution thereof on the maturity and payment schedule.

(c) Salary Deductions. Executive may elect to have principal  
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and interest payments on the Second Installment Note - Option 1 withheld by the Company as (semi-) monthly payroll deductions from base salary and deductions from bonus payments, if any, by executing and delivering to the Company the Authorization for Payroll Deduction for Loan attached hereto as Exhibit E.

6. ISSUANCE OF SHARES. Subject to the provisions of Section 7  
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below, Company will issue to the Executive against payment of the purchase price therefor:

(a) As of the date hereof, the Initial First Installment Shares and the Initial Second Installment Shares.

(b) On the date Executive pays the deferred portion of the First Installment and the Second Installment, a number of shares equal to the Deferred

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Shares, plus or minus (as the case may be) the difference between the Adjustment  
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Shares and the sum of the Deferred Shares and the Initial Shares (e.g., if the total of the First Installment Shares and the Second Installment Shares are greater than the Adjustment Shares, the Deferred Shares will be reduced by such excess and if the total of the First Installment Shares and the Second Installment Shares are less than the Adjustment Shares, the Deferred Shares will be increased by such excess).

Notwithstanding any other provision hereof, the Company will not issue any fractional Shares, but rather will make an appropriate cash payment to Executive in lieu of any issuance of a fractional Share.

7. STOCK REPURCHASE AGREEMENT AND SHARE PLEDGE AGREEMENT. The  
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Shares will be subject to the terms and conditions of a Stock Repurchase Agreement in the form of Exhibit F hereto (the "Stock Repurchase Agreement"). Executive shall execute and deliver to the Company an original counterpart thereof. The Stock Repurchase Agreement provides that the certificates evidencing the Shares will remain in the possession of the Company to secure the Company's purchase rights thereunder. Further, all of the promissory notes made by Executive in favor of Company pursuant to Sections 4 or 5 will be secured by the Shares pursuant to a Share Pledge Agreement in the form of Exhibit G



attached hereto. Executive shall execute and deliver to the Company an original counterpart thereof.

8. INVESTMENT REPRESENTATIONS AND WARRANTIES. Executive hereby

represents and warrants as indicated below:

(a) Executive has reviewed, completed and executed Schedule 3 hereto which is incorporated herein and made a part hereof by this reference, and the information provided to the Company in such Schedule 3 is complete and accurate.

(b) Executive has such knowledge and experience in financial and business matters and Executive is capable of evaluating the merits and risks of an investment in the Company and of making an informed investment decision with respect thereto.

(c) Executive has adequate means of providing for current needs and personal contingencies, has no need for liquidity in the investment, and is able to bear the economic risk of an investment in the Company of the size contemplated.

(d) Executive will purchase the Shares for Executive's own account and for investment purposes only, and Executive is not purchasing the Shares with a view to or for sale in connection with any distribution, resale or disposition of the Shares.

(e) The information provided in this Section (including without

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limitation the information set forth on Schedule 3 hereto) may be relied upon in determining whether the offering in which the Executive proposes to participate is exempt from registration under the Securities Act of 1933, as amended, and applicable state securities laws and the rules promulgated thereunder.

(f) Executive will notify the Company immediately of any material changes to the information given by Executive in this Section occurring prior to the closing of any purchase by Executive of the Shares.

(g) Executive is an officer of the Company and as such has a high degree of familiarity with the business and operations of the Company and understands and has evaluated the merits and risks of the purchase of the Shares.

(h) Executive has received a copy of the most recent Executive Equity Participation Materials of the Company (the "Materials"), prepared by the Company to describe the investment in the Company through purchase of the Shares, and Executive understands all of the information contained therein. Executive represents that Executive is relying solely upon the Materials and Executive's knowledge of the Company for the purpose of making Executive's decision to purchase the Shares, and Executive understands that no person has been authorized in connection with this offering to make any representations other than those contained in the Materials, and any representations not therein contained, if given or made, must not be relied upon as having been authorized by the Company.

9. ACKNOWLEDGMENTS AND COVENANTS OF EXECUTIVE. Executive

acknowledges and agrees as follows:

(a) The Company has made available to Executive the opportunity to ask questions of, and receive answers from, persons acting on behalf of the Company concerning the Company and the proposed sale of Shares to Executive as described in the Materials, and otherwise to obtain any additional information, to the extent that the Company or its executive officers possess such information or could acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in the Materials; and

(b) Executive further acknowledges and agrees with the Company that (i) the Shares have not been, and the sale of the Shares will not be, registered under the Act, or qualified under any state securities laws; (ii) any sale or other disposition of the Shares by Executive or by any transferee from Executive will be limited to a transaction permitted by the Stock Repurchase Agreement and as to which, in each instance, an exemption from the registration requirements of the Act and any applicable requirements under state securities laws can be established.

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10. MISCELLANEOUS.

(a) Amendment. No change, amendment or modification of this

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Agreement shall be valid unless it is in writing and signed by the Company and the Executive.

(b) Entire Agreement. This Agreement contains the entire  
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agreement of the parties hereto and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

(c) Counterparts. This Agreement may be executed in  
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counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(d) Waiver. No waiver of any right pursuant hereto or waiver of  
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any breach hereof shall be effective unless in writing and signed by the party waiving such right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach, and no failure to enforce any right hereunder shall preclude or effect the latter enforcement of such right.

(e) Headings. The headings of the various sections herein are  
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solely for the convenience of the parties and shall not effect or control the meaning or construction of this Agreement.

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(f) Notices. Any notice required or permitted to be given  
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hereunder shall be in writing and shall be mailed first class, postage prepaid, or shall be personally delivered. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, the recipient. All such communications shall be addressed as follows:

If to the Company:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Office  
Vice President - Administration

If to the Executive:

At Executives address as shown in the Company's books

or to such other address as is provided by the parties hereto from time to time.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

KORN/FERRY INTERNATIONAL,  
a California corporation

By: \_\_\_\_\_

Name: Norman A. Glick  
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Title: VP Finance & CFO  
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SCHEDULE 1

Account) dated \_\_\_\_\_ between Korn/Ferry  
International and \_\_\_\_\_ . \*

1. Basic Equity Account equals \$ \_\_\_\_\_
2. Book Value at end of Preceding Fiscal Year equals \$ \_\_\_\_\_
3. Book Value of Current Holdings equals \$ \_\_\_\_\_
4. Cash Value of Current Holdings equals \$ \_\_\_\_\_
5. Total Purchase Price equals \$ \_\_\_\_\_
6. First Installment equals \$ \_\_\_\_\_
7. Second Installment equals \$ \_\_\_\_\_

\* All dollar amounts are in U.S. dollars.

EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

S1-1

SCHEDULE 2

"U.S. PERSON"

- (i) Any natural person resident in the United States;
- (ii) Any partnership or corporation organized or  
incorporated under the laws of the United States;
- (iii) Any estate of which any executor or administrator is  
a U.S. Person;
- (iv) Any trust of which trustee is a U.S. Person;
- (v) Any agency or branch of a foreign entity located in  
the United States;
- (vi) Any non-discretionary account or similar account  
(other than an estate or trust) held by a dealer or other fiduciary for the  
benefit or account of a U.S. Person;
- (vii) Any discretionary account or similar account (other  
than an estate or trust) held by a dealer or other fiduciary organized,  
incorporated, or (if an individual) resident in the United States; and
- (viii) Any partnership or corporation if;
  - (A) Organized or incorporated under the laws of any  
foreign jurisdiction; and
  - (B) Formed by a U.S. Person principally for the  
purpose of investing in securities not registered under the Securities Act of  
1933, as amended.

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SCHEDULE 3

REPRESENTATIONS AND WARRANTIES

Attached to and made a part of that certain Executive  
Participation Program Stock Subscription Agreement (Basic Equity  
Account) dated \_\_\_\_\_ between Korn/Ferry  
International and \_\_\_\_\_ .

- (a) Accredited Domestic Executives. Executive should initial  
-----  
each of the following representations, if applicable:  
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\_\_\_\_\_

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By: \_\_\_\_\_

Name: \_\_\_\_\_

PAYMENT ELECTION

## PAYMENT ELECTION

Capitalized terms used but not otherwise defined in this Exhibit A have the same meanings set forth in the Agreement.

1. First Installment -- Initial  
-----

Initial First Installment = First Installment x 75% = \$ \_\_\_\_\_

Executive's Initial	Method of Payment	Executive to Insert Amount
-----	-----	-----

Amount to be paid in cash on or  
prior to the date hereof, pursuant  
to paragraph 4 (a) (i) of the  
Agreement: \$

Amount to be paid by delivery of  
the First Installment Note,  
which is executed and enclosed,  
pursuant to Section 4 (a) (ii) of  
the Agreement: \$

$$\text{Deferred First Installment} = \text{First Installment} \times 25\% = \$$$

The Deferred First Installment shall be paid by the Executive to the Company within thirty (30) days of the Company's notification of the completion of its audited financial statements as of the end of the Fiscal Year following the date of the Agreement pursuant to the paragraphs initialed and completed below as follows:

Executive's Initial -----	Method of Payment -----	Executive to Insert Amount -----
_____	Deferred First Installment to be paid in cash on or prior to the date hereof, pursuant to paragraph 4 (a) (i) of the Agreement:	\$ _____
_____	Deferred First Installment plus accrued interest to be paid in cash within thirty (30) days after Company's audited financial statements as of the end of the Fiscal Year following the date hereof, pursuant to paragraph 4 (b) (i) of the Agreement:	\$ _____
_____	Amount to be paid by amendment to the First Installment Note, which is executed and enclosed, pursuant to Section 4 (b) (ii) of the Agreement:	\$ _____

3. Second Installment -- Initial  
-----

Initial Second Installment = Second Installment x 75% = \$ \_\_\_\_\_

The Initial Second Installment shall be paid by the Executive to the Company on or prior to the date of the Agreement pursuant to the paragraphs initialed and completed below as follows:

Executive's Initial -----	Method of Payment -----	Executive to Insert Amount -----
_____	Amount to be paid in cash on or prior to the date hereof, pursuant to paragraph 5 (a) (i) of the Agreement:	\$ _____
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_____	Amount to be paid by delivery of the Second Installment Note -- Option 1, which is executed and enclosed, pursuant to Section 5 (a) (ii) of the Agreement:	\$ _____
_____	Amount to be paid by delivery of the Second Installment Note -- Option 2, which is executed and enclosed, pursuant to Section 5 (a) (iii) of the Agreement:	\$ _____

4. Second Installment -- Deferred  
-----

Deferred Second Installment = Second Installment x 25% = \$ \_\_\_\_\_

The Deferred Second Installment shall be paid by the Executive to the Company within thirty (30) days of the Company's notification of the completion of its audited financial statements as of the end of the Fiscal Year following the date of the Agreement pursuant to the paragraphs initialed and completed below as follows:

Executive's Initial -----	Method of Payment -----	Executive to Insert Amount -----
_____	Deferred Second Installment to be paid in cash on or prior to the date hereof, pursuant to paragraph 5 (a) (i) of the	

Agreement: \$ \_\_\_\_\_

\_\_\_\_\_ Deferred Second Installment plus accrued interest to be paid in cash within thirty (30) days after Company's audited financial statements as of the end of the Fiscal Year following the date hereof, pursuant to paragraph 5 (b) (i) of the Agreement: \$ \_\_\_\_\_

\_\_\_\_\_ Amount to be paid by amendment to the Second Installment Note -- Option 1, which is executed and enclosed, pursuant to Section 5 (b) (ii) of the Agreement: \$ \_\_\_\_\_

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\_\_\_\_\_ Amount to be paid by amendment to the Second Installment Note -- Option 2, which is executed and enclosed, pursuant to Section 5 (b) (ii) of the Agreement: \$ \_\_\_\_\_

\_\_\_\_\_ Amount to be paid by delivery of the Second Installment Note -- Option 1, which is executed and enclosed, pursuant to Section 5 (b) (iii) of the Agreement (This option is available only if the Executive has not utilized such a promissory note under paragraph 3 hereof): \$ \_\_\_\_\_

\_\_\_\_\_ Amount to be paid by delivery of the Second Installment Note -- Option 2, which is executed and enclosed, pursuant to Section 5 (b) (iii) of the Agreement (This option is available only if the Executive has not utilized such a promissory note under paragraph 3 hereof): \$ \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT B

FIRST INSTALLMENT NOTE

SECURED PROMISSORY NOTE  
FIRST INSTALLMENT NOTE

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned,

\_\_\_\_\_, an individual ("Maker"), hereby unconditionally promises to pay to the order of KORN/FERRY INTERNATIONAL ("Payee"), in the manner and at the place hereinafter provided, the principal amount of \$ \_\_\_\_\_ (the "Principal Amount"). Maker shall make mandatory payments in accordance with Section 2 below and Maker may make voluntary prepayments in accordance with Section 3 below.

Maker also promises to pay interest on the unpaid Principal Amount hereof, which shall accrue commencing on the date hereof until paid in full, at an adjustable rate determined for each Fiscal Year (as defined below) that is equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America as in effect on the last day of the preceding Fiscal Year (which reference rate was \_\_\_\_%). For purposes hereof, "Fiscal Year" shall mean the twelve month period commencing each May 1 and ending each April 30. All computations of interest shall be made by Payee on the basis of a 365 day year, for the actual number of days elapsed during the relevant period (including the first day but excluding the last day).

This Note is issued pursuant to the Stock Subscription Agreement (Basic Equity Account) (the "Subscription Agreement") and the Stock Repurchase

Agreement (the "Stock Repurchase Agreement"), each between Maker and Payee and dated as of the date hereof, and is subject to the terms and conditions thereof. The shares of common stock of Payee issuable to Maker pursuant to the Subscription Agreement are referred to herein as the "Shares".

1. PAYMENTS. All payments of principal and interest in respect of

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this Note shall be made in lawful money of the United States of America in same day funds at the executive offices of Payee located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, or at such other place as shall be designated in a written notice delivered to Maker. Whenever any payment on this Note shall be stated to be due on a day that is not a business day, such payment shall instead be made on the next succeeding business day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal.

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2. MANDATORY PAYMENTS.

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(a) Maker shall make payments on this Note in an amount equal to:

(i) One-third of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the first full month immediately following the date hereof;

(ii) One-third of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the sixth full month following the date hereof; and

(iii) One-third of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the twelfth full month following the date hereof.

(b) Maker may authorize Payee to withhold amounts, if any, otherwise payable to Maker from Payee as bonus payments or advances on bonus prior to final maturity hereof, and to apply such to payments then due under this Note by delivering to Payee the Authorization for Payroll Deduction for Loan in accordance with the terms of the Subscription Agreement.

(c) Notwithstanding the foregoing, the Principal Amount, together with accrued interest thereon, shall become due and payable in full immediately upon the termination of Maker's employment with Payee or its affiliates or Maker's death; provided, however, that if upon such termination of employment or death Payee is prohibited from purchasing the Shares by applicable law or any contract or agreement binding on Payee, this Note shall continue in full force and effect until such time as Payee notifies Maker in writing that it is legally and contractually permitted to purchase the Shares, at which time the principal amount of this Note, together with accrued interest thereon, shall become immediately due and payable.

3. VOLUNTARY PREPAYMENTS. Maker shall have the right at any time

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and from time to time to prepay the principal and interest of this Note in whole or in part, without premium or penalty; provided that each such prepayment shall be in a minimum amount of One Thousand Dollars (\$1,000) and integral multiples of that amount, or the amount of principal and interest then outstanding, whichever is less. All prepayments will be applied to payments in reverse order of maturity.

4. PLEDGE OF SECURITY. Maker has entered into a Pledge Agreement

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with Payee dated as of the date hereof (the "Pledge Agreement") pursuant to which Maker pledges the Shares as security for this Note. All certificates or other instruments

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representing or evidencing such Shares shall be delivered to and held by Payee pursuant to the terms of the Stock Repurchase Agreement and the Pledge Agreement.

5. REPRESENTATIONS AND WARRANTIES. Maker hereby represents and

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warrants to Payee that:

(a) This Note constitutes the legally valid and binding obligation of Maker enforceable against Maker in accordance with its terms.

(b) Maker is the legal and beneficial owner of the Shares free and clear of any lien, security interest, preferential arrangement or other charge or encumbrance except for the security interest created by the Pledge Agreement.

(c) The pledge of the Shares pursuant to the Pledge Agreement creates a valid first priority security interest in the Shares, securing the payment of the obligations under this Note.

6. EVENTS OF DEFAULT. The occurrence of any of the following events  
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shall constitute an "Event of Default":

(a) failure of Maker to pay any principal or interest under this Note when due, whether by acceleration (including, without limitation, acceleration pursuant to Section 2(c) hereof), by mandatory payment or otherwise, and such failure is not cured within 10 days;

(b) Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case of bankruptcy under the U.S. Federal Bankruptcy Code (as now or hereafter in effect), or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts;

(c) a proceeding or case shall be commenced, without application or consent of Maker, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the debts of Maker, (ii) the appointment of a trustee, receiver, custodian or liquidator of all or substantially all of the assets of Maker, or (iii) similar relief in respect of Maker under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and, in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more business days; or an order for relief against Maker shall be entered in an

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involuntary case under the U.S. Federal Bankruptcy Code (as now or hereafter in effect);

(d) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any other obligation to Payee;

(e) Payee shall not have or cease to have a first priority security interest in the Shares;

(f) failure by Maker to perform or observe any other term, covenant or agreement on its part to be performed or observed pursuant to this Note, the Pledge Agreement, the Subscription Agreement or the Stock Repurchase Agreement, and such failure is not cured within 10 days; or

(g) any representation or warranty made by Maker to Payee herein shall prove to be false in any material respect when made.

7. REMEDIES. Upon the occurrence of any Event of Default specified  
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in Section 6 above, the Principal Amount of this Note together with accrued interest thereon shall become immediately due and payable without notice of default, presentment or demand for payment, protest or other notices or demands of any kind (all of which are hereby expressly waived by Maker). Maker agrees to pay all cost and expenses, including without limitation, reasonable attorneys' fees and legal expenses, incurred by Payee in the enforcement and collection of this Note.

