AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 24, 1998
REGISTRATION NO. 333-61697

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3
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.	ALISON S. RESSLER, ESQ.
O'MELVENY & MYERS LLP	SULLIVAN & CROMWELL
400 SOUTH HOPE STREET, SUITE 1500	1888 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90071	LOS ANGELES, CALIFORNIA 90067
(213) 430-6000	(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.

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- ---

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
++

SUBJECT TO COMPLETION, DATED DECEMBER 24, 1998

12,500,000 Shares

[LOGO OF KORN/FERRY INTL.]

Common Stock
(no par value)

Of the shares of Common Stock ("Common Stock") offered hereby, 9,920,000 shares are being sold by Korn/Ferry International (the "Company") and 2,580,000 shares are being sold by the Selling Shareholders named herein under "Principal and Selling Shareholders" (the "Selling Shareholders"). Of the 12,500,000 shares of Common Stock being offered, 10,000,000 shares are initially being offered in the United States and Canada (the "U.S. Shares") by the U.S. Underwriters (the "U.S. Offering") and 2,500,000 shares are initially being concurrently offered outside the United States and Canada (the "International Shares") by the Managers (the "International Offering" and, together with the U.S. Offering, the "Offering"). The offering price and underwriting discounts and commissions of the U.S. Offering and the International Offering are identical.

Prior to the Offering, there has been no public market for the Common Stock. It is anticipated that the initial public offering price will be between $13.00 and $15.00 per share. For information relating to the factors to be considered in determining the initial offering price to the public, see "Underwriting." Application will be made to list the Common Stock on the New York Stock Exchange under the symbol "KFY."

FOR A DISCUSSION OF MATERIAL RISKS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMMON STOCK, SEE "RISK FACTORS" ON PAGE 9 HEREIN.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
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	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING SHAREHOLDERS
<S>	<C>	<C>	<C>	<C>
Per Share	$	$	$	$
Total (3)	$	$	$	$

</TABLE>

(1) The Company has agreed to indemnify the U.S. Underwriters and the Managers against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."

(2) Before deduction of expenses payable by the Company estimated at $.

(3) The Company has granted the U.S. Underwriters and the Managers an option, exercisable by Credit Suisse First Boston Corporation for 30 days from the date of this Prospectus, to purchase a maximum of 1,875,000 additional shares to cover over-allotments of shares. If the option is exercised in full, the total Price to Public will be $, Underwriting Discounts and Commissions will be $ and Proceeds to Company will be $.

The U.S. Shares are offered by the several U.S. Underwriters when, as and if delivered to and accepted by the U.S. Underwriters and subject to their right to reject orders in whole or in part. It is expected that the U.S. Shares will be ready for delivery on or about , 1999, against payment in immediately

available funds.

CREDIT SUISSE FIRST BOSTON
DONALDSON, LUFKIN & JENRETTE
PAINEWEBBER INCORPORATED

Prospectus dated , 1999.

[Inset: Graphics with a stylized globe and text overlay reading "A Tradition of Leadership," "A Future of Innovation," and "A World of Opportunity."

Gatefold: Header reading "A Tradition of Leadership." Text below the header reads "Korn/Ferry International's premier global reputation, strong client relationships, senior level search expertise, innovation, and technological leadership provide a distinct competitive advantage. Statistical Highlights at a glance." Korn/Ferry logo and graphics highlighting certain statistics follow.

Facing Gatefold: Header reading "A Future of Innovation" above graphics with Futurestep, Korn/Ferry International and The Wall Street Journal logos. Text follows reading "Advanced technology, the Internet, and increasing demand for middle-management recruitment services are transforming the marketplace. Korn/Ferry International is anticipating these changes with Futurestep, its Internet-based search service." Graphics with selected Futurestep computer screens follow.

Inside Backcover: Graphics with globe and a list of the offices of Korn/Ferry International in each of the cities in which it operates, plus selected Futurestep screens.]