8. GOVERNING LAW. This Note and the rights and obligations of the  
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Maker and the Payee hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT C



SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 1

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned,

\_\_\_\_\_, an individual ("Maker"), hereby unconditionally promises to pay to the order of KORN/FERRY INTERNATIONAL ("Payee"), in the manner and at the place hereinafter provided, the principal amount of \$\_\_\_\_\_ (the "Principal Amount"). Maker shall make mandatory payments in accordance with Section 2 below and Maker may make voluntary prepayments in accordance with Section 3 below.

Maker also promises to pay interest on the unpaid Principal Amount hereof, which shall accrue commencing on the date hereof until paid in full, at an adjustable rate determined for each Fiscal Year (as defined below) that is equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America as in effect on the last day of the preceding Fiscal Year (which reference rate was \_\_\_\_%). For purposes hereof, "Fiscal Year" shall mean the twelve month period commencing each May 1 and ending each April 30. All computations of interest shall be made by Payee on the basis of a 365 day year, for the actual number of days elapsed during the relevant period (including the first day but excluding the last day).

This Note is issued pursuant to the Stock Subscription Agreement (Basic Equity Account) (the "Subscription Agreement") and the Stock Repurchase Agreement (the "Stock Repurchase Agreement"), each between Maker and Payee and dated as of the date hereof, and is subject to the terms and conditions thereof. The shares of common stock of Payee issuable to Maker pursuant to the Subscription Agreement are referred to herein as the "Shares".

1. PAYMENTS. All payments of principal and interest in respect of \_\_\_\_\_

this Note shall be made in lawful money of the United States of America in same day funds at the executive offices of Payee located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, or at such other place as shall be designated in a written notice delivered to Maker. Whenever any payment on this Note shall be stated to be due on a day that is not a business day, such payment shall instead be made on the next succeeding business day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal.

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2. MANDATORY PAYMENTS. Maker hereby agrees to make mandatory \_\_\_\_\_

payments of principal and interest on this Note based on Maker's compensation from Payee for each Fiscal Year during the term of this Note. Such mandatory payments may vary from Fiscal Year to Fiscal Year depending on the level of Maker's base compensation and bonus compensation in any particular Fiscal Year, as follows:

(a) Maker shall make semi-monthly payments on this Note commencing on the 15th of the first full month following the date hereof in an amount equal to (x) the Base Formula Amount (as defined below) for the Fiscal Year in which such payment is made, divided by (y) 24. The Base Formula Amount for each Fiscal Year shall equal:

(i) Six percent (6%) of the first One Hundred Thousand Dollars (\$100,000) of Maker's base compensation from Payee payable with respect to such Fiscal Year; plus

(ii) Ten percent (10%) of the next Fifty Thousand Dollars (\$50,000) of Maker's base compensation from Payee payable with respect to such that Fiscal Year; plus

(iii) Fifteen percent (15%) of the next One Hundred Thousand Dollars (\$100,000) of Maker's base compensation from Payee with respect to such Fiscal Year; plus

(iv) Twenty-five percent (25%) of Makers' base compensation from Payee in excess of Two Hundred Fifty Thousand Dollars (\$250,000) with respect to such Fiscal Year.

For example, if Maker's base salary from Payee for the Fiscal Year commencing May 1, 1996 were \$160,000, Maker would make 24 semi-monthly payments of \$520.83 to Payee (i.e., 6% of \$100,000 = \$6,000; 10% of \$50,000 = \$5,000; and 15% of \$10,000 = \$1,500. \$6,000 + \$5,000 + \$1,500 = \$12,500. \$12,500 / 24 = \$520.83).

(b) In addition, Maker shall make mandatory payments on this Note

each December 31 and April 30 (or on such other dates as the Company may adopt for payment of bonus advances and/or bonus payments) from each bonus advance and bonus payment, if any, from Payee in an amount equal to the Bonus Formula Amount. The Bonus Formula Amount for each Fiscal Year shall equal the amount determined pursuant to the following formula minus all prior payments made in such Fiscal Year with respect to base compensation pursuant to subsection 2(a) and bonus compensation pursuant to this subsection 2(b):

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(i) Six percent (6%) of the first One Hundred Thousand Dollars (\$100,000) of Maker's total compensation (i.e., base compensation plus bonus) from Payee with respect to such Fiscal Year; plus

(ii) Ten percent (10%) of the next Fifty Thousand Dollars (\$50,000) of Maker's total compensation (i.e., base compensation plus bonus) from Payee with respect to such Fiscal Year; plus

(iii) Fifteen percent (15%) of the next One Hundred Thousand Dollars (\$100,000) of Maker's total compensation (i.e., base compensation plus bonus) from Payee with respect to such Fiscal Year; plus

(iv) Twenty-five percent (25%) of Maker's total compensation (i.e., base compensation plus bonus) from Payee in excess of Two Hundred Fifty Thousand Dollars (\$250,000) with respect to such Fiscal Year.

For example, if Maker's base salary from Payee for the Fiscal Year commencing May 1, 1996 were \$160,000, and Maker's annual bonus from Payee for such Fiscal Year were \$50,000, Maker would make a payment on the date such bonus payment is made of \$7,500 to Payee. (i.e., Maker's total compensation for Fiscal Year 1997 would equal \$210,000. 6% of \$100,000 = \$6,000; 10% of \$50,000 = \$5,000; and 15% of \$60,000 = \$9,000. \$6,000 + \$5,000 + \$9,000 = \$20,000. \$20,000 - \$12,500 (the amount that would have been paid pursuant to Section 2(a) = \$7,500.)

(c) Maker may authorize Payee to deduct from each semi-monthly payment of salary and from each bonus advance and bonus payment, if any, the amounts due under subparagraphs 2(a) and 2(b) above by delivering to Payee an executed Authorization for Payroll Deduction for Loan pursuant to the terms of the Subscription Agreement.

(d) Notwithstanding the foregoing, the Principal Amount, together with accrued interest thereon, shall become due and payable in full immediately upon the termination of Maker's employment with Payee or its affiliates or Maker's death; provided, however, that if upon such termination of employment or death Payee is prohibited from purchasing the Shares by applicable law or any contract or agreement binding on Payee, this Note shall continue in full force and effect until such time as Payee notifies Maker in writing that it is legally and contractually permitted to purchase the Shares, at which time the Principal Amount, together with accrued interest thereon, shall become immediately due and payable.

3. VOLUNTARY PREPAYMENTS. Maker shall have the right at any time

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and from time to time to prepay the principal and interest of this Note in whole or in part, without premium or penalty; provided that each such prepayment shall be in a

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minimum amount of One Thousand Dollars (\$1,000) and integral multiples of that amount, or the amount of principal and interest then outstanding, whichever is less. All prepayments will be applied to payments in reverse order of maturity.

4. PLEDGE OF SECURITY. Maker has entered into a Pledge Agreement

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with Payee dated as of the date hereof (the "Pledge Agreement"), pursuant to which Maker pledges the Shares as security for this Note. All certificates or other instruments representing or evidencing such Shares shall be delivered to and held by Payee pursuant to the terms of the Stock Repurchase Agreement and the Pledge Agreement.

5. REPRESENTATIONS AND WARRANTIES. Maker hereby represents and

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warrants to Payee that:

(a) This Note constitutes the legally valid and binding obligation of Maker enforceable against Maker in accordance with its terms.

(b) Maker is the legal and beneficial owner of the Shares free and clear of any lien, security interest, preferential arrangement or other charge or encumbrance except for the security interest created by the Pledge Agreement.

(c) The pledge of the Shares pursuant to the Pledge Agreement creates a valid first priority security interest in the Shares, securing the payment of

the obligations under this Note.

6. EVENTS OF DEFAULT. The occurrence of any of the following events

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shall constitute an "Event of Default":

(a) failure of Maker to pay any principal or interest under this Note when due, whether by acceleration (including, without limitation, acceleration pursuant to Section 2(d) hereof), by mandatory payment or otherwise, and such failure is not cured within 10 days;

(b) Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case of bankruptcy under the U.S. Federal Bankruptcy Code (as now or hereafter in effect), or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts;

(c) a proceeding or case shall be commenced, without application or consent of Maker, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the

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debts of Maker, (ii) the appointment of a trustee, receiver, custodian or liquidator of all or substantially all of the assets of Maker, or (iii) similar relief in respect of Maker under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and, in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more business days; or an order for relief against Maker shall be entered in an involuntary case under the U.S. Federal Bankruptcy Code (as now or hereafter in effect);

(d) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any other obligation to Payee;

(e) Payee shall not have or cease to have a first priority security interest in the Shares;

(f) failure by Maker to perform or observe any other term, covenant or agreement on its part to be performed or observed pursuant to this Note, the Pledge Agreement, the Stock Repurchase Agreement or the Subscription Agreement, and such failure is not cured within 10 days; or

(g) any representation or warranty made by Maker to Payee herein shall prove to be false in any material respect when made.

7. REMEDIES. Upon the occurrence of any Event of Default specified

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in Section 6 above, the Principal Amount of this Note together with accrued interest thereon shall become immediately due and payable without notice of default, presentment or demand for payment, protest or other notices or demands of any kind (all of which are hereby expressly waived by Maker). Maker agrees to pay all costs and expenses, including without limitation, reasonable attorneys' fees and legal expenses, incurred by Payee in the enforcement and collection of this Note.

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8. GOVERNING LAW. This Note and the rights and obligations of the

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parties hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT D

SECOND INSTALLMENT NOTE - OPTION 2

SECURED PROMISSORY NOTE

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned,

\_\_\_\_\_, an individual ("Maker"), hereby unconditionally promises to pay to the order of KORN/FERRY INTERNATIONAL ("Payee"), in the manner and at the place hereinafter provided, the principal amount of \$\_\_\_\_\_ (the "Principal Amount"). Maker shall make mandatory prepayments in accordance with Section 2 below and Maker may make voluntary prepayments in accordance with Section 3 below.

Maker also promises to pay interest on the unpaid principal amount hereof, which shall accrue commencing on the date hereof until paid in full, at an adjustable rate determined for each Fiscal Year (as defined below) that is equal to the reference rate plus .75% of Bank of America as in effect on the last day of the preceding Fiscal Year (which reference rate was \_\_\_\_\_%). For purposes hereof, "Fiscal Year" shall mean the twelve month period commencing each May 1 and ending each April 30. All computations of interest shall be made by Payee on the basis of a 365 day year, for the actual number of days elapsed during the relevant period (including the first day but excluding the last day).

This Note is issued pursuant to the Stock Subscription Agreement (Basic Equity Account) (the "Subscription Agreement") and the Stock Repurchase Agreement (the "Stock Repurchase Agreement"), each between Maker and Payee and dated as of the date hereof, and is subject to the terms and conditions thereof. The shares of common stock of Payee issuable to Maker pursuant to the Subscription Agreement are referred to herein as the "Shares".

1. PAYMENTS. All payments of principal and interest in respect of

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this Note shall be made in lawful money of the United States of America in same day funds at the executive offices of Payee located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, or at such other place as shall be designated in a written notice delivered to Maker. Whenever any payment on this Note shall be stated to be due on a day that is not a business day, such payment shall instead be made on the next succeeding business day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal.

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2. MANDATORY PAYMENTS.

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(a) Maker shall make quarterly mandatory payments on this Note on each July 31, October 31, January 31 and April 30, commencing on the first such date to follow the date hereof, in twelve (12) installments, with each installment consisting of a principal payment in the amount of \$\_\_\_\_\_, plus all interest accrued on the Principal Amount through the date such payment is made.

(b) Notwithstanding the foregoing, the Principal Amount, together with accrued interest thereon, shall become due and payable in full immediately upon the termination of Maker's employment with Payee or its affiliates or Maker's death; provided, however, that if upon such termination of employment or death Payee is prohibited from purchasing the Shares by applicable law or any contract or agreement binding on Payee, this Note shall continue in full force and effect until such time as Payee notifies Maker in writing that it is legally and contractually permitted to purchase the Shares, at which time the principal amount of this Note, together with accrued interest thereon, shall become immediately due and payable.

3. VOLUNTARY PREPAYMENTS. Maker shall have the right at any time

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and from time to time to prepay the principal and interest of this Note in whole or in part, without premium or penalty; provided that each such prepayment shall be in a minimum amount of One Thousand Dollars (\$1,000) and integral multiples of that amount, or the amount of principal and interest then outstanding, whichever is less. All prepayments will be applied to payments in reverse order of maturity.

4. PLEDGE OF SECURITY. Maker has entered into a Pledge Agreement

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with Payee dated as of the date hereof (the "Pledge Agreement") pursuant to which Maker pledges the Shares as security for this Note. All certificates or other instruments representing or evidencing such Shares shall be delivered to and held by Payee pursuant to the terms of the Stock Repurchase Agreement and the Pledge Agreement.

5. REPRESENTATIONS AND WARRANTIES. Maker hereby represents and

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warrants to Payee that:

(a) This Note constitutes the legally valid and binding obligation of Maker enforceable against Maker in accordance with its terms.

(b) Maker is the legal and beneficial owner of the Shares free and clear of any lien, security interest, preferential arrangement or other charge or encumbrance except for the security interest created by the Pledge Agreement.

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(c) The pledge of the Shares pursuant to the Pledge Agreement creates a valid first priority security interest in the Shares, securing the payment of the obligations under this Note.

6. EVENTS OF DEFAULT. The occurrence of any of the following events  
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shall constitute an "Event of Default":

(a) failure of Maker to pay any principal or interest under this Note when due, whether by acceleration (including, without limitation, acceleration pursuant to Section 2(b) hereof), by mandatory payment or otherwise, and such failure is not cured within 10 days;

(b) Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case of bankruptcy under the U.S. Federal Bankruptcy Code (as now or hereafter in effect), or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts;

(c) a proceeding or case shall be commenced, without application or consent of Maker, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the debts of Maker, (ii) the appointment of a trustee, receiver, custodian or liquidator of all or substantially all of the assets of Maker, or (iii) similar relief in respect of Maker under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and, in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more business days; or an order for relief against Maker shall be entered in an involuntary case under the U.S. Federal Bankruptcy Code (as now or hereafter in effect);

(d) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any other obligation to Payee;

(e) Payee shall not have or cease to have a first priority security interest in the Shares;

(f) failure by Maker to perform or observe any other term, covenant or agreement on its part to be performed or observed pursuant to this Note, the Pledge

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Agreement, the Subscription Agreement or the Stock Repurchase Agreement, and such failure is not cured within 10 days; or

(g) any representation or warranty made by Maker to Payee herein shall prove to be false in any material respect when made.

7. REMEDIES. Upon the occurrence of any Event of Default specified  
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in Section 6 above, the Principal Amount of this Note together with accrued interest thereon shall become immediately due and payable without notice of default, presentment or demand for payment, protest or other notices or demands of any kind (all of which are hereby expressly waived by Maker). Maker agrees to pay all cost and expenses, including without limitation, reasonable attorneys' fees and legal expenses, incurred by Payee in the enforcement and collection of this Note.

8. GOVERNING LAW. This Note and the rights and obligations of the  
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Maker and the Payee hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT E

AUTHORIZATION FOR PAYROLL DEDUCTION FOR LOAN

AUTHORIZATION FOR PAYROLL DEDUCTION FOR LOAN

I, \_\_\_\_\_, hereby agree and acknowledge that as a result of [a] loan(s) to me by Korn/Ferry International (the "Company"), which is my employer or the parent or affiliate corporation of my employer, pursuant to that certain Stock Subscription Agreement dated as of \_\_\_\_\_ (the "Subscription Agreement"), I owe the Company the aggregate sum of \$ \_\_\_\_\_, \$ \_\_\_\_\_ of which is evidenced by the First Installment Note dated as of \_\_\_\_\_, \$ \_\_\_\_\_ of which is evidenced by the Second Installment Note - Option 1 dated as of \_\_\_\_\_, \$ \_\_\_\_\_ of which is evidenced by the Amendment to First Installment Note, and \$ \_\_\_\_\_ of which is evidenced by the Amendment to Second Installment Note - Option 1 delivered to the Company pursuant to the terms of the Subscription Agreement, copies of which are attached hereto and incorporated herein by this reference (the "Note(s)"). I wish to repay this sum to the Company in the form of semi-monthly payroll deductions and deductions from annual bonus advances and bonus payments, if any. Therefore, in accordance with California Labor Code Section 224 and other applicable laws, I hereby authorize my employer to deduct from each of my payroll checks and bonus advance and bonus payment checks, if any, the payments due under and in accordance with the terms of the Note(s). Such deductions are authorized over and above any other deductions I may have already authorized (e.g., insurance premiums, hospital or medical dues). If I should for any reason cease employment with my employer, any unpaid balance of the Note(s) may be deducted from my final payroll check, or from any other check for compensation I may receive from my employer (e.g., for unused vacation).

EXECUTED ON: \_\_\_\_\_, 19\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT F

STOCK REPURCHASE AGREEMENT

STOCK REPURCHASE AGREEMENT

THIS STOCK REPURCHASE AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry International, a California corporation (the "Company"), and \_\_\_\_\_, an individual (the "Shareholder").

R E C I T A L S

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. In 1991, the Company adopted the Executive Participation Program (the "Equity Plan"), which provides for the sale of shares of Company common stock to certain officers of the Company.

C. The Shareholder desires to participate in the Equity Plan and to purchase the amount of shares of Company Common Stock set forth in the Executive Participation Program Stock Subscription Agreement (Basic Equity Account) between Company and Shareholder dated as of \_\_\_\_\_ (the "Subscription Agreement"), which requires that Shareholder enter into this Agreement with the Company.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following  
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definitions apply:

"Book Value" means the book value of a Share, as determined in

accordance with generally accepted accounting principals applied in accordance with the usual accounting practices of the Company.

"Fiscal Year" means the fiscal year of the Company, which begins each May 1 and ends each April 30.

"Shares" means the shares of Company Common Stock currently held or acquired by Shareholder in the future.

"Value" means, for purposes of determining the price at which a Share will be sold or purchased pursuant to this Agreement, (a) the Book Value of such Share as of the end of the Fiscal Year immediately preceding such sale or purchase, or (b) such other value or formula for determining value as may be specified from time to

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time after the date hereof in a resolution adopted by such percentage of the shareholders of the Company as are then required pursuant to the Company's Articles of Incorporation as the value or formula for determining Value to be used in connection with any sales and purchases of Shares by the Company, including, without limitation, sales and purchases pursuant to the Equity Plan.

2. COMPLIANCE WITH AGREEMENT. Except as expressly set forth herein,

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the Shareholder shall not sell, transfer, hypothecate, pledge or otherwise dispose of the Shares or any interest therein held by Shareholder (a "Transfer") without the prior written consent of the Company. Any purported Transfer not in compliance with the terms and conditions of this Agreement shall be void and of no force and effect. If the Shares are Transferred, in whole or part, voluntarily or involuntarily, by operation of law or otherwise, by reason of insolvency or bankruptcy of the Shareholder, or otherwise in violation of the provisions of this Agreement, the recipient of any of the Shares shall not be registered on the books of the Company and shall not be recognized as the holder of the Shares by the Company and shall not acquire any voting, dividend or other rights in respect thereof.

3. INVESTMENT INTENT. The Shareholder hereby represents and

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warrants to the Company that the Shareholder's purchase of the Shares has been made for his or her own account, for investment purposes only and not with a view to distribution or resale of the Shares. The Shares have not been, and will not be, registered under the Securities Act of 1933, as amended, or the securities laws of any state. The Shareholder may not sell the Shares unless they have been so registered or unless, in the opinion of counsel satisfactory to the Company, such registration is not required.

4. RESTRICTION ON CERTIFICATES. The Shareholder understands and

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agrees that the certificate(s) issued to him or her representing the Shares:

(i) Shall contain the following legend:

"TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY REQUIRE REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND THIS CERTIFICATE MAY NOT BE TRANSFERRED WITHOUT EVIDENCE OF SUCH REGISTRATION OR OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE ACT. THE RIGHT TO SELL, TRANSFER OR OTHERWISE DISPOSE OF OR PLEDGE THE SHARES REPRESENTED BY THIS CERTIFICATE IS PROHIBITED BY THE TERMS OF A STOCK REPURCHASE AGREEMENT. A COPY OF SUCH AGREEMENT IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS."

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(ii) May contain additional legends as required by state securities laws.

(iii) Shall contain the following legend, if the Shareholder is not a U.S. Person, as defined in the Act and Regulation S promulgated thereunder/

"THE TRANSFER OF THESE SECURITIES IS PROHIBITED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED."

5. POSSESSION OF CERTIFICATES. The Company shall hold the

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certificates evidencing the Shares as custodian to protect its interests hereunder. In furtherance thereof, Shareholder shall execute and deliver to the Company an assignment in blank in the form of Exhibit A hereto, for the transfer of such certificates. The Company will deliver to Shareholder a receipt for such Shares in the form of Exhibit B hereto.

6. REPURCHASE OF SHARES BY COMPANY. Upon the termination of

Shareholder's employment with the Company (for any reason whatsoever), and subject to any prohibitions on the purchase of Shares by the Company under applicable law or any agreement binding on the Company, the Shareholder shall sell and the Company shall purchase the Shares at a price per share equal to the Value of a share of Company Common Stock as of the date on which such Shares are to be purchased by the Company. Company and Shareholder agree that Company shall purchase the Shares on a date specified by Company, which shall not be later than 90 days after termination of Shareholder's employment with the Company. Notwithstanding the foregoing, if the Company is prohibited from purchasing the Shares by applicable law or by any contract or agreement binding on the Company, including without limitation any loan agreement, the Company will purchase the Shares as soon as practicable after it determines in good faith that it is legally and contractually permitted to do so. If Shareholder paid for all or any part of the Shares with a promissory note or notes payable to the Company, the Company will, and Shareholder hereby authorizes the Company to, offset against any amounts owing to Shareholder by the Company with respect to Shares purchased hereunder any amounts outstanding for principal or accrued interest under such promissory note(s). Any amount so offset shall be deducted from the purchase price to be paid under this section upon the purchase of the Shares by the Company. The balance of the purchase price for the Shares, if any, shall be paid by the Company, in its sole and absolute discretion, either in cash or by delivery of a non-transferable promissory note in the form of Exhibit C hereto (the "Note"); provided, however, that if termination of employment is due to Executive's death, the balance of the purchase price shall be paid in cash. The Note shall bear simple interest at Bank of America's reference rate as of the date hereof and may be for term of up to five years. The Note shall be paid in equal annual installments of principal plus all accrued and unpaid interest on the total principal amount. Subject to the preceding sentence, the

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actual term of the Note will be determined in the sole and absolute discretion of the Company. The indebtedness evidenced by the Note, both principal and interest, shall be subordinated and junior, to the extent set forth in the next sentence, to all indebtedness of the Company, both principal and interest (accrued and accruing thereon both before and after the date of filing a petition in any bankruptcy, insolvency, reorganization or receivership proceedings, whether or not allowed as a claim in such case or proceeding) in respect of borrowed money, whether outstanding on the date of the Note or thereafter created, incurred or assumed (collectively, the "Senior Debt"); provided, that such Senior Debt shall not include any obligation of the Company under the Equity Plan to repurchase shares of its common stock. Upon the maturity of any of the Senior Debt by lapse of time, acceleration or otherwise, all principal of, and interest on, all such matured Senior Debt shall first be paid in full before any payment is made by the Company on account of principal of, or interest on, the Note.

7. ASSIGNMENT OF PURCHASE RIGHTS. The Company may assign, in whole  
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or part, its right to purchase the Shares under this Agreement to a designee(s).

8. PRESENTLY OWNED AND AFTER-ACQUIRED SHARES. The Shareholder  
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agrees that the terms and conditions of this Agreement shall be binding upon him or her as to any shares of Common Stock of the Company which Shareholder owns as of the date hereof or which may hereafter be acquired by the Shareholder, without further action.

9. CHANGE IN MARITAL STATUS. In the event that the Shareholder's  
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marital status is altered by dissolution or divorce or by the death of the Shareholder's spouse, any interest of his or her former spouse, whether as community property or as a result of a property settlement agreement, a divorce decree or other legal proceeding, may be purchased by the Company and shall be sold by the Shareholder's former spouse or his or her estate according to the provisions of this Agreement. The Shareholder agrees to notify the Company of any change in marital status, including, without limitation, marriage, dissolution of marriage, divorce or death of spouse, within 10 business days of said event. The Shareholder agrees to cause any spouse who has not signed a consent to this Agreement in the form of Exhibit D to do so at the time notice is given to the Company under this Section.

10. AMENDMENT. No change, amendment or modification of this  
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Agreement shall be valid unless it is in writing and signed by the Company and the Shareholder.

11. REMEDIES. The Shares cannot be readily purchased or sold in the  
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open market and, for that reason, among others, the parties will be irreparably damaged in the event the agreements contained herein are not specifically enforced. If any dispute arises concerning the transfer of any Shares, an injunction may be issued



restraining any such transfer pending the determination of such controversy. In the event of any controversy, such rights or obligations shall be enforceable in a court by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the parties may have. The provisions of this Agreement are for the benefit of the Company and the Shareholder and may be enforced by either of them.

12. EXPENSES. Shareholder agrees to pay to the Company the amount of  
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any and all reasonable expenses, including, without limitation, reasonable attorneys' fees and expenses, which the Company may incur in connection with the enforcement of its rights hereunder.

13. NOTICES. Any notice required or permitted to be given hereunder  
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shall be in writing and shall be mailed first-class, postage prepaid, or shall be personally delivered. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, an authorized officer of the recipient. All such communications, if intended for the Company, shall be addressed to the Company as follows:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Office  
Vice President - Administration

and if intended for the Shareholder shall be addressed to the Shareholder at his or her address as shown on the Company's books. Any party may change his, her or its address for notice by giving notice thereof to the other party to this Agreement. A change of address notice by the Shareholder shall be recorded in the books of the Company as the Shareholder's address for notice unless the Shareholder otherwise instructs the Company.

14. GOVERNING LAW. All questions with respect to the construction of  
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this Agreement and the rights and liabilities of the parties hereto shall be governed by the laws of California.

15. SUCCESSORS AND ASSIGNS. Subject to the terms herein, this  
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Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto.

16. ENTIRE AGREEMENT. This Agreement contains the entire Agreement  
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of the parties hereto and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter contained in this Agreement which are not fully set forth herein.

17. COUNTERPARTS. This Agreement may be executed in counterparts,  
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each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. WAIVER. No waiver of any right pursuant hereto or waiver of any  
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breach hereof shall be effective unless in writing and signed by the party waiving such right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach, and no failure to enforce any right hereunder shall preclude or affect the later enforcement of such right.

19. CAPTIONS. The captions of the various sections herein are solely  
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for the convenience of the parties hereto and shall not affect or control the meaning or construction of this Agreement.

20. SEVERABILITY. Should any portion of this Agreement be declared  
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invalid and unenforceable, then such portion shall be deemed to be severable from this Agreement and shall not affect the remainder hereof.

21. AGREEMENT AVAILABLE FOR INSPECTION. An original copy of this  
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Agreement, together with all amendments, duly executed by the Company and the

Shareholder, shall be delivered to the Secretary of the Company and maintained by him or her at the principal executive office of the Company and shall be available for inspection by any person requesting to see it.

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22. ADDITIONAL DOCUMENTS. The parties hereto agree to sign all

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necessary documents and take all other actions necessary to carry out the provisions of this Agreement.

IN WITNESS, WHEREOF, the parties have executed this Shareholder's Agreement as of the date first written above.

SHAREHOLDER

By: \_\_\_\_\_

Name: \_\_\_\_\_

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Norman A. Glick  
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Title: VP Finance & CFO  
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EXHIBIT A

IRREVOCABLE STOCK ASSIGNMENT

For good and valuable consideration pursuant to Section 6 of that certain Stock Repurchase Agreement between the undersigned and Korn/Ferry International, the undersigned hereby sells, assigns and transfers to \_\_\_\_\_ shares of common stock of Korn/Ferry International, represented by Certificate No(s). \_\_\_\_\_ standing in the name of the undersigned on the books of said company.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

WITNESS:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

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EXHIBIT B

RECEIPT

Korn/Ferry International, a California corporation (the "Company"), hereby acknowledges that it has received and is holding as custodian on behalf of \_\_\_\_\_, an officer of the Company ("Executive"), \_\_\_\_\_ shares of Company Common Stock (the "Shares"), represented by certificate(s) number \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ issued on \_\_\_\_\_, 19\_\_ in the name of Executive (copies of which are attached hereto), together with an Irrevocable Stock Assignment executed by Executive (the "Stock Assignment"). The Shares and the Stock Assignment are being held by the Company pursuant to and in accordance with the terms of that certain Stock Repurchase Agreement between the Company and Executive, and any promissory note(s) and related Stock Pledge Agreement delivered by Executive to the Company in connection with the purchase of all or a portion of the Shares.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

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EXHIBIT C

KORN/FERRY INTERNATIONAL  
NON-TRANSFERABLE SUBORDINATED PROMISSORY NOTE

\$ \_\_\_\_\_, 19\_\_

FOR VALUE RECEIVED, the undersigned, KORN/FERRY INTERNATIONAL, a California corporation (the "Company") hereby promises to pay to the order of \_\_\_\_\_ ("Payee") the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), plus interest on the unpaid balance thereof at the rate of \_\_\_\_\_ % per annum [reference rate of Bank of America on the date hereof].

Payments of principal and interest hereunder shall be in lawful money of the United States of America and shall be payable in \_\_\_\_\_ (\_\_\_\_) annual payments, the first such payment to be made on \_\_\_\_\_, 19\_\_, and the final such payment to be made on \_\_\_\_\_, 19\_\_. Interest shall be simple interest and shall be paid on the basis of a 360-day year and a 30-day month.

Principal and interest on this note are payable, at \_\_\_\_\_, or such other place as Payee shall designate in writing for such purpose at least five business days in advance of the applicable payment date. Principal and interest on this note may be prepaid at any time, in whole or in part, without premium or penalty. The timely tender of any payment of principal or interest on this note shall be deemed to have been made if a check for such payment is mailed two business days before the day such payment is due.

If any payment of principal or interest on this note shall be due on a Saturday, Sunday or legal holiday under the laws of the State of California, or any other day on which banking institutions in the City of Los Angeles are obligated or authorized by law or executive order to close, such payment shall be made on the next succeeding business day in California, and any such extended time shall not be included in computing interest in connection with such payment.

The indebtedness evidenced by this note, both principal and interest, is subordinated and junior to the extent set forth in Section 6 of that certain Stock Repurchase Agreement dated as of \_\_\_\_\_ between the Company and Payee.

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Payee shall not sell, assign or otherwise transfer or dispose of all or any part of this note to any person, partnership, corporation, firm or other entity, except with the prior written consent of the Company.

This note is made and delivered in California and shall be governed, construed and enforced according to the laws of the State of California.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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EXHIBIT D

CONSENT OF SPOUSE OF SHAREHOLDER

The undersigned, being the spouse of the Shareholder, \_\_\_\_\_, who has signed the foregoing Agreement, hereby acknowledges that he or she has read and is familiar with the provisions of said Agreement including but not limited to Section 9 herein and agrees to be bound thereby and join therein to the extent, if any, that his or her agreement and joinder may be necessary. The undersigned hereby agrees that the Shareholder may join in any future amendment or modifications of the Agreement without any further signature, acknowledgment, agreement or consent on his or her part; and the undersigned hereby further agrees that any interest which he or she may have in the shares of common stock of the Company held by Shareholder shall be subject to the provisions of this Agreement.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

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EXHIBIT G

STOCK PLEDGE AGREEMENT

STOCK PLEDGE AGREEMENT

THIS STOCK PLEDGE AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry International, a California corporation (the "Company"), and \_\_\_\_\_, an officer of the Company ("Executive").

R E C I T A L S

A. In 1991, the Company adopted the Executive Participation Program (the "Equity Plan"), which provides for the sale of shares of Company common stock to certain officers of the Company.

B. Executive has agreed to participate in the Equity Plan and to purchase from the Company shares of Common Stock (the "Shares") of the Company, in the amount and pursuant to the terms of the Executive Participation Program Stock Subscription Agreement (Basic Equity Account), dated as of \_\_\_\_\_ (the "Subscription Agreement").

C. The Shares are also subject to the terms of that certain Stock Repurchase Agreement dated as of \_\_\_\_\_ between Company and Executive delivered pursuant to the Subscription Agreement (the "Stock Repurchase Agreement").

D. Executive has agreed to pledge all of the Shares being acquired by Executive to secure payment of the promissory note(s) made as of the date hereof or at any future date by Executive in favor of the Company pursuant to Section 3 of the Subscription Agreement (the "Promissory Note(s)").

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. CREATION OF SECURITY INTEREST. As security for the prompt

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payment and performance in full when due, whether on the respective maturity dates, by acceleration or otherwise (including payments of amounts that would become due by operation of the automatic stay under Section 362(a) of the Bankruptcy Code, or any successor provision thereto), of the Promissory Note(s), Executive hereby assigns, transfers to and pledges for the purpose of creating a security interest for the benefit of Company, all of the Shares and the certificates representing the Shares and any interest of Executive in the entries on the Company's books pertaining to the Shares, and all dividends, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the Shares (the "Collateral"). The Company shall retain possession of any and all of the stock certificates representing the Shares pursuant to the terms of this

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Agreement and the Stock Repurchase Agreement, which also provides for the delivery of executed stock powers, but shall not encumber or dispose of the Collateral except in accordance with the provisions of this Agreement.

2. REPRESENTATIONS AND WARRANTIES OF EXECUTIVE. Executive

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represents and warrants as follows:

(a) Executive has good title to the Shares as the legal and

beneficial owner thereof.

(b) There are no restrictions upon the transfer of the Shares other than pursuant to the Subscription Agreements, the Stock Repurchase Agreement and applicable securities laws.

(c) Except for the security interest granted in this Pledge Agreement, there is no adverse lien, security interest or encumbrance in or on said Shares.

3. DIVIDENDS. During the term of this Pledge Agreement, any

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dividends declared on the Collateral shall be paid to the Executive provided that there has not been an Event of Default (as defined in Paragraph 6 hereof). Upon occurrence of any Event of Default, all such amounts shall thereafter be paid to Company.

4. VOTING RIGHTS. During the term of this Pledge Agreement and so

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long as there has not been an Event of Default (as defined in Paragraph 6 hereof), Executive shall have the right to vote the Collateral. Upon occurrence of any Event of Default, such rights shall immediately be transferred to Company.

5. STOCK ADJUSTMENT. In the event that during the term of this

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Pledge Agreement any stock dividend, reclassification, readjustment or other change is declared or made in the capital structure of the Company, all new, substituted and additional shares or other securities issued by reason of any such changes in the Collateral shall be held by the Company under the terms of this Pledge Agreement in the same manner as the Shares originally transferred hereunder.

6. EVENTS GIVING RISE TO DEFAULT. The occurrence of any of the

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following events shall constitute an "Event of Default":

(a) Failure of Executive to keep or perform any of the terms or provisions of this Pledge Agreement.

(b) The occurrence of an Event of Default as defined in any Promissory Note.

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7. REMEDIES ON EVENT OF DEFAULT. Upon the occurrence of an Event of

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Default as specified in Paragraph 6 hereof, Company may then elect to sell all or any part of the Collateral or may elect to exercise any other rights or pursue any other lawful remedies pursuant to applicable provisions of the California Commercial Code. The Company may buy all or any part of the Collateral at any such sale. The proceeds of any such sale shall be applied, in order, to the following:

(a) The reasonable expenses of retaking, holding, preparing for sale, selling, and the like, including, without limitation, reasonable attorneys' fees and legal expenses incurred by the Company;

(b) The unpaid balance of principal and interest due under the Promissory Note(s).