The Company holds a number of U.S. registered and common law trademarks, as well as non-U.S. registered trademarks, which are used throughout this Prospectus. The Company has registered the following marks, among others, with the U.S. Patent and Trademark Office: "KF" and "Korn/Ferry International." Korn/Ferry International Futurestep, Inc., a subsidiary of Korn/Ferry International, has a pending trademark application with the U.S. Patent and Trademark Office for "Futurestep." In addition, a number of federally registered trademarks are used throughout this Prospectus that are not owned by the Company.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING OVER-ALLOTMENT, STABILIZING TRANSACTIONS, SYNDICATE SHORT COVERING TRANSACTIONS AND PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the more detailed information, including "Risk Factors" and the Company's Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Prospectus. Unless otherwise indicated, the information in this Prospectus (i) gives effect to the filing of an amendment of the Company's existing Articles of Incorporation that increases the Company's authorized capital stock and implements the four-to-one split of the Company's outstanding Common Stock that will occur prior to the consummation of the Offering, (ii) assumes no exercise of the over-allotment option granted to the U.S. Underwriters and the Managers as described in "Underwriting" and (iii) assumes an initial public offering price of $14.00 per share of Common Stock, the mid-point of the range set forth on the cover of this Prospectus. Unless the context otherwise requires, all references to the "Company" and "Korn/Ferry" refer to Korn/Ferry International and its consolidated subsidiaries and affiliates. All references to "Futurestep" refer to Korn/Ferry International Futurestep, Inc., a subsidiary of the Company, or the Internet-based search service offered by the Company through that subsidiary. The Company's fiscal year ends on April 30 of each calendar year.

THE COMPANY

OVERVIEW

Korn/Ferry International is the world's largest executive search firm and has the broadest global presence in the industry with 384 consultants based in 71 offices across 41 countries. The Company's premier global reputation, strong client relationships, senior-level search expertise, innovation and technological leadership provide Korn/Ferry with distinct competitive advantages. According to Kennedy Information, a leading information provider on the executive search industry, the Company has ranked first in revenues in the executive search industry for the last 19 years. Since fiscal 1993, the Company has generated compound annual revenue growth of 23%. In fiscal 1998, the

Company had total revenues of $315.0 million and performed over 5,870 assignments for more than 3,750 clients, including approximately 43% of the Fortune 500. Korn/Ferry's clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. Almost half of the searches performed by the Company in fiscal 1998 were for board level, chief executive and other senior executive officer positions. The Company has established strong client loyalty; more than 80% of the search assignments it performed in fiscal 1998 were on behalf of clients for whom it had conducted multiple assignments over the last three fiscal years.

The Company believes it is an innovator in the executive search industry and forward-thinking in addressing the fundamental transformation of the marketplace caused by the combined impact of advanced technology and the Internet. In anticipation of these changing industry dynamics, and in response to clients' demand for middle-management recruitment services, the Company recently established Futurestep, its Internet-based search service. Futurestep combines Korn/Ferry's search expertise with exclusive candidate assessment tools and the reach of the Internet to accelerate recruitment of candidates for middle-management positions. Following Futurestep's introduction in southern California and selected North American markets beginning in May 1998, approximately 110,900 candidates worldwide have completed a detailed on-line profile with Futurestep. The Company and Futurestep have an exclusive alliance with The Wall Street Journal, the first of its kind in the industry. This alliance provides preferred print and on-line access to The Wall Street Journal's readers, advertisers and on-line users. The Company believes its investments in technology-based recruitment will enable it to expand its share of the middle-management recruitment market and to strengthen its leading industry position as new methodologies begin to be utilized in senior-level search.

Korn/Ferry is also an established and respected source of management research. For example, the Company's Annual Board of Directors Survey of the Fortune 1000, now in its 25th year, reports on the structure,

policy and trends in America's corporate boardrooms and is recognized as one of the most comprehensive, long-term studies of boards available.

INDUSTRY

According to Kennedy Information, worldwide executive search revenue grew at a 20% compound annual growth rate, from approximately $3.5 billion in 1993 to $7.3 billion in 1997. The Company believes that a number of favorable trends will contribute to the continued growth of the executive search industry, including: (i) the globalization of business; (ii) the demand for managers with broader skills; (iii) the increasing outsourcing of recruitment functions; and (iv) the use of advanced technology to accelerate the identification and assessment of candidates.

GROWTH STRATEGY

Korn/Ferry's objective is to expand its leadership position as a preferred global executive search firm by offering a broad range of solutions to address its clients' management recruitment needs. The principal elements of the Company's strategy include:

Leverage leadership in senior-level search--The Company's leadership in senior-level search enables it to grow its business by increasing the number of search assignments it handles for existing clients. The Company also believes that there are significant opportunities to develop new clients by aggressively marketing its proven global search expertise. The Company has adopted a structured approach to develop and build relationships with new and existing clients. Through its ten specialty practice groups and broad global presence, the Company maintains an in-depth understanding of the market conditions and strategic and management issues facing clients. Annually, the Company's regions, offices, individual consultants and specialty practice groups identify existing and prospective clients with substantial recurring needs for executive search services. The Company assembles teams of search consultants based on geographic, industry and functional expertise to focus on these accounts. The Company has developed a number of key relationships with prestigious multinational companies and, in fiscal 1998, completed an average of 34 search assignments each for 20 major long-standing accounts.

Expand into the middle-management market--In response to the growing client demand for middle-management recruitment, the Company is expanding its services to address this market. With its strong senior-level client relationships, advertised recruitment services and Futurestep, Korn/Ferry is well positioned to meet its clients' middle-management recruitment needs effectively and efficiently. By moving aggressively into this segment of the market, the Company believes it can strengthen its relationships with its existing clients, develop new clients and gain a competitive advantage in marketing complementary services.

Pursue strategic acquisitions--The Company will continue to make selected acquisitions that support its growth strategy, enhance its presence in key markets or otherwise complement its competitive strengths. The executive search industry is highly fragmented and consists of approximately 4,000 firms, the ten largest of which accounted for only 11% of the global executive search industry revenues in 1997. As the largest global executive search firm, the Company believes it has the resources to lead consolidation within the highly fragmented search industry. Since fiscal 1993, the Company has completed six acquisitions, including recent acquisitions in France and Switzerland.

Reinforce technological leadership--The Company has invested more than $25 million over the past two fiscal years in the development of an advanced global technology infrastructure to increase the speed and quality of service to its clients. The Company's worldwide databases contain profiles of over 1,000,000 executives and over 310,000 companies. The Company's systems represent a strong competitive advantage, allowing its consultants to access information and communicate effectively with each other. As the executive search industry continues to grow and as more clients seek the assistance of search firms to fill middle-management positions, an advanced technology infrastructure has become an indispensable element of the search business.

Add new complementary services--The Company seeks to add new complementary services in response to specific client needs. For example, the Company developed Futurestep and has expanded its advertised recruitment services to address its clients' growing demand for effective middle-management recruitment. In addition, the Company is exploring complementary business opportunities, which could include recruitment outsourcing and human resources consulting. As attractive business opportunities are identified, the Company may capitalize on these opportunities through internal development, joint ventures or selected acquisitions.

The Company believes the high caliber and motivation of its professionals are critical factors to its success. The Company further believes it has been able to attract and retain some of the most productive search consultants (vice presidents and principals) as a result of its premier reputation, history of consultant equity ownership and performance-based compensation program. As of April 30, 1998, the Company's 263 vice presidents had an average of seven years' experience with the Company, 12 years in the search industry and 13 years in other industries. On average, each of the Company's consultants completed 16 search assignments in fiscal 1998. In each of the last five fiscal years, no individual consultant has accounted for any material portion of the Company's revenues.

Upon the consummation of the Offering, the Company's employee-shareholders will continue to own approximately 65% of the Company. The employee-shareholders have agreed to limit their ability to sell more than half of the Common Stock owned by them immediately prior to the Offering until on or after the fourth anniversary of the Offering. To align further the interests of Korn/Ferry's consultants and shareholders, the Company has revised its compensation program for consultants. In contemplation of the Offering, the revised compensation program reduces the amount of consultants' annual cash performance bonus payments and provides for the issuance of stock options pursuant to the Company's newly adopted Performance Award Plan. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Management--Liquidity Schedule."