The surplus, if any, shall be paid to the person or persons entitled thereto. If there be a deficiency, Executive shall be personally liable to the Company for any such deficiency.

Upon the occurrence of an Event of Default, the Company may propose to accept the Collateral, which acceptance shall discharge any then undischarged obligation of Executive hereunder, all as in accordance with applicable provisions of the California Commercial Code.

8. PAYMENT OF INDEBTEDNESS. Upon the fulfillment of all obligations

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of Executive for payment in full of the Promissory Note(s), the Company shall continue to hold all of the certificates representing the Shares and the related Stock powers pursuant to the terms of the Stock Repurchase Agreement.

9. CONTINUING AGREEMENT. Until all indebtedness pursuant to the

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Promissory Note(s) shall have been paid in full, all rights, powers and remedies granted to the Company hereunder shall continue to exist and may be exercised by the Company at any time.

10. RIGHTS OF COMPANY. The rights, powers and remedies given to the

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Company by virtue of this Agreement shall be in addition to all rights, powers

and remedies given to the Company by virtue of any statute or rule of law. Any forbearance, failure or delay by the Company in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Company shall continue in full force and effect until such right, power or remedy is specifically waived by an instrument in writing executed by the Company.

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11. EXPENSES. Executive agrees to pay all costs and expenses,

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including, without limitation, reasonable attorneys' fees and legal expenses, incurred in the enforcement of this Agreement.

12. GOVERNING LAW. This Agreement shall be governed by and construed

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in accordance with the laws of the State of California.

13. BENEFIT. This Agreement shall inure to the benefit of and be

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binding upon the parties hereto, their successors, assigns, administrators and executors.

14. NOTICES. Any notice required or permitted to be given hereunder

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shall be in writing and shall be mailed first class, postage prepaid, or shall be personally delivered. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, the recipient. All such communications shall be addressed as follows:

If to the Company:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Office  
Vice President - Administration

If to the Executive:

At Executives address as shown in the Company's books

or to such other address as is provided by the parties hereto  
from time to time.

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15. COUNTERPARTS. This Agreement may be executed in counterparts,

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each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

COMPANY:

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Norman A. Glick

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Title: VP Finance & CFO  
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EXHIBIT H

AMENDMENT TO  
SECURED PROMISSORY NOTE  
FIRST INSTALLMENT NOTE

AMENDMENT TO  
SECURED PROMISSORY NOTE  
FIRST INSTALLMENT NOTE

THIS AMENDMENT (the "Amendment") is made this \_\_\_\_ day of \_\_\_\_\_  
19\_\_ by \_\_\_\_\_, an individual ("Maker"), to that certain  
Secured Promissory Note First Installment Note (the "Note"), dated  
\_\_\_\_\_, 19\_\_, executed by Maker in favor of KORN/FERRY INTERNATIONAL  
("Payee"). All capitalized terms not otherwise defined herein shall have the  
meanings given them in the Note.

Pursuant to the Stock Subscription Agreement, the Note is hereby  
amended as follows:

1. The first sentence to the initial Preamble paragraph of the Note  
is amended by deleting the parenthetical at the end of the sentence and  
inserting the following:

"(the "Original Principal Amount") plus an additional principal  
amount of \$\_\_\_\_\_ (the "Additional Principal Amount" and,  
collectively with the Original Principal Amount, the "Principal  
Amount")."

2. Sections 2(a)(i), 2(a)(ii) and 2(a)(iii) of the Note are amended  
by deleting "Principal Amount" and inserting "Original Principal Amount" in  
every instance.

3. Section 2(a)(ii) of the Note is amended by deleting the word  
"and" at the end of the sentence.

4. Section 2(a)(iii) of the Note is amended by deleting the period  
and inserting a semi-colon plus the word "and" at the end of the sentence.

5. A new Section 2(a)(iv) is hereby inserted in its entirety as  
follows:

" (iv) The Additional Principal Amount, plus all interest  
accrued on the Additional Principal Amount through the date  
payment is made, on the last business day of the eighteenth full  
month following the date hereof."

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From and after \_\_\_\_\_, interest shall accrue on the Additional Principal  
Amount at the rate set forth in the Note.

Except as expressly provided above, the Note is not modified in any  
respect, and the Note as herein modified is hereby ratified and confirmed in all  
respects.

IN WITNESS WHEREOF, Maker has executed and delivered this Amendment as  
of the day and year first written above.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Accepted and Agreed:

KORN FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Norman A. Glick  
-----

Title: VP Finance & CFO  
-----

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EXHIBIT I

AMENDMENT TO  
SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 1

AMENDMENT TO  
SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 1

THIS AMENDMENT (the "Amendment") is made this \_\_\_\_ day of \_\_\_\_\_  
19\_\_ by \_\_\_\_\_, an individual ("Maker"), to that certain  
Secured Promissory Note Second Installment Note - Option 1 (the "Note"), dated  
\_\_\_\_\_, 19\_\_, executed by Maker in favor of KORN/FERRY INTERNATIONAL  
("Payee"). All capitalized terms not otherwise defined herein shall have the  
meanings given them in the Note.

Pursuant to the Stock Subscription Agreement, the Note is hereby  
amended as follows:

1. The first sentence to the initial Preamble paragraph of the Note  
is amended by deleting \$\_\_\_\_\_ [INSERT INITIAL PRINCIPAL AMOUNT] and  
inserting \$\_\_\_\_\_ [INSERT AGGREGATE PRINCIPAL AMOUNT].

From and after \_\_\_\_\_, interest shall accrue on the amended principal  
amount set forth above at the rate set forth in the Note.

Except as expressly provided above, the Note is not modified in any  
respect, and the Note as herein modified is hereby ratified and confirmed in all  
respects.

IN WITNESS WHEREOF, Maker has executed and delivered this Amendment as  
of the day and year first written above.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Accepted and Agreed:

KORN FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Norman A. Glick  
-----

Title: VP Finance & CFO  
-----

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EXHIBIT J

AMENDMENT TO  
SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 2

AMENDMENT TO  
SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 2

THIS AMENDMENT (the "Amendment") is made this \_\_\_\_ day of \_\_\_\_\_  
19\_\_ by \_\_\_\_\_, an individual ("Maker"), to that certain  
Secured Promissory Note Second Installment Note - Option 2 (the "Note"), dated  
\_\_\_\_\_, 19\_\_, executed by Maker in favor of KORN/FERRY INTERNATIONAL  
("Payee"). All capitalized terms not otherwise defined herein shall have the  
meanings given them in the Note.

Pursuant to the Stock Subscription Agreement, the Note is hereby  
amended as follows:

1. The first sentence to the initial Preamble paragraph of the Note  
is amended by deleting \$\_\_\_\_\_ [INSERT ORIGINAL PRINCIPAL AMOUNT]  
and inserting \$\_\_\_\_\_ [INSERT AGGREGATE PRINCIPAL AMOUNT].

2. Section 2(a) of the Note is hereby deleted in its entirety and  
replaced with the following:

" (a) Maker shall make quarterly mandatory payments on  
this Note on each July 31, October 31, January 31 and April 30,  
commencing on the first such date to follow the date hereof, in



sixteen (16) installments consisting of a principal payment in the amount of \$\_\_\_\_\_, plus all interest accrued on the Principal Amount through the date such payment is made."

From and after \_\_\_\_\_, interest will accrue on the amended Principal Amount set forth above at the rate set forth in the Note.

Except as expressly provided above, the Note is not modified in any respect, and the Note as herein modified is hereby ratified and confirmed in all respects.

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IN WITNESS WHEREOF, Maker has executed and delivered this Amendment as of the day and year first written above.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Accepted and Agreed:

KORN FERRY INTERNATIONAL

By: \_\_\_\_\_

Name:        Norman A. Glick  
-----

Title:        VP Finance & CFO  
-----

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SUPPLEMENTAL EXECUTIVE EQUITY PARTICIPATION PROGRAM

STOCK SUBSCRIPTION AGREEMENT

(BASIC EQUITY ACCOUNT)

THIS STOCK SUBSCRIPTION AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry International, a California corporation (the "Company") and \_\_\_\_\_, an officer of the Company ("Executive").

RECITALS

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. In 1998, the Company adopted the Supplemental Executive Equity Participation Program, which provides for the sale to certain officers of the Company of shares of Company Common Stock ("Shares") on the terms and subject to the conditions set forth in this Agreement and the schedules and exhibits hereto.

C. Executive desires to purchase Shares under the Supplemental Executive Equity Participation Program on the terms and subject to the conditions set forth in this Agreement and the schedules and exhibits hereto.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following definitions apply:

"Basic Equity Account" means the dollar amount set forth as Item 1 of Schedule 1 hereto .

"Fiscal Year" means the fiscal year of the Company, which is currently specified as of the period beginning each May 1 and ending each April 30 or any other period specified by the Board of Directors of the Company as the fiscal year of the Company.

"First Installment" means the dollar amount set forth as Item 2 of Schedule 1 hereto, which equals twenty percent (20%) of the Basic Equity Account.

"First Installment Shares" means the number of Shares equal to the First Installment divided by the Value.

"Second Installment" means the dollar amount set forth as Item 3 of Schedule 1 hereto, which equals eighty (80%) of the Basic Equity Account.

"Second Installment Shares" means the number of Shares equal to the Second Installment divided by the Value.

"Shares" has the meaning set forth in Recital B.

"U.S. Person" has the meaning set forth in Regulation S of the Securities Act of 1933, as amended. Without limitation and as further qualified in Regulation S, a "U.S. Person" is as set forth on Schedule 2 hereto and incorporated herein by this reference.

"Value" means, for purposes of determining the price at which a Share will be sold or purchased pursuant to this Agreement, (a) the value of such Share as of June 30, 1998 (or as of such later date prior to the date of this Agreement as established by the Company's Board of Directors), as determined by an independent appraiser appointed by the Company, or (b) such other value or formula for determining value as may be specified from time to time after the date hereof in a resolution adopted by the Board of Directors of the Company for purposes of this Agreement.

2. SUBSCRIPTION. Executive hereby subscribes for and agrees to purchase the First Installment Shares and the Second Installment Shares for an amount equal to the Basic Equity Account, with such Shares being issuable and such amount being payable in accordance with the provisions of this Agreement. Executive agrees that this subscription is subject to acceptance or rejection by the Company, in its discretion, in whole or in part, and shall be irrevocable upon acceptance by the Company.

3. METHOD OF PAYMENT. Executive shall pay the Total Purchase Price by

a combination of the options described in Sections 4 and 5 below. Simultaneously with executing and delivering this Agreement, Executive shall complete, execute and deliver to the Company a Payment Election in the form of Exhibit A hereto, which Payment Election shall indicate the methods of payment selected by Executive. Executive acknowledges that such Payment Election shall be irrevocable and may only be modified with the prior written consent of the Company.

4. FIRST INSTALLMENT. The First Installment shall be paid by Executive to Company on or prior to the date hereof pursuant to paragraphs (a) or (b) below:

(a) in cash; or

(b) By delivery of a promissory note in the form of Exhibit B attached hereto (the "First Installment Note"). The First Installment Note shall bear interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America or its successor, as in effect from time to time, commencing on the date hereof. Principal and interest payments on the First Installment Note shall be payable as follows:

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(i) One-fourth of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the first full month immediately following the date hereof (i.e., if the date hereof is not the first day of a month, then such payment will be due on the last business day of the following month);

(ii) One-fourth of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the sixth month following the date hereof; and

(iii) One-fourth of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the twelfth month following the date hereof.

(iv) One-fourth of the principal, plus all accrued and unpaid interest on the principal through the date payment is made, on the last business day of the eighteenth month following the date hereof.

5. SECOND INSTALLMENT. The Second Installment shall be paid by Executive to Company on or prior to the date hereof pursuant to paragraphs (a), (b) or (c) below;

(a) In cash;

(b) By delivery of a promissory note in the form of Exhibit C attached hereto (the "Second Installment Note - Option 1"). The Second Installment Note - Option 1 shall bear interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America, as in effect from time to time, commencing on the date hereof. Principal and interest payments on the Second Installment Note - Option 1 shall commence on the 15th of the first full month following the date hereof and be payable semi-monthly and on the date any bonus payment is made by the Company to Executive, and will be computed based on levels of gross compensation for each Fiscal Year as set forth in the Second Installment Note - Option 1, as follows:

(i) Six percent (6%) of the first \$100,000 of compensation;

(ii) Ten percent (10%) of the next \$50,000 of compensation;

(iii) Fifteen percent (15%) of the next \$100,000 of compensation; and

(iv) Twenty-five percent (25%) of compensation in excess of \$250,000.

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Payments will be applied first to accrued and unpaid interest and second to reduce the principal outstanding;

Simultaneously with executing and delivering the Second Installment Note - Option 1, Executive shall execute and deliver to the Company the Authorization for Payroll Deduction for Loan attached hereto as Exhibit E; or

(c) By delivery of a promissory note in the form of Exhibit D attached hereto (the "Second Note - Option 2"). The Second Installment Note - Option 2 shall bear interest at a rate per annum equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America or its successor, as in effect from time to time, commencing on the date hereof. Principal and interest payments shall commence on the last day of the fiscal quarter ending after the date hereof and shall be made on a quarterly basis in sixteen (16) equal

installments of principal plus all accrued and unpaid interest on the total principal amount.

6. ISSUANCE OF SHARES. Subject to the provisions of Section 7 below, Company will issue to the Executive against payment of the purchase price therefor the First Installment Shares and the Second Installment Shares.

Notwithstanding any other provision hereof, the Company will not issue any fractional Shares, but rather will make an appropriate cash payment to Executive in lieu of any issuance of a fractional Share.

7. STOCK REPURCHASE AGREEMENT AND SHARE PLEDGE AGREEMENT. The Shares will be subject to the terms and conditions of a Stock Repurchase Agreement in the form of Exhibit F hereto (the "Stock Repurchase Agreement"). Executive shall execute and deliver to the Company an original counterpart thereof. The Stock Repurchase Agreement provides that the certificates evidencing the Shares will remain in the possession of the Company to secure the Company's purchase rights thereunder. Further, all of the promissory notes made by Executive in favor of Company pursuant to Sections 4 or 5 will be secured by the Shares pursuant to a Share Pledge Agreement in the form of Exhibit G attached hereto. Executive shall execute and deliver to the Company an original counterpart thereof.

8. INVESTMENT REPRESENTATIONS AND WARRANTIES. Executive hereby represents and warrants as indicated below:

(a) Executive has reviewed, completed and executed Schedule 3 hereto which is incorporated herein and made a part hereof by this reference, and the information provided to the Company in such Schedule 3 is complete and accurate.

(b) Executive has such knowledge and experience in financial and business matters and Executive is capable of evaluating the merits and risks of an

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investment in the Company and of making an informed investment decision with respect thereto.

(c) Executive has adequate means of providing for current needs and personal contingencies, has no need for liquidity in the investment, and is able to bear the economic risk of an investment in the Company of the size contemplated.

(d) Executive will purchase the Shares for Executive's own account and for investment purposes only, and Executive is not purchasing the Shares with a view to or for sale in connection with any distribution, resale or disposition of the Shares.

(e) The information provided in this Section (including without limitation the information set forth on Schedule 3 hereto) may be relied upon in determining whether the offering in which the Executive proposes to participate is exempt from registration under the Securities Act of 1933, as amended, and applicable state securities laws and the rules promulgated thereunder.

(f) Executive will notify the Company immediately of any material changes to the information given by Executive in this Section occurring prior to the closing of any purchase by Executive of the Shares.

(g) Executive is an officer of the Company and as such has a high degree of familiarity with the business and operations of the Company and understands and has evaluated the merits and risks of the purchase of the Shares.

(h) Executive has received a copy of the most recent Executive Equity Participation Materials of the Company (the "Materials"), prepared by the Company to describe the investment in the Company through purchase of the Shares, and Executive understands all of the information contained therein. Executive represents that Executive is relying solely upon the Materials and Executive's knowledge of the Company for the purpose of making Executive's decision to purchase the Shares, and Executive understands that no person has been authorized in connection with this offering to make any representations other than those contained in the Materials, and any representations not therein contained, if given or made, must not be relied upon as having been authorized by the Company.

9. ACKNOWLEDGMENTS AND COVENANTS OF EXECUTIVE. Executive acknowledges and agrees as follows:

(a) The Company has made available to Executive the opportunity to ask questions of, and receive answers from, persons acting on behalf of the Company concerning the Company and the proposed sale of Shares to Executive as described in the Materials, and otherwise to obtain any additional information, to the extent that the Company or its executive officers possess such information or could acquire it without

unreasonable effort or expense, necessary to verify the accuracy of the information contained in the Materials; and

(b) Executive further acknowledges and agrees with the Company that (i) the Shares have not been, and the sale of the Shares will not be, registered under the Act, or qualified under any state securities laws; (ii) any sale or other disposition of the Shares by Executive or by any transferee from Executive will be limited to a transaction permitted by the Stock Repurchase Agreement and as to which, in each instance, an exemption from the registration requirements of the Act and any applicable requirements under state securities laws can be established.

#### 10. MISCELLANEOUS.

(a) Amendment. No change, amendment or modification of this

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Agreement shall be valid unless it is in writing and signed by the Company and the Executive.

(b) Entire Agreement. This Agreement contains the entire

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agreement of the parties hereto and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

(c) Counterparts. This Agreement may be executed in counterparts,

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each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(d) Waiver. No waiver of any right pursuant hereto or waiver of

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any breach hereof shall be effective unless in writing and signed by the party waiving such right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach, and no failure to enforce any right hereunder shall preclude or effect the latter enforcement of such right.

(e) Headings. The headings of the various sections herein are

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solely for the convenience of the parties and shall not effect or control the meaning or construction of this Agreement.

(f) Notices. Any notice required or permitted to be given

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hereunder shall be in writing and shall be mailed first class, postage prepaid, or shall be personally delivered, or delivered by telecopier. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, the recipient. All such communications shall be addressed as follows:

If to the Company:

Korn/Ferry International

1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn: Corporate Secretary

If to the Executive:

At Executive's address as shown in the Company's books or to such other address as is provided by the parties hereto from time to time.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

KORN/FERRY INTERNATIONAL,  
a California corporation

By: \_\_\_\_\_

Name: Elizabeth S.C.S. Murray  
-----

Title: Executive VP & CFO  
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#### SCHEDULE 1

Attached to and made a part of that certain Supplemental Executive Equity Participation Program Stock Subscription Agreement (Basic Equity Account) dated \_\_\_\_\_ between Korn/Ferry International and \_\_\_\_\_.\*

1. Basic Equity Account and Total Purchase Price  
equal \$ \_\_\_\_\_
2. First Installment equals \$ \_\_\_\_\_
3. Second Installment equals \$ \_\_\_\_\_

\* All dollar amounts are in U.S. dollars.

#### EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

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#### SCHEDULE 2

##### "U.S. PERSON"

1. Any natural person resident in the United States;
2. Any partnership or corporation organized or incorporated under the laws of the United States;
3. Any estate of which any executor or administrator is a U.S. Person;
4. Any trust of which trustee is a U.S. Person;
5. Any agency or branch of a foreign entity located in the United States;
6. Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
7. Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
8. Any partnership or corporation if;
  - (a) Organized or incorporated under the laws of any foreign jurisdiction; and
  - (b) Formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act of 1933, as amended.

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#### SCHEDULE 3

##### REPRESENTATIONS AND WARRANTIES

Attached to and made a part of that certain Supplemental Executive Equity Participation Program Stock Subscription Agreement (Basic Equity Account) dated \_\_\_\_\_ between Korn/Ferry International and \_\_\_\_\_.

(a) Accredited Domestic Executives. Executive should initial each of  
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the following representations, if applicable:  
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- \_\_\_\_ (i) Executive is a U.S. Person.
- \_\_\_\_ (ii) Executive's individual net worth or joint net worth with  
Executive's spouse exceeds \$1,000,000.
- \_\_\_\_ (iii) Executive's income (including, but not limited to, salary,  
bonus, interest and dividend income and vested contributions to any  
pension or profit sharing plan) was in excess of \$200,000 in each of  
the last two years, and Executive reasonably expects an income in  
excess of \$200,000 in this year.
- \_\_\_\_ (iv) Executive's joint income with Executive's spouse  
(including, but not limited to salary, bonus, interest and dividend  
income and vested contributions to any pension or profit sharing plan)  
was in excess of \$200,000 in each of the last two years, and Executive  
reasonably expects a joint income in excess of \$200,000 in this year.
- \_\_\_\_ (v) Executive's joint income with Executive's spouse  
(including, but not limited to salary, bonus, interest and dividend  
income and vested contributions to any pension or profit sharing plan)  
was in excess of \$300,000 in each of the last two years, and Executive  
reasonably expects a joint income in excess of \$300,000 in this year.
- \_\_\_\_ (vi) Executive's investment in the Shares does not exceed 10% of  
Executive's joint net worth with Executive's spouse.

(b) Foreign Executives. Initial the following representation, if  
-----  
applicable:  
-----

- \_\_\_\_ (i) Executive is not a US Person and is not entering into this

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Agreement for the account or benefit of a US Person.

- \_\_\_\_ (ii) Executive acknowledges and agrees that he or she may resell  
the Shares only in accordance with the provisions of Regulation S, and  
pursuant to registration under the Securities Act of 1933, as amended,  
or pursuant to an available exemption from registration and that the  
Company will refuse to register any transfer of the Shares not made in  
accordance with the provisions of Regulation S.

EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT A

PAYMENT ELECTION

PAYMENT ELECTION

Delivered pursuant to that certain Stock Subscription Agreement (Basic  
Equity Account) (the "Agreement") entered into as of \_\_\_\_\_ by and  
between Korn/Ferry International, a California corporation (the "Company") and  
\_\_\_\_\_, an officer of the Company ("Executive").

Capitalized terms used but not otherwise defined in this Exhibit A  
have the same meanings set forth in the Agreement.

Pursuant to Section 3 of the Agreement, Executive hereby elects to pay  
the Total Purchase Price of \$ \_\_\_\_\_ in the methods indicated in paragraphs  
1 and 2 below. Executive acknowledges that this Payment Election is irrevocable  
and may only be modified with the prior written consent of the Company. All  
amounts are in United States dollars.

1. First Installment  
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First Installment = \$ \_\_\_\_\_

The First Installment shall be paid by the Executive to the Company on or prior to the date of the Agreement pursuant to the paragraphs initialed and completed below as follows:

<TABLE>

<CAPTION>

Executive's Initial	Method of Payment	Executive to Insert Amount
-----	-----	-----
<S>	<C>	<C>
_____	Amount to be paid in cash on or prior to the date hereof, pursuant to paragraph 4(a) of the Agreement:	\$ _____
_____	Amount to be paid by delivery of the First Installment Note, which is executed and enclosed, pursuant to Section 4 (b) of the Agreement:	\$ _____

</TABLE>

2. Second Installment

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Second Installment = \$ \_\_\_\_\_

The Second Installment shall be paid by the Executive to the Company on or prior to the date of the Agreement pursuant to the paragraphs initialed and completed below as follows:

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<TABLE>

<CAPTION>

Executive's Initial	Method of Payment	Executive to Insert Amount
-----	-----	-----
<S>	<C>	<C>
_____	Amount to be paid in cash on or prior to the date hereof, pursuant to paragraph 5(a) of the Agreement:	\$ _____
_____	Amount to be paid by delivery of the Second Installment Note--Option 1, which is executed and enclosed, pursuant to Section 5 (b) of the Agreement:	\$ _____
_____	Amount to be paid by delivery of the Second Installment Note--Option 2, which is executed and enclosed, pursuant to Section 5 (c) of the Agreement:	\$ _____

</TABLE>

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT B  
FIRST INSTALLMENT NOTE

SECURED PROMISSORY NOTE  
FIRST INSTALLMENT NOTE

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, an individual ("Maker"), hereby unconditionally promises to pay to the order of KORN/FERRY INTERNATIONAL ("Payee"), in the manner and at the place hereinafter provided, the principal amount of \$ \_\_\_\_\_ (the "Principal Amount"). Maker shall make mandatory payments in accordance with Section 2 below and Maker may make voluntary prepayments in accordance with Section 3 below.

Maker also promises to pay interest on the unpaid Principal Amount hereof, which shall accrue commencing on the date hereof until paid in full, at an adjustable rate determined for each Fiscal Year (as defined below) that is equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America as in effect on the last day of the preceding Fiscal Year (which reference rate was \_\_\_\_%). For purposes hereof, "Fiscal Year" shall mean the twelve month period commencing each May 1 and ending each April 30. All computations of



interest shall be made by Payee on the basis of a 365 day year, for the actual number of days elapsed during the relevant period (including the first day but excluding the last day).

This Note is issued pursuant to the Stock Subscription Agreement (Basic Equity Account) (the "Subscription Agreement") and the Stock Repurchase Agreement (the "Stock Repurchase Agreement"), each between Maker and Payee and dated as of the date hereof, and is subject to the terms and conditions thereof. The shares of common stock of Payee issuable to Maker pursuant to the Subscription Agreement are referred to herein as the "Shares".

1. PAYMENTS. All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the executive offices of Payee located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, or at such other place as shall be designated in a written notice delivered to Maker. Whenever any payment on this Note shall be stated to be due on a day that is not a business day, such payment shall instead be made on the next succeeding business day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal.

2. MANDATORY PAYMENTS.

(a) Maker shall make payments on this Note in an amount equal to:

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(i) One-fourth of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the first full month immediately following the date hereof;

(ii) One-fourth of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the sixth month following the date hereof; and

(iii) One-fourth of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the twelfth month following the date hereof.

(iv) One-fourth of the Principal Amount, plus all interest accrued on the Principal Amount through the date payment is made, on the last business day of the eighteenth month following the date hereof.

(b) Maker may authorize Payee to withhold amounts, if any, otherwise payable to Maker from Payee as bonus payments or advances on bonus prior to final maturity hereof, and to apply such to payments then due under this Note by delivering to Payee the Authorization for Payroll Deduction for Loan in accordance with the terms of the Subscription Agreement.

(c) Notwithstanding the foregoing, the Principal Amount, together with accrued interest thereon, shall become due and payable in full immediately upon the termination of Maker's employment with Payee or its affiliates or Maker's death; provided, however, that if upon such termination of employment or death Payee is prohibited from purchasing the Shares by applicable law or any contract or agreement binding on Payee, this Note shall continue in full force and effect until such time as Payee notifies Maker in writing that it is legally and contractually permitted to purchase the Shares, at which time the principal amount of this Note, together with accrued interest thereon, shall become immediately due and payable.

3. VOLUNTARY PREPAYMENTS. Maker shall have the right at any time and from time to time to prepay the principal and interest of this Note in whole or in part, without premium or penalty; provided that each such prepayment shall be in a minimum amount of One Thousand Dollars (\$1,000) and integral multiples of that amount, or the amount of principal and interest then outstanding, whichever is less. All prepayments will be applied to payments in reverse order of maturity.

4. PLEDGE OF SECURITY. Maker has entered into a Pledge Agreement with Payee dated as of the date hereof (the "Pledge Agreement") pursuant to which Maker pledges the Shares as security for this Note. All certificates or other instruments representing or evidencing such Shares shall be delivered to and held by Payee pursuant to the terms of the Stock Repurchase Agreement and the Pledge Agreement.

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5. REPRESENTATIONS AND WARRANTIES. Maker hereby represents and warrants to Payee that:

(a) This Note constitutes the legally valid and binding obligation of Maker enforceable against Maker in accordance with its terms.

(b) Maker is the legal and beneficial owner of the Shares free and

clear of any lien, security interest, preferential arrangement or other charge or encumbrance except for the security interest created by the Pledge Agreement.

(c) The pledge of the Shares pursuant to the Pledge Agreement creates a valid first priority security interest in the Shares, securing the payment of the obligations under this Note.

6. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default":

(a) failure of Maker to pay any principal or interest under this Note when due, whether by acceleration (including, without limitation, acceleration pursuant to Section 2(c) hereof), by mandatory payment or otherwise, and such failure is not cured within 10 days;

(b) Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case of bankruptcy under the U.S. Federal Bankruptcy Code (as now or hereafter in effect), or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts;

(c) a proceeding or case shall be commenced, without application or consent of Maker, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the debts of Maker, (ii) the appointment of a trustee, receiver, custodian or liquidator of all or substantially all of the assets of Maker, or (iii) similar relief in respect of Maker under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and, in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more business days; or an order for relief against Maker shall be entered in an involuntary case under the U.S. Federal Bankruptcy Code (as now or hereafter in effect);

(d) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any other obligation to Payee;

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(e) Payee shall not have or cease to have a first priority security interest in the Shares;

(f) failure by Maker to perform or observe any other term, covenant or agreement on its part to be performed or observed pursuant to this Note, the Pledge Agreement, the Subscription Agreement or the Stock Repurchase Agreement, and such failure is not cured within 10 days; or

(g) any representation or warranty made by Maker to Payee herein shall prove to be false in any material respect when made.

7. REMEDIES. Upon the occurrence of any Event of Default specified in Section 6 above, the Principal Amount of this Note together with accrued interest thereon shall become immediately due and payable without notice of default, presentment or demand for payment, protest or other notices or demands of any kind (all of which are hereby expressly waived by Maker). Maker agrees to pay all cost and expenses, including without limitation, reasonable attorneys' fees and legal expenses, incurred by Payee in the enforcement and collection of this Note.

8. GOVERNING LAW. This Note and the rights and obligations of the Maker and the Payee hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT C

SECOND INSTALLMENT NOTE - OPTION 1

SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 1

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, an individual ("Maker"), hereby unconditionally promises to pay to the order of KORN/FERRY INTERNATIONAL ("Payee"), in the manner and at the place hereinafter provided, the principal amount of \$ \_\_\_\_\_ (the "Principal Amount"). Maker shall make mandatory payments in accordance with Section 2 below and Maker may make voluntary prepayments in accordance with Section 3 below.

Maker also promises to pay interest on the unpaid Principal Amount hereof, which shall accrue commencing on the date hereof until paid in full, at an adjustable rate determined for each Fiscal Year (as defined below) that is equal to the reference rate plus .75% (i.e., 75 basis points) of Bank of America as in effect on the last day of the preceding Fiscal Year (which reference rate was \_\_\_\_%). For purposes hereof, "Fiscal Year" shall mean the twelve month period commencing each May 1 and ending each April 30. All computations of interest shall be made by Payee on the basis of a 365 day year, for the actual number of days elapsed during the relevant period (including the first day but excluding the last day).

This Note is issued pursuant to the Stock Subscription Agreement (Basic Equity Account) (the "Subscription Agreement") and the Stock Repurchase Agreement (the "Stock Repurchase Agreement"), each between Maker and Payee and dated as of the date hereof, and is subject to the terms and conditions thereof. The shares of common stock of Payee issuable to Maker pursuant to the Subscription Agreement are referred to herein as the "Shares".

1. PAYMENTS. All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the executive offices of Payee located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, or at such other place as shall be designated in a written notice delivered to Maker. Whenever any payment on this Note shall be stated to be due on a day that is not a business day, such payment shall instead be made on the next succeeding business day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal.

2. MANDATORY PAYMENTS. Maker hereby agrees to make mandatory payments of principal and interest on this Note based on Maker's compensation from Payee for each Fiscal Year during the term of this Note. Such mandatory payments may

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vary from Fiscal Year to Fiscal Year depending on the level of Maker's base compensation and bonus compensation in any particular Fiscal Year, as follows:

(a) Maker shall make semi-monthly payments on this Note commencing on the 15th of the first full month following the date hereof in an amount equal to (x) the Base Formula Amount (as defined below) for the Fiscal Year in which such payment is made, divided by (y) 24. The Base Formula Amount for each Fiscal Year shall equal:

(i) Six percent (6%) of the first One Hundred Thousand Dollars (\$100,000) of Maker's base compensation from Payee payable with respect to such Fiscal Year; plus

(ii) Ten percent (10%) of the next Fifty Thousand Dollars (\$50,000) of Maker's base compensation from Payee payable with respect to such that Fiscal Year; plus

(iii) Fifteen percent (15%) of the next One Hundred Thousand Dollars (\$100,000) of Maker's base compensation from Payee with respect to such Fiscal Year; plus

(iv) Twenty-five percent (25%) of Makers' base compensation from Payee in excess of Two Hundred Fifty Thousand Dollars (\$250,000) with respect to such Fiscal Year.

For example, if Maker's base salary from Payee for the Fiscal Year commencing May 1, 1996 were \$160,000, Maker would make 24 semi-monthly payments of \$520.83 to Payee (i.e., 6% of \$100,000 = \$6,000; 10% of \$50,000 = \$5,000; and 15% of \$10,000 = \$1,500. \$6,000 + \$5,000 + \$1,500 = \$12,500. \$12,500 / 24 = \$520.83).

(b) In addition, Maker shall make mandatory payments on this Note each December 31 and April 30 (or on such other dates as the Company may adopt for payment of bonus advances and/or bonus payments) from each bonus advance and

bonus payment, if any, from Payee in an amount equal to the Bonus Formula Amount. The Bonus Formula Amount for each Fiscal Year shall equal the amount determined pursuant to the following formula minus all prior payments made in such Fiscal Year with respect to base compensation pursuant to subsection 2(a) and bonus compensation pursuant to this subsection 2(b):

(i) Six percent (6%) of the first One Hundred Thousand Dollars (\$100,000) of Maker's total Compensation (i.e., base compensation plus bonus) from Payee with respect to such Fiscal Year; plus

(ii) Ten percent (10%) of the next Fifty Thousand Dollars (\$50,000) of Maker's total compensation (i.e., base compensation plus bonus) from Payee with respect to such Fiscal Year; plus

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(iii) Fifteen percent (15%) of the next One Hundred Thousand Dollars (\$100,000) of Maker's total compensation (i.e., base compensation plus bonus) from Payee with respect to such Fiscal Year; plus

(iv) Twenty-five percent (25%) of Maker's total compensation (i.e., base compensation plus bonus) from Payee in excess of Two Hundred Fifty Thousand Dollars (\$250,000) with respect to such Fiscal Year.

For example, if Maker's base salary from Payee for the Fiscal Year commencing May 1, 1996 were \$160,000, and Maker's annual bonus from Payee for such Fiscal Year were \$50,000, Maker would make a payment on the date such bonus payment is made of \$7,500 to Payee. (i.e., Maker's total compensation for Fiscal Year 1997 would equal \$210,000. 6% of \$100,000 = \$6,000; 10% of \$50,000 = \$5,000; and 15% of \$60,000 = \$9,000. \$6,000 + \$5,000 + \$9,000 = \$20,000. \$20,000 - \$12,500 (the amount that would have been paid pursuant to Section 2(a) = \$7,500.)

(c) Maker may authorize Payee to deduct from each semi-monthly payment of salary and from each bonus advance and bonus payment, if any, the amounts due under subparagraphs 2(a) and 2(b) above by delivering to Payee an executed Authorization for Payroll Deduction for Loan pursuant to the terms of the Subscription Agreement.

(d) Notwithstanding the foregoing, the Principal Amount, together with accrued interest thereon, shall become due and payable in full immediately upon the termination of Maker's employment with Payee or its affiliates or Maker's death; provided, however, that if upon such termination of employment or death Payee is prohibited from purchasing the Shares by applicable law or any contract or agreement binding on Payee, this Note shall continue in full force and effect until such time as Payee notifies Maker in writing that it is legally and contractually permitted to purchase the Shares, at which time the Principal Amount, together with accrued interest thereon, shall become immediately due and payable.

3. VOLUNTARY PREPAYMENTS. Maker shall have the right at any time and from time to time to prepay the principal and interest of this Note in whole or in part, without premium or penalty; provided that each such prepayment shall be in a minimum amount of One Thousand Dollars (\$1,000) and integral multiples of that amount, or the amount of principal and interest then outstanding, whichever is less. All prepayments will be applied to payments in reverse order of maturity.

4. PLEDGE OF SECURITY. Maker has entered into a Pledge Agreement with Payee dated as of the date hereof (the "Pledge Agreement"), pursuant to which Maker pledges the Shares as security for this Note. All certificates or other instruments representing or evidencing such Shares shall be delivered to and held by Payee pursuant to the terms of the Stock Repurchase Agreement and the Pledge Agreement.

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5. REPRESENTATIONS AND WARRANTIES. Maker hereby represents and warrants to Payee that:

(a) This Note constitutes the legally valid and binding obligation of Maker enforceable against Maker in accordance with its terms.

(b) Maker is the legal and beneficial owner of the Shares free and clear of any lien, security interest, preferential arrangement or other charge or encumbrance except for the security interest created by the Pledge Agreement.

(c) The pledge of the Shares pursuant to the Pledge Agreement creates a valid first priority security interest in the Shares, securing the payment of the obligations under this Note.

6. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default":

(a) failure of Maker to pay any principal or interest under this Note

when due, whether by acceleration (including, without limitation, acceleration pursuant to Section 2(d) hereof), by mandatory payment or otherwise, and such failure is not cured within 10 days;

(b) Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case of bankruptcy under the U.S. Federal Bankruptcy Code (as now or hereafter in effect), or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts;

(c) a proceeding or case shall be commenced, without application or consent of Maker, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the debts of Maker, (ii) the appointment of a trustee, receiver, custodian or liquidator of all or substantially all of the assets of Maker, or (iii) similar relief in respect of Maker under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and, in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more business days; or an order for relief against Maker shall be entered in an involuntary case under the U.S. Federal Bankruptcy Code (as now or hereafter in effect);

(d) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any other obligation to Payee;

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(e) Payee shall not have or cease to have a first priority security interest in the Shares;

(f) failure by Maker to perform or observe any other term, covenant or agreement on its part to be performed or observed pursuant to this Note, the Pledge Agreement, the Stock Repurchase Agreement or the Subscription Agreement, and such failure is not cured within 10 days; or

(g) any representation or warranty made by Maker to Payee herein shall prove to be false in any material respect when made.

7. REMEDIES. Upon the occurrence of any Event of Default specified in Section 6 above, the Principal Amount of this Note together with accrued interest thereon shall become immediately due and payable without notice of default, presentment or demand for payment, protest or other notices or demands of any kind (all of which are hereby expressly waived by Maker). Maker agrees to pay all costs and expenses, including without limitation, reasonable attorneys' fees and legal expenses, incurred by Payee in the enforcement and collection of this Note.

8. GOVERNING LAW. This Note and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT D

SECOND INSTALLMENT NOTE - OPTION 2

SECURED PROMISSORY NOTE  
SECOND INSTALLMENT NOTE - OPTION 2

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, an individual ("Maker"), hereby unconditionally promises to pay to the order of KORN/FERRY INTERNATIONAL ("Payee"), in the manner and at the place hereinafter provided, the principal amount of \$\_\_\_\_\_ (the "Principal Amount"). Maker

shall make mandatory prepayments in accordance with Section 2 below and Maker may make voluntary prepayments in accordance with Section 3 below.

Maker also promises to pay interest on the unpaid principal amount hereof, which shall accrue commencing on the date hereof until paid in full, at an adjustable rate determined for each Fiscal Year (as defined below) that is equal to the reference rate plus .75% of Bank of America as in effect on the last day of the preceding Fiscal Year (which reference rate was \_\_\_\_%). For purposes hereof, "Fiscal Year" shall mean the twelve month period commencing each May 1 and ending each April 30. All computations of interest shall be made by Payee on the basis of a 365 day year, for the actual number of days elapsed during the relevant period (including the first day but excluding the last day).

This Note is issued pursuant to the Stock Subscription Agreement (Basic Equity Account) (the "Subscription Agreement") and the Stock Repurchase Agreement (the "Stock Repurchase Agreement"), each between Maker and Payee and dated as of the date hereof, and is subject to the terms and conditions thereof. The shares of common stock of Payee issuable to Maker pursuant to the Subscription Agreement are referred to herein as the "Shares".

1. PAYMENTS. All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the executive offices of Payee located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, or at such other place as shall be designated in a written notice delivered to Maker. Whenever any payment on this Note shall be stated to be due on a day that is not a business day, such payment shall instead be made on the next succeeding business day, and such extension of time shall be included in the computation of interest payable on this Note. Each payment hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal.

## 2. MANDATORY PAYMENTS.

(a) Maker shall make quarterly mandatory payments on this Note on each July 31, October 31, January 31 and April 30, commencing on the first such date

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to follow the date hereof, in sixteen (16) installments, with each installment consisting of a principal payment in the amount of \$ \_\_\_\_\_, plus all interest accrued on the Principal Amount through the date such payment is made.

(b) Notwithstanding the foregoing, the Principal Amount, together with accrued interest thereon, shall become due and payable in full immediately upon the termination of Maker's employment with Payee or its affiliates or Maker's death; provided, however, that if upon such termination of employment or death Payee is prohibited from purchasing the Shares by applicable law or any contract or agreement binding on Payee, this Note shall continue in full force and effect until such time as Payee notifies Maker in writing that it is legally and contractually permitted to purchase the Shares, at which time the principal amount of this Note, together with accrued interest thereon, shall become immediately due and payable.

3. VOLUNTARY PREPAYMENTS. Maker shall have the right at any time and from time to time to prepay the principal and interest of this Note in whole or in part, without premium or penalty; provided that each such prepayment shall be in a minimum amount of One Thousand Dollars (\$1,000) and integral multiples of that amount, or the amount of principal and interest then outstanding, whichever is less. All prepayments will be applied to payments in reverse order of maturity.

4. PLEDGE OF SECURITY. Maker has entered into a Pledge Agreement with Payee dated as of the date hereof (the "Pledge Agreement") pursuant to which Maker pledges the Shares as security for this Note. All certificates or other instruments representing or evidencing such Shares shall be delivered to and held by Payee pursuant to the terms of the Stock Repurchase Agreement and the Pledge Agreement.

5. REPRESENTATIONS AND WARRANTIES. Maker hereby represents and warrants to Payee that:

(a) This Note constitutes the legally valid and binding obligation of Maker enforceable against Maker in accordance with its terms.

(b) Maker is the legal and beneficial owner of the Shares free and clear of any lien, security interest, preferential arrangement or other charge or encumbrance except for the security interest created by the Pledge Agreement.

(c) The pledge of the Shares pursuant to the Pledge Agreement creates a valid first priority security interest in the Shares, securing the payment of the obligations under this Note.

## 6. EVENTS OF DEFAULT. The occurrence of any of the following events

shall constitute an "Event of Default":

(a) failure of Maker to pay any principal or interest under this Note when due, whether by acceleration (including, without limitation, acceleration pursuant

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to Section 2(b) hereof, by mandatory payment or otherwise, and such failure is not cured within 10 days;

(b) Maker shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or substantially all of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case of bankruptcy under the U.S. Federal Bankruptcy Code (as now or hereafter in effect), or (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or readjustment of debts;

(c) a proceeding or case shall be commenced, without application or consent of Maker, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of the debts of Maker, (ii) the appointment of a trustee, receiver, custodian or liquidator of all or substantially all of the assets of Maker, or (iii) similar relief in respect of Maker under any applicable law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and, in any such case, such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more business days; or an order for relief against Maker shall be entered in an involuntary case under the U.S. Federal Bankruptcy Code (as now or hereafter in effect);

(d) Maker shall challenge, or institute any proceedings to challenge, the validity, binding effect or enforceability of this Note or any other obligation to Payee;

(e) Payee shall not have or cease to have a first priority security interest in the Shares;

(f) failure by Maker to perform or observe any other term, covenant or agreement on its part to be performed or observed pursuant to this Note, the Pledge Agreement, the Subscription Agreement or the Stock Repurchase Agreement, and such failure is not cured within 10 days; or

(g) any representation or warranty made by Maker to Payee herein shall prove to be false in any material respect when made.

7. REMEDIES. Upon the occurrence of any Event of Default specified in Section 6 above, the Principal Amount of this Note together with accrued interest thereon shall become immediately due and payable without notice of default, presentment or demand for payment, protest or other notices or demands of any kind (all of which are hereby expressly waived by Maker). Maker agrees to pay all cost and expenses, including without limitation, reasonable attorneys' fees and legal expenses, incurred by Payee in the enforcement and collection of this Note.

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8. GOVERNING LAW. This Note and the rights and obligations of the Maker and the Payee hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first above written.

MAKER

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT E

AUTHORIZATION FOR PAYROLL DEDUCTION FOR LOAN

AUTHORIZATION FOR PAYROLL DEDUCTION FOR LOAN

I, \_\_\_\_\_, hereby agree and acknowledge that as a

result of [a] loan(s) to me by Korn/Ferry International (the "Company"), which is my employer or the parent or affiliate corporation of my employer, pursuant to that certain Stock Subscription Agreement dated as of \_\_\_\_\_ (the "Subscription Agreement"), I owe the Company the aggregate sum of \$ \_\_\_\_\_ which is evidenced by the Second Installment Note -- Option 1 dated as of \_\_\_\_\_, delivered to the Company pursuant to the terms of the Subscription Agreement, copies of which are attached hereto and incorporated herein by this reference (the "Note"). I wish to repay this sum to the Company in the form of semi-monthly payroll deductions and deductions from annual bonus advances and bonus payments, if any. Therefore, in accordance with California Labor Code Section 224 and other applicable laws, I hereby authorize my employer to deduct from each of my payroll checks and bonus advance and bonus payment checks, if any, the payments due under and in accordance with the terms of the Note. Such deductions are authorized over and above any other deductions I may have already authorized (e.g., insurance premiums, hospital or medical dues). If I should for any reason cease employment with my employer, any unpaid balance of the Note may be deducted from my final payroll check, or from any other check for compensation I may receive from my employer (e.g., for unused vacation).

EXECUTED ON: \_\_\_\_\_, 19\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

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EXHIBIT F

STOCK REPURCHASE AGREEMENT

STOCK REPURCHASE AGREEMENT

THIS STOCK REPURCHASE AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry international, a California corporation (the "Company"), and \_\_\_\_\_, an individual (the "Shareholder").

#### RECITALS

A. The Company is a corporation duly organized and existing under the laws of the State of California.

B. In 1998, the Company adopted the Supplemental Executive Equity Participation Program (the "Supplemental Equity Plan"), which provides for the sale of shares of Company common stock to certain officers of the Company.

C. The Shareholder desires to participate in the Supplemental Equity Plan and to purchase the amount of shares of Company Common Stock set forth in the Executive Participation Program Stock Subscription Agreement (Basic Equity Account) between Company and Shareholder dated as of \_\_\_\_\_ (the "Subscription Agreement"), which requires that Shareholder enter into this Agreement with the Company.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises set forth below, the parties hereto agree as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following definitions apply:

"Equity Committee" shall mean a committee appointed by the Board of Directors of the Company. The Equity Committee shall be comprised of three members of the board of directors of the Company, at least two of which shall not be officers or employees of the Company.

"Fiscal Year" means the fiscal year of the Company, which is currently specified as the period beginning each May 1 and ending each April 30, or any other period specified by the Board of Directors of the Company as the fiscal year of the Company.

"401(k) Plan" means the Korn/Ferry International Employee Tax Deferred Savings Plan.

"Shares" means the shares of Company Common Stock currently owned by the Shareholder from any source or which may be acquired by Shareholder in the future under the Equity Plan, or distributed to the Shareholder under the 401(k)

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Plan. Shares acquired on the public market following the Company's initial public offering shall not be considered as "Shares".



"Value" means, for purposes of determining the price at which a Share will be purchased pursuant to this Agreement, (a) the lesser of (i) the value of such Share as determined under the Subscription Agreement, plus interest at the rate of eight and one-half percent (8.5%) per annum, or (ii) the closing New York Stock Exchange trading price of such Share at the time of purchase pursuant to this Agreement, or (b) such other value or formula for determining value as may be specified from time to time after the date hereof in a resolution adopted by the Board of Directors of the Company for purposes of this Agreement.

2. COMPLIANCE WITH AGREEMENT. Except as expressly set forth herein, the Shareholder shall not sell, transfer, hypothecate, pledge or otherwise dispose of the Shares or any interest therein held by Shareholder (a "Transfer") without the prior written consent of the Company. Any purported Transfer not in compliance with the terms and conditions of this Agreement shall be void and of no force and effect. If the Shares are Transferred, in whole or part, voluntarily or involuntarily, by operation of law or otherwise, by reason of insolvency or bankruptcy of the Shareholder, or otherwise in violation of the provisions of this Agreement, the recipient of any of the Shares shall not be registered on the books of the Company and shall not be recognized as the holder of the Shares by the Company and shall not acquire any voting, dividend or other rights in respect thereof.

3. INVESTMENT INTENT. The Shareholder hereby represents and warrants to the Company that the Shareholder's purchase of the Shares has been made for his or her own account, for investment purposes only and not with a view to distribution or resale of the Shares. The sale of the Shares has not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. Except as expressly set forth herein, the Shareholder may not sell the Shares unless they have been so registered or unless, in the opinion of counsel satisfactory to the Company, such registration is not required.

4. RESTRICTION ON CERTIFICATES. Shareholder understands and agrees that the certificate(s) issued to him or her representing the Shares:

(i) Shall contain the following legend:

"TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE MAY REQUIRE REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND THIS CERTIFICATE MAY NOT BE TRANSFERRED WITHOUT EVIDENCE OF SUCH REGISTRATION OR OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE ACT. THE RIGHT TO SELL, TRANSFER OR OTHERWISE DISPOSE OF OR PLEDGE THE SHARES REPRESENTED BY THIS CERTIFICATE IS PROHIBITED BY THE TERMS OF A

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STOCK REPURCHASE AGREEMENT. A COPY OF SUCH AGREEMENT IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS."

(ii) May contain additional legends as required by state securities laws.

5. PERMITTED SALES AT AND FOLLOWING IPO. Notwithstanding the restrictions on the sale of Shares contained herein, the Shareholder may sell Shares according to the following schedule:

<TABLE>

<CAPTION>

DATE ----	PERMISSIBLE SALES -----
<S>	<C>
Consummation of the Company's Initial Public Offering ("IPO Date")	Ten percent (10%) of the Shareholder's Shares
Second anniversary of IPO Date	An additional twenty percent (20%) of the Shareholder's Shares
Third Anniversary of IPO Date	An additional twenty percent (20%) of the Shareholder's Shares
Fourth Anniversary of IPO Date	Any remaining Shares

</TABLE>

The foregoing schedule of permissible sales shall be applied as follows:

(a) The percentages shall be applied with respect to the sum of the Shareholder's current Shares as of the time of a sale, plus any Shares previously sold. As an example by way of illustration only, and not reflective of the Shareholder's actual number of Shares, assume the Shareholder had 100 Shares on the IPO Date, and that an additional 50 Shares were beneficially owned by the Shareholder under the 401(k) Plan. The Shareholder would have the right, as of the IPO Date, to sell ten percent (10 shares) of the Shares held by the

Shareholder other than the Shares beneficially owned under the 401(k) Plan. (Sale of Shares beneficially owned under the 401(k) Plan are governed by the provisions of the 401(k) Plan rather than this Agreement.) If the Shareholder sold the permitted ten Shares on the IPO Date, and, before the second anniversary of the IPO Date, received a distribution from the 401(k) Plan of the Shareholder's fifty Shares, the Shareholder would have 140 Shares on the second anniversary of the IPO Date. The Shareholder would be permitted to sell up to 35 shares on the second anniversary of the IPO Date (the sum of the Shares then held (140), plus the shares previously sold (10), times 30%, less the shares previously sold, equals 35 shares).

(b) Shares sold on the IPO Date shall be sold pursuant to the procedures established by the Company. No Shares may be sold in the period from the

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day after the IPO Date to the second anniversary of the IPO Date. Fifty percent (50%) of the proceeds of the sale of the Shareholder's shares on the IPO Date (or, if less, the outstanding balance of the Shareholder's notes under the Subscription Agreement) shall be used by the Company to reduce the balance of the Shareholder's notes under the Subscription Agreement.

(c) Any Company Common Stock beneficially owned by the Shareholder in the 401(k) Plan shall not count towards determining the Shares which may be sold unless and until such Shares are distributed to the Shareholder from the 401(k) Plan.

(d) The foregoing schedule shall cease to apply to the Shareholder's Shares and the Shares may be sold without restriction in the event of the Shareholder's death.

6. POSSESSION OF CERTIFICATES. The Company shall hold the certificates evidencing the Shares as custodian to protect its interests hereunder until the Shareholder has the right to sell the Shares, as set forth in Section 5 above. In furtherance thereof, Shareholder shall execute and deliver to the Company assignment(s) in blank, in the form of Exhibit A hereto, for the transfer of such certificates. The Company will deliver to Shareholder a receipt for such Shares in the form of Exhibit B hereto.

Upon the request of Shareholder, when the Shareholder has the right to sell Shares, the Company shall deliver the Shares which may be sold to the Shareholder, and the Company and the Shareholder shall appropriately modify the assignment(s) in blank and the receipt to reflect the delivery of Shares.

#### 7. REPURCHASE OF SHARES BY COMPANY.

(a) Upon an occurrence described in Section 7(b) or 7(c) hereof, and subject to any prohibitions on the purchase of Shares by the Company under applicable law or any agreement binding on the Company, the Shareholder shall sell, if the Company elects to purchase, the number of Shares determined under the applicable subsection at a price per share equal to the Value as of the date on which such Shares are to be purchased by the Company. Notwithstanding the foregoing, if the Company is prohibited from purchasing the Shares by applicable law or by any contract or agreement binding on the Company, including without limitation any loan agreement, the Company may elect to purchase the Shares determined under the applicable subsection as soon as practicable after it determines in good faith that it is legally and contractually permitted to do so. If Shareholder paid for all or any part of the Shares with a promissory note or notes payable to the Company, the Company will, and Shareholder hereby authorizes the Company to, offset against any amounts owing to Shareholder by the Company with respect to Shares purchased hereunder any amounts outstanding for principal or accrued interest under such promissory note(s). Any amount so offset shall be deducted from the purchase price to be paid under this section

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upon the purchase of the Shares by the Company. The balance of the purchase price for the Shares, if any, shall be paid by the Company, in its sole and absolute discretion, either in cash or by delivery of a non-transferable promissory note in the form of Exhibit C hereto (the "Note"). The Note shall bear simple interest at Bank of America's (or its successor's) reference rate as of the date hereof and may be for term of up to five years. The Note shall be paid in equal annual installments of principal plus all accrued and unpaid interest on the total principal amount. Subject to the preceding sentence, the actual term of the Note will be determined in the sole and absolute discretion of the Company. The indebtedness evidenced by the Note, both principal and interest, shall be subordinated and junior, to the extent set forth in the next sentence, to all indebtedness of the Company, both principal and interest (accrued and accruing thereon both before and after the date of filing a petition in any bankruptcy, insolvency, reorganization or receivership proceedings, whether or not allowed as a claim in such case or proceeding) in respect of borrowed money, whether outstanding on the date of the Note or thereafter created, incurred or assumed (collectively, the "Senior Debt"); provided, that such Senior Debt shall not include any obligation of the Company

under the Equity Plan to repurchase shares of its common stock. Upon the maturity of any of the Senior Debt by lapse of time, acceleration or otherwise, all principal of, and interest on, all such matured Senior Debt shall first be paid in full before any payment is made by the Company on account of principal of, or interest on, the Note.

(b) The Company shall have the right to purchase, and in the event the Company elects to purchase, the Shareholder shall sell to the Company, all of the Shareholder's Shares, if the Company determines that any one or more of the following past or present acts or events have occurred: (1) the Shareholder engages or has engaged in behavior that is disruptive to the Company, or (2) the Shareholder interferes with (or has interfered with) or engages in conduct that interferes with (or has interfered with) the efficient operation of the Company or any office of the Company, or (3) the Shareholder engages or has engaged in acts or conduct that are injurious to or otherwise harm the Company or any office of the Company, or (4) the Shareholder breaches or has breached any agreement with the Company, or (5) the Shareholder engages or has engaged in conduct or acts detrimental to the Company, or (6) the Shareholder becomes or became affiliated with a competitor, or develops, or make a contribution to, a competing enterprise, (7) the Shareholder discloses or has disclosed confidential Company information to a third party, or (8) the Shareholder is or was convicted of a felony or other crime involving fraud, dishonesty or acts of moral turpitude.

If the Company determines that any one or more of the foregoing acts or events has occurred, the Shareholder may appeal such determination to the Equity Committee within ten days of receipt of written notice of such determination from the Company. The Equity Committee shall have 30 days to either confirm or overturn the Company's determination. If the Equity Committee confirms the Company's determination, the Equity Committee shall also determine if the Shareholder's acts or conduct are curable by the Shareholder. If the Equity Committee

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determines that the Shareholder's acts or conduct are curable, then the Shareholder shall be given thirty (30) days following notice of the Equity Committee's decision to cure such acts or conduct, and an additional ten (10) days to provide proof of such cure acceptable to the Equity Committee. If the Equity Committee determines that the acts or conduct are not curable, or the Shareholder does not provide proof that curable acts or conduct have been cured, then the determination that the Shareholder engaged in acts or conduct detrimental to the Company shall be final and binding.

Shareholder acknowledges that the Company's purchase right under this subsection 7(b) may be financially disadvantageous to the Shareholder if, at the time of the purchase, there is a large differential between the Value (as that term is defined herein) of the Shares to be purchased and the then market value of such shares.

(c) At any time, but not more frequently than once in any two-year period, the Equity Committee may determine that the Company shall have the right to purchase the number of Shares determined by the Equity Committee (a "Company Call"). No Company Call shall be for a number of Shareholder's Shares greater than ten percent (10%) of the Shares for which Sales are not yet permissible under Section 5 hereof. The Equity Committee shall make its determination under this Section 7(c) based upon the Equity Committee's assessment of market conditions for the Company's common stock and the Company's recent financial performance. Any Company Call shall be made on a pro rata basis among the shareholders with whom the Company has entered into agreements similar to this Agreement.

Provided, however, this Section 7 does not apply to Shares released for sale under Section 5 herein.

8. ASSIGNMENT OF PURCHASE RIGHTS. The Company may assign, in whole or part, its right to purchase the Shares under this Agreement to a designee(s).

9. PRESENTLY OWNED AND AFTER-ACQUIRED SHARES. The Shareholder agrees that the terms and conditions of this Agreement shall be binding upon him or her as to any Shares.

10. CHANGE IN MARITAL STATUS. In the event that the Shareholder's marital status is altered by dissolution or divorce or by the death of the Shareholder's spouse, any interest of his or her former spouse in the Shares, whether as community property or as a result of a property settlement agreement, a divorce decree or other legal proceeding, may be purchased by the Company and shall be sold by the Shareholder's former spouse or his or her estate according to the provisions of this Agreement. The Shareholder agrees to notify the Company of any change in marital status, including, without limitation, marriage, dissolution of marriage, divorce or death of spouse; within 10 business days of said event. The Shareholder agrees to cause any spouse who has not signed a consent to this Agreement in the form of Exhibit D to do so at the time notice is given to the Company under this Section.

11. AMENDMENT. No change, amendment or modification of this Agreement shall be valid unless it is in writing and signed by the Company and the Shareholder.

12. REMEDIES. The parties agree that the Company will be irreparably damaged in the event the agreements contained herein are not specifically enforced. If any dispute arises concerning the transfer of any Shares, an injunction may be issued restraining any such transfer pending the determination of such controversy. In the event of any controversy, such rights or obligations shall be enforceable in a court by a decree of specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the Company may have.

13. EXPENSES. Shareholder agrees to pay to the Company the amount of any and all reasonable expenses, including, without limitation, reasonable attorneys' fees and expenses, which the Company may incur in connection with the enforcement of its rights hereunder.

14. NOTICES. Any notice required or permitted to be given hereunder shall be in writing and shall be mailed first-class, postage prepaid, or shall be personally delivered, or shall be sent by telecopier. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, an authorized officer of the recipient. All such communications, if intended for the Company, shall be addressed to the Company as follows:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Secretary

and if intended for the Shareholder shall be addressed to the Shareholder at his or her address as shown on the Company's books. Any party may change his, her or its address for notice by giving notice thereof to the other party to this Agreement. A change of address notice by the Shareholder shall be recorded in the books of the Company as the Shareholder's address for notice unless the Shareholder otherwise instructs the Company.

15. GOVERNING LAW. All questions with respect to the construction of this Agreement and the rights and liabilities of the parties hereto shall be governed by the laws of California.

16. SUCCESSORS AND ASSIGNS. Subject to the terms herein, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto. Nothing herein shall obligate the Company to obtain the consent of Shareholder

if the Company undergoes a reorganization, restructuring or recapitalization, including without limitation, the acquisition by the Company of an entity or entities controlled by the Company in connection with the reincorporation of the Company in a state other than California.

17. ENTIRE AGREEMENT. This Agreement contains the entire Agreement of the parties hereto and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter contained in this Agreement which are not fully set forth herein.

18. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. WAIVER. No waiver of any right pursuant hereto or waiver of any breach hereof shall be effective unless in writing and signed by the party waiving such right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach, and no failure to enforce any right hereunder shall preclude or affect the later enforcement of such right.

20. CAPTIONS. The captions of the various sections herein are solely for the convenience of the parties hereto and shall not affect or control the meaning or construction of this Agreement.

21. SEVERABILITY. Should any portion of this Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severable from this Agreement and shall not affect the remainder hereof.

22. AGREEMENT AVAILABLE FOR INSPECTION. An original copy of this Agreement, together with all amendments, duly executed by the Company and the Shareholder, shall be delivered to the Secretary of the Company and maintained by him or her at the principal executive office of the Company and shall be available for inspection by any person requesting to see it.

23. REGULATION G, T, U OR X. The Company's possession of the certificates evidencing the Shares pursuant to Section 6 of this Agreement does not violate Regulation G, T, U or X of the Board of Governors of the Federal Reserve System.

24. ADDITIONAL DOCUMENTS. The parties hereto agree to sign all necessary documents and take all other actions necessary to carry out the provisions of this Agreement.

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

SHAREHOLDER

By: \_\_\_\_\_

Name: \_\_\_\_\_

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Elizabeth S.C.S. Murray  
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Title: Executive VP & CFO  
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EXHIBIT A

IRREVOCABLE STOCK ASSIGNMENT

For good and valuable consideration pursuant to Section 6 of that certain Stock Repurchase Agreement between the undersigned and Korn/Ferry International, the undersigned hereby sells, assigns and transfers to \_\_\_\_\_ shares of common stock of Korn/Ferry International, represented by Certificate No(s). \_\_\_\_\_ standing in the name of the undersigned on the books of said company.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

WITNESS:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_

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EXHIBIT B

RECEIPT

Korn/Ferry International, a California corporation (the "Company"), hereby acknowledges that it has received and is holding as custodian on behalf of \_\_\_\_\_, an officer of the Company ("Executive"), \_\_\_\_\_ shares of Company Common Stock (the "Shares"), represented by certificate(s) number \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ issued on \_\_\_\_\_, 19\_\_ in the name of Executive (copies of which are attached hereto), together with an Irrevocable Stock Assignment executed by Executive (the "Stock Assignment"). The Shares and the Stock Assignment are being held by the Company pursuant to and in accordance with the

terms of that certain Stock Repurchase Agreement between the Company and Executive, and any promissory note(s) and related Stock Pledge Agreement delivered by Executive to the Company in connection with the purchase of all or a portion of the Shares.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_\_\_

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EXHIBIT C

KORN/FERRY INTERNATIONAL  
NON-TRANSFERABLE SUBORDINATED PROMISSORY NOTE

\$ \_\_\_\_\_, 19\_\_\_\_

FOR VALUE RECEIVED, the undersigned, KORN/FERRY INTERNATIONAL, a California corporation (the "Company") hereby promises to pay to the order of \_\_\_\_\_ ("Payee") the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), plus interest on the unpaid balance thereof at the rate of \_\_\_\_\_ % per annum [reference rate of Bank of America (or its successor) on the date hereof].

Payments of principal and interest hereunder shall be in lawful money of the United States of America and shall be payable in \_\_\_\_\_ (\_\_\_\_) annual payments, the first such payment to be made on \_\_\_\_\_, 19\_\_\_\_, and the final such

payment to be made on \_\_\_\_\_, 19\_\_\_\_. Interest shall be simple interest and shall be paid on the basis of a 360-day year and a 30-day month.

Principal and interest on this note are payable, at \_\_\_\_\_, or such other place as Payee shall designate in writing for such purpose at least five business days in advance of the applicable payment date. Principal and interest on this note may be prepaid at any time, in whole or in part, without premium or penalty. The timely tender of any payment of principal or interest on this note shall be deemed to have been made if a check for such payment is mailed two business days before the day such payment is due.

If any payment of principal or interest on this note shall be due on a Saturday, Sunday or legal holiday under the laws of the State of California, or any other day on which banking institutions in the City of Los Angeles are obligated or authorized by law or executive order to close, such payment shall be made on the next succeeding business day in California, and any such extended time shall not be included in computing interest in connection with such payment.

The indebtedness evidenced by this note, both principal and interest, is subordinated and junior to the extent set forth in Section 7 of that certain Stock Repurchase Agreement dated as of \_\_\_\_\_ between the Company and Payee.

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Payee shall not sell, assign or otherwise transfer or dispose of all or any part of this note to any person, partnership, corporation, firm or other entity, except with the prior written consent of the Company.

This note is made and delivered in California and shall be governed, construed and enforced according to the laws of the State of California.

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT D

## CONSENT OF SPOUSE OF SHAREHOLDER

The undersigned, being the spouse of the Shareholder, \_\_\_\_\_, who has signed the foregoing Agreement, hereby acknowledges that he or she has read and is familiar with the provisions of said Agreement including but not limited to Section 10 herein and agrees to be bound thereby and join therein to the extent, if any, that his or her agreement and joinder may be necessary. The undersigned hereby agrees that the Shareholder may join in any future amendment or modifications of the Agreement without any further signature, acknowledgment, agreement or consent on his or her part; and the undersigned hereby further agrees that any interest which he or she may have in the Shares held by Shareholder shall be subject to the provisions of this Agreement.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

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## EXHIBIT G

## STOCK PLEDGE AGREEMENT

## STOCK PLEDGE AGREEMENT

THIS STOCK PLEDGE AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_ by and between Korn/Ferry International, a California corporation (the "Company"), and \_\_\_\_\_, an officer of the Company ("Executive").

## R E C I T A L S

A. In 1998, the Company adopted the Supplemental Executive Equity Participation Program (the "Supplemental Equity Plan"), which provides for the sale of shares of Company common stock to certain officers of the Company.

B. Executive has agreed to participate in the Supplemental Equity Plan and to purchase from the Company shares of Common Stock (the "Shares") of the Company, in the amount and pursuant to the terms of the Supplemental Executive Equity Participation Program Stock Subscription Agreement (Basic Equity Account), dated as of \_\_\_\_\_ (the "Subscription Agreement").

C. The Shares are also subject to the terms of that certain Stock Repurchase Agreement dated as of \_\_\_\_\_ between Company and Executive delivered pursuant to the Subscription Agreement (the "Stock Repurchase Agreement").

D. Executive has agreed to pledge all of the Shares being acquired by Executive to secure payment of the promissory note(s) made as of the date hereof or at any future date by Executive in favor of the Company pursuant to Section 3 of the Subscription Agreement (the "Promissory Note(s)").

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. CREATION OF SECURITY INTEREST. As security for the prompt payment and performance in full when due, whether on the respective maturity dates, by acceleration or otherwise (including payments of amounts that would become due by operation of the automatic stay under Section 362(a) of the Bankruptcy Code, or any successor provision thereto), of the Promissory Note(s), Executive hereby assigns, transfers to and pledges for the purpose of creating a security interest for the benefit of Company, all of the Shares and the certificates representing the Shares and any interest of Executive in the entries on the Company's books pertaining to the Shares, and all dividends, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the Shares (the "Collateral"). The Company shall retain possession of any and all of the stock certificates representing the Shares pursuant to the terms of this

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Agreement and the Stock Repurchase Agreement, which also provides for the delivery of executed stock powers, but shall not encumber or dispose of the Collateral except in accordance with the provisions of this Agreement.

2. REPRESENTATIONS AND WARRANTIES OF EXECUTIVE. Executive represents and warrants as follows:

(a) Executive has good title to the Shares as the legal and beneficial owner thereof.

(b) There are no restrictions upon the transfer of the Shares other than pursuant to the Subscription Agreements, the Stock Repurchase Agreement and applicable securities laws.

(c) Except for the security interest granted in this Pledge Agreement, there is no adverse lien, security interest or encumbrance in or on said Shares.

3. DIVIDENDS. During the term of this Pledge Agreement, any dividends declared on the Collateral shall be paid to the Executive provided that there has not been an Event of Default (as defined in Paragraph 6 hereof). Upon occurrence of any Event of Default, all such amounts shall thereafter be paid to Company.

4. VOTING RIGHTS. During the term of this Pledge Agreement and so long as there has not been an Event of Default (as defined in Paragraph 6 hereon, Executive shall have the right to vote the Collateral. Upon occurrence of any Event of Default, such rights shall immediately be transferred to Company.

5. STOCK ADJUSTMENT. In the event that during the term of this Pledge Agreement any stock dividend, reclassification, readjustment or other change is declared or made in the capital structure of the Company, all new, substituted and additional shares or other securities issued by reason of any such changes in the Collateral shall be held by the Company under the terms of this Pledge Agreement in the same manner as the Shares originally transferred hereunder.

6. EVENTS GIVING RISE TO DEFAULT. The occurrence of any of the following events shall constitute an "Event of Default":

(a) Failure of Executive to keep or perform any of the terms or provisions of this Pledge Agreement.

(b) The occurrence of an Event of Default as defined in any Promissory Note.

7. REMEDIES ON EVENT OF DEFAULT. Upon the occurrence of an Event of Default as specified in Paragraph 6 hereof, Company may then elect to sell all or any

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part of the Collateral or may elect to exercise any other rights or pursue any other lawful remedies pursuant to applicable provisions of the California Commercial Code. The Company may buy all or any part of the Collateral at any such sale. The proceeds of any such sale shall be applied, in order, to the following:

(a) The reasonable expenses of retaking, holding, preparing for sale, selling, and the like, including, without limitation, reasonable attorneys' fees and legal expenses incurred by the Company;

(b) The unpaid balance of principal and interest due under the Promissory Note(s).

The surplus, if any, shall be paid to the person or persons entitled thereto. If there be a deficiency, Executive shall be personally liable to the Company for any such deficiency.

Upon the occurrence of an Event of Default, the Company may propose to accept the Collateral, which acceptance shall discharge any then undischarged obligation of Executive hereunder, all as in accordance with applicable provisions of the California Commercial Code.

8. PAYMENT OF INDEBTEDNESS. Upon the fulfillment of all obligations of Executive for payment in full of the Promissory Note(s), the Company shall continue to hold all of the certificates representing the Shares and the related Stock powers pursuant to the terms of the Stock Repurchase Agreement.

9. CONTINUING AGREEMENT. Until all indebtedness pursuant to the Promissory Note(s) shall have been paid in full, all rights, powers and remedies granted to the Company hereunder shall continue to exist and may be exercised by the Company at any time.

10. RIGHTS OF COMPANY. The rights, powers and remedies given to the Company by virtue of this Agreement shall be in addition to all rights, powers and remedies given to the Company by virtue of any statute or rule of law. Any forbearance, failure or delay by the Company in exercising any right, power or



remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Company shall continue in full force and effect until such right, power or remedy is specifically waived by an instrument in writing executed by the Company.

11. EXPENSES. Executive agrees to pay all costs and expenses, including, without limitation, reasonable attorneys' fees and legal expenses, incurred in the enforcement of this Agreement.

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12. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. BENEFIT. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors, assigns, administrators and executors.

14. NOTICES. Any notice required or permitted to be given hereunder shall be in writing and shall be mailed first class, postage prepaid, or shall be personally delivered. Any communication so addressed and mailed shall be deemed to be given seven days after mailing and any communication delivered in person shall be deemed to be given when receipted for, or actually received by, the recipient. All such communications shall be addressed as follows:

If to the Company:

Korn/Ferry International  
1800 Century Park East  
Suite 900  
Los Angeles, California 90067  
Attn.: Corporate Secretary

If to the Executive:

At Executives address as shown in the Company's books or to such other address as is provided by the parties hereto from time to time.

15. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EXECUTIVE

By: \_\_\_\_\_

Name: \_\_\_\_\_

COMPANY:

KORN/FERRY INTERNATIONAL

By: \_\_\_\_\_

Name: Elizabeth S.C.S. Murray  
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Title: Executive VP & CFO  
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KORN/FERRY INTERNATIONAL

PHANTOM STOCK PLAN

ARTICLE 1

PURPOSE

The purpose of this KORN/FERRY INTERNATIONAL PHANTOM STOCK PLAN (the "Plan") is to enable KORN/FERRY INTERNATIONAL (the "Parent Company") and its subsidiary and affiliated companies (together the "Company") to provide long term incentive compensation for key executives of the Company who have rendered and continue to render valuable services to the Company, and who thereby make an important contribution toward its continued growth and success. The Plan will provide a means whereby such executives of the Company may be given an opportunity to benefit from growth in the value of the Company.

ARTICLE 2

DEFINITIONS

Agreement. "Agreement" means the written agreement entered into between the  
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Company and the Participant to carry out the Plan with respect to such Participant.

Beneficiary. "Beneficiary" means the person or persons designated as such  
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in accordance with Article 5.

Board. "Board" means the Board of Directors of the Parent Company. The  
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Board shall have the right to delegate any of its duties and responsibilities under the Plan by an instrument in writing, except for a termination of the Plan pursuant to Section 6.2.

Book Value. "Book Value" means the per share price calculated by dividing  
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shareholders' equity by the total number of shares of Common Stock outstanding, subject to adjustment pursuant to Section 3.3(b). The "Book Value" shall be the per share book value calculated as of the close of the Parent Company's most recent fiscal quarter. The "Book Value" shall be determined quarterly, as soon as practicable after the necessary information is available, by the Parent Company acting through its proper officers upon due authorization of the Board, subject to adjustments made pursuant to Section 3.3(b). Adjustments to "Book Value" will be made by the Board to eliminate increases which result from reductions in the Company's deferred income tax liability account under standards adopted by the Financial Accounting Standards Board.

Change of Control. "Change of Control" means a sale or other transfer of  
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all or substantially all of the voting stock or assets of the Parent Company, other than to (A) shareholders of the Parent Company, (B) a pension, profit-sharing, stock bonus or similar plan established for the benefit of employees of the Company, or (C) an entity in which the former shareholders of the

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Parent Company hold 50% or more of the value of the outstanding stock.

Committee. "Committee" means the Administrative Committee which is  
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appointed to manage and administer the Plan pursuant to Section 4.1.

Compensation Committee. "Compensation Committee" means the  
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Compensation Committee which is an operating committee of management of the Parent Company.

Common Stock. "Common Stock" means the Parent Company's common  
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stock, \$0.10 par value.

Company. "Company" means the Parent Company and includes, whenever  
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appropriate, its subsidiary and affiliated companies.

Market Value. "Market Value" of the Common Stock shall be determined  
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by the Board, whenever necessary under the provisions of the Plan, if the Common Stock is neither listed nor admitted to trading on any stock exchange nor actively traded in the over-the-counter market at the time. If the Common Stock is not listed or admitted to trading on a stock exchange but is actively traded over-the-counter at the time, the Market Value shall be the mean between the highest reported bid price and the lowest reported asked price of the Common Stock in the over-the-

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counter market on the last business day prior to the relevant date, as reported by any publication selected by the Committee which regularly reports the market price of the Common Stock in such market. If the Common Stock is then listed or admitted to trading on any stock exchange, the Market Value shall be the last reported sales price on the last business day prior to the relevant date on the principal stock exchange on which the Common Stock is then listed or admitted to trading, as reported by any publication selected by the Committee which regularly reports the market price of the Common Stock on such exchange, or, if no sale takes place on such day on such principal stock exchange, then the closing bid price of the Common Stock on such exchange on such day.

Maturity Date. "Maturity Date" for a Unit means the end of the fiscal  
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quarter of the Parent Company preceding or concurrent with (i) the Termination of Service of a Participant or (ii) any earlier date on which (A) the Participant exercises the right to resell the Unit to the Company upon a Change of Control pursuant to Section 3.5 or (B) the Plan terminates pursuant to Section 6.2.

Participant. "Participant" means an executive of the Company who has  
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been selected to participate in the Plan in accordance with Section 3.2.

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Service. "Service" means continuous full-time or substantially full-time  
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service with the Company as an employee.

Termination of Service. "Termination of Service" means the Participant's  
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ceasing his Service with the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of death or disability, but excluding absence due to approved leaves of absence pursuant to Section 3.8.

Unit. "Unit" means an interest under the Plan having the value described  
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in Section 3.3.

Year of Service. "Year of Service" means a complete year of continuous  
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full-time or substantially full-time Service with the Company. A "year" is a period of 12 consecutive calendar months.

### Article 3

#### Grant Of Units

3.1 Total Number of Units. The total number of Units which may be granted  
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under the Plan shall be 1,500,000 Units. No more than 500,000 Units may be granted to persons who are senior officers of the Company at the time of grant of their Units. If any Units granted under the Plan are forfeited pursuant to Section 3.4, that number of Units shall again be available for new grants by the Compensation Committee under the Plan.

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3.2 Participants and Allocation of Units. The Participants in the  
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Plan and the number of Units granted to each Participant shall be determined by the Compensation Committee, or in the case of senior officers by the Board, subject to the limitations in Section 3.1. An Agreement shall be entered into between the Company and a Participant to reflect a grant of Units under the Plan. If a Participant declines to purchase shares of Common Stock when they are offered to him pursuant to the Parent Company's stock ownership guidelines, as amended from time to time, no Units shall thereafter be granted to him under the Plan.

### 3.3 Value of Units.

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(a) Each Unit will have a value equal to the Book Value per share of Common Stock of the Parent Company as of the Maturity Date of the Unit, less any unpaid portion of the purchase price for the Unit. However, following a Change of Control the Market Value, instead of the Book Value, of a share of Common Stock shall be used in determining the value of a Unit.

(b) It is anticipated that amounts payable to Participants under the Plan will be charged on an accrual basis as compensation expense against the Parent Company's net income and will thereby reduce Book Value. Accordingly, the Book Value per share on the Maturity Date of any Unit will be measured after deducting from Book Value any accrued compensation expense resulting from the Plan through such Maturity Date, calculated in such consistent manner as the Board may determine. The Board will also make appropriate adjustments to Book Value to eliminate

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increases which result from reductions in the Company's deferred income tax liability account under standards adopted by the Financial Accounting Standards Board. The Board may also make such other adjustments to Book Value as it deems appropriate. The value of a Unit shall also be adjusted as provided in Section 3.8.

(c) The Board, in its sole discretion, may credit a Unit with the amount of any cash dividends and/or the value of any non-cash distributions which are paid on a share of Common Stock between the grant date and the Maturity Date of the Unit.

(d) The purchase price for the Unit shall be established by the Compensation Committee and shall be paid at such time and in such manner as the Compensation Committee may determine in its sole discretion, and these provisions shall be contained in the Agreement(s) entered into with the Participant with respect to his Units.

### 3.4 Vesting of Units. Unless otherwise provided in his Agreement, a

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Participant's Units will vest at the rate of 20% per year for each complete Year of Service after the effective date of grant specified in his Agreement. A Participant's Units will also become 100% vested in the event of a Change of Control.

All of a Participant's Units which are not vested will be forfeited when the Participant has a Termination of Service or if the Participant declines to purchase any shares of Common Stock which are offered to him pursuant to the Parent Company's stock ownership guidelines, as amended from time to time

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time. A Participant shall have no further rights with respect to any unvested Units which are forfeited.

### 3.5 Time and Manner of Payment for Units.

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(a) Payment for a Participant's vested Units will normally be made by the Company to the Participant within ninety (90) days after the Participant has a Termination of Service, or such longer period as may be required to obtain audited financial statements in order to determine the value of Units at the end of a fiscal year. In the event of a Change of Control, the Participant shall surrender all of his Units and receive payment for the Units surrendered at the same time and upon the same terms which are applicable to holders of shares of Common Stock.

(b) Payments for vested Units will normally be made in a single lump sum payment. However, in the sole discretion of the Committee, payments may be made in an initial cash payment of approximately sixteen and seven-tenths percent (16.7%) of the purchase price with the balance payable in five (5) equal, annual installments evidenced by a promissory note executed by the Parent Company and naming the Participant, the Participant's legal representative or the Participant's Beneficiary as the bearer. The note shall provide for five (5) equal payments of principal plus interest (on the declining balance) made on the anniversary of the date of note. The note shall bear interest on the declining balance at a rate per annum equal to the rate of interest publicly announced by Security Pacific National Bank as its prime lending rate for its U.S.

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commercial loans, as in effect on the day the note is initially executed, but in no event more than the maximum rate of interest allowed by applicable law. The note shall be delivered to the bearer concurrently with the initial payment. The Company, in its sole discretion, may accelerate payments to the Participant, without premium or penalty.

(c) Notwithstanding subparagraph (b) above, payments shall be made in accordance with Section 3.5(a) in the event of a Change of Control and with Section 6.2 in the event of termination of this Plan.

3.6 Withholding Taxes. Whenever payment is to be made in satisfaction of  
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Units, the Company shall withhold from payments made hereunder an amount sufficient to satisfy any federal, state and local withholding tax requirements.

3.7 Nonassignability of Units. A Unit may not be assigned by a  
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Participant either voluntarily or by operation of law and shall not be subject to pledge, attachment, execution or similar process.

3.8 Approved Leave of Absence. If a Participant is absent from Service  
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by reason of a leave of absence for a specified period of time which is formally approved in writing by the Committee, the provisions of this Section 3.8 shall be applicable.

An approved leave of absence shall not constitute a Termination of Service unless the Participant fails to return to

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Service with the Company within thirty (30) days following the end of the specified period of the approved leave of absence. However, the period of such approved leave of absence shall be disregarded and shall not be counted for purposes of determining Years of Service. Also, any increase in the Book Value per share of Common Stock of the Parent Company during the period of the approved leave of absence shall be subtracted in determining the value of the Participant's Units pursuant to Section 3.3.

#### ARTICLE 4

##### ADMINISTRATION OF THE PLAN

4.1 Administration of Plan. The Board shall appoint an Administrative  
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Committee consisting of three or more persons to administer the Plan and interpret and apply its provisions in accordance with its terms, subject to review by the Board. The interpretation and application by the Committee of any provision of the Plan shall be final and conclusive, unless the Board determines otherwise. A member of the Committee shall not vote or act upon any matter which relates solely to such member as a Participant. In the absence of appointment of an Administrative Committee, references herein to the Committee shall mean the Board.

4.2 Adjustments Upon Changes in Capitalization. The Board shall determine  
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all adjustments to be made with respect to

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the Units due to any changes in the capitalization of the Parent Company, including any stock dividends or stock splits, or upon dissolution, liquidation, reorganization, merger or consolidation of the Parent Company. In any such event the Board shall make an equitable adjustment in the number and/or value of Units, so that the value of a Participant's Units after adjustment will not be impaired by the change in capitalization.

In the event of any dissolution or liquidation of the Parent Company or any merger or combination in which the Parent Company is not a surviving corporation, each outstanding Unit granted hereunder shall terminate, but the holder thereof shall, unless the Board shall have provided substitute Units, become 100% vested in his Units and have the right immediately prior to such dissolution, liquidation, merger or combination to receive any cash payments attributable to his Units to the extent not previously received. In the event of any such dissolution, liquidation, merger or combination, the Board may, in its discretion, cause new Units of any surviving corporation to any such dissolution, liquidation, merger or combination to be issued in substitution for outstanding Units, with such substitute Units to contain terms in the light of such change which the Board deems to be equitable both to the Participants and the Company.

The Board's determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

#### 4.3 Arbitration of Disputes. In the event of a dispute arising over

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the interpretation or enforcement of any of the provisions of this Plan, or any other controversy or claim arising out of or relating to the Plan, the Company and Participant agree to submit such dispute to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Company and Participant agree that the arbitration shall occur in Los Angeles, California. The fees and expenses of any arbitration under this Agreement shall be awarded by the arbitrator(s).

### ARTICLE 5

#### BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as Beneficiary or Beneficiaries to whom payment under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of all benefits due under this Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a form prescribed by the Committee.

The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. Any finalized divorce or marriage (other than a common law marriage) of a Participant subsequent to the date filing of a

Beneficiary designation form shall revoke such designation, unless in the case of divorce the previous spouse was not designated as Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as Beneficiary. The spouse of a marriage Participant shall join in any designation of a Beneficiary or Beneficiaries other than the spouse on a form prescribed by the Committee.

If a Participant fails to designate a Beneficiary as provided above, or if his Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Committee shall direct the distribution of such benefits to the Participant's estate.

### ARTICLE 6

#### AMENDMENT AND TERMINATION OF PLAN

6.1 Amendment of Plan. The Board may amend the Plan in whole or in part  
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at any time. However, any amendment must be prospective and may not deprive Participants of any benefits or values of their Units, whether vested or unvested, which have accrued prior to such amendment.

6.2 Termination of Plan. The Board may terminate the Plan at any time if,  
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in its judgement, the continuance of the Plan

would not be in the best interest of the Company. Upon any termination of the Plan, each Participant shall forfeit his unvested Units and shall be entitled to receive payment for the accrued value of his vested Units determined as of the end of the fiscal quarter preceding or concurrent with the date of termination of the Plan. Except as provided hereafter, upon termination of the Plan all Units shall be cancelled and shall have no further rights other than to receive payment for vested Units as provided in the preceding sentence. Such payment for vested Units shall be made to each Participant upon his Termination of Service at the time and in the manner provided in Section 3.5. However, the Board, in its discretion, may determine to accelerate the time of payment for vested Units. Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control within one (1) year following the termination of the Plan, all Participants who remain in Service with the Company at the time of the Change of Control shall become 100% vested in all Units which they held at the time of termination of the Plan, and any such Units which were previously forfeited shall be reinstated. Further, the accrued value of the vested Units for such Participants shall be measured by the Market Value, rather than the Book Value, of a share of Common Stock and shall be measured at the time of the Change of Control rather than at the end of the fiscal quarter preceding or concurrent with the date of termination of the Plan. Interest shall be credited on the amount owed to the Participant for the period between termination of the Plan and payment for his vested

Units at the rate of interest publicly announced by Security Pacific National Bank as its prime lending rate for its U.S. commercial loans, as in effect from time to time during this period. Interest shall be adjusted annually based on the rate in effect on the first day of each calendar year.

#### ARTICLE 7

##### MISCELLANEOUS PROVISIONS

###### 7.1 Unsecured General Creditor. Participants and their Beneficiaries, -----

heirs, successors, and assigns shall have no legal or equitable rights, interests or claims in any specific property or assets of the Company. No Common Stock or other assets of the Company shall be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future.

###### 7.2 Obligations to Company. If a Participant becomes entitled to a -----

payment under the Plan, and if at such time the Participant has outstanding any debt, obligation or other liability representing an amount owing to the Company, then the

Company may offset such amount owed to it against the amount of the payment otherwise due to the Participant.

###### 7.3 Nonassignability. Neither a Participant nor any other person -----

shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or any interest therein, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

###### 7.4 Employment Not Guaranteed. Nothing contained in this Plan nor any -----

action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in Service with the Company.

###### 7.5 No Rights as Shareholders. The Participants will have no rights -----

as shareholders and no rights to acquire stock of the Company. They will have no right to vote for the election of directors of the Company or on other matters submitted for shareholder approval, to receive dividends and other

distributions in respect of Common Stock, to inspect and make copies of the books and records of the Company, or to enjoy the other rights and privileges of shareholders of the Company. All amounts payable under the Plan will be paid solely in cash, except as otherwise provided in the Plan.

###### 7.6 Gender, Singular & Plural. All pronouns and any variations -----

thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

7.7 Captions. The captions of the articles, sections and paragraphs  
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of this Plan are for convenience only and shall not control or affect the  
meaning or construction of any of its provisions.

7.8 Validity. In the event any provision of this Plan is held  
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invalid, void or unenforceable, the same shall not affect, in any respect  
whatsoever, the validity of any other provision of this Plan.

7.9 Notice. Any notice or filing required or permitted to be given to  
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the Committee under the Plan shall be sufficient if in writing and hand  
delivered, or sent by registered or certified mail, to the principal office of  
the Parent Company, directed to the attention of the President of the Parent  
Company.

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Such notice shall be deemed given as of the date of delivery or, if delivery is  
made by mail, as of the date shown on the postmark on the receipt for  
registration or certification.

7.10 Applicable Law. This Plan shall be governed and construed in  
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accordance with the laws of the State of California.

7.11 Benefit. The rights and obligations under this Plan shall inure to the  
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benefit of, and shall be binding upon, the Company, its successors and assigns,  
and the Participant and his Beneficiaries.

IN WITNESS WHEREOF, the Parent Company has adopted this KORN/FERRY  
INTERNATIONAL PHANTOM STOCK PLAN effective on May 1, 1998.

KORN/FERRY INTERNATIONAL

By /s/ Peter L. Dunn

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Its V.P. Administration & Secretary  
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