CORPORATE INFORMATION

The Company was incorporated in November 1969 under the laws of the State of California. The Company's principal executive offices are located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, and its telephone number is (310) 552-1834. The Company's website address is www.kornferry.com and Futurestep's website address is www.futurestep.com. Neither the information contained in the websites of the Company and Futurestep nor the websites linked to the websites of the Company and Futurestep shall be deemed to be a part of this Prospectus.

THE OFFERING

Common Stock offered by:	
The Company.....	9,920,000 shares
The Selling Shareholders.....	2,580,000 shares
Total.....	12,500,000 shares
Common Stock offered in:	

U.S. Offering.....	10,000,000 shares
International Offering.....	2,500,000 shares
Total.....	12,500,000 shares
Common Stock outstanding after the Offering.....	35,711,260 shares(1)
Use of proceeds.....	Of the estimated net proceeds to the Company of $126.7 million, the Company intends (i) to use approximately $27.1 million to complete the redemption by the Company of certain shares of its capital stock, including $0.1 million to redeem the outstanding shares of Series A Preferred Stock and $1.4 million to redeem the outstanding shares of Series B Preferred Stock, (ii) to apply approximately $4.5 million to pay existing obligations of the Company to former holders of phantom units and stock appreciation rights and (iii) to retain approximately $95.1 million for possible future acquisitions, working capital and general corporate purposes, including the expansion of Futurestep and continued development of technology, information systems and infrastructure. See "Use of Proceeds" and "Certain Transactions--Additional Redemption Amounts." While the Company will not receive any proceeds from the sale of shares of Common Stock in the Offering by the Selling Shareholders, it will receive approximately $6.4 million from the repayment by certain Selling Shareholders of loans from the Company to those Selling Shareholders.
Proposed New York Stock Exchange symbol.....	KFY

(1) Includes (i) the redemption of 397,640 shares of Common Stock subsequent to October 31, 1998, (ii) the issuance of 364,300 shares to new vice presidents promoted effective December 31, 1998 and (iii) the anticipated redemption of 1,200,000 shares of Common Stock prior to the consummation of the Offering. Excludes an aggregate of 7,000,000 shares of Common Stock comprised of (i) shares of Common Stock issuable upon the exercise of stock options that will be granted upon consummation of the Offering and (ii) shares of Common Stock reserved for future issuance under the Company's Performance Award Plan (the "Performance Award Plan"). See "Management--Benefit Plans--Performance Award Plan."

SUMMARY FINANCIAL AND OTHER DATA
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND OTHER DATA)

The following table sets forth certain summary financial and other operating data for the Company. This information should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, "Selected Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus.

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	FISCAL YEAR ENDED APRIL 30,						SIX MONTHS ENDED OCTOBER 31,		
	1994	1995	1996	1997	1998	PRO FORMA 1998(1)	1997	1998	PRO FORMA 1998(1)
						(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:									

Total revenues...	$143,608	$187,888	$230,217	$272,561	$315,025	$315,025	$147,135	$183,762	$183,762
Less reimbursed candidate expenses.....	4,440	6,627	8,731	12,137	14,470	14,470	6,804	8,073	8,073
Net revenues.....	139,168	181,261	221,486	260,424	300,555	300,555	140,331	175,689	175,689
Compensation and benefits.....	86,745	116,363	140,721	166,854	197,790	177,590	96,135	116,380	105,803
General and administrative expenses.....	39,362	48,630	64,419	73,005	84,575	84,575	35,872	51,961	51,961
Operating profit.	13,061	16,268	16,346	20,565	18,190	38,390	8,324	7,348(2)	17,925(2)
Interest expense.	1,991	2,323	3,683	3,320	4,234	4,234	1,740	2,582	2,582
Income before provision for income taxes and non-controlling shareholders' interests.....	11,070	13,945	12,663	17,245	13,956	34,156	6,584	4,766	15,343
Provision for income taxes....	4,224	5,322	3,288	6,658	6,687	16,363	3,131	2,069	6,662
Non-controlling shareholders' interests(3)....	1,788	2,139	1,579	1,588	2,025	2,025	1,015	1,324	1,324
Net income.....	$ 5,058	$ 6,484	$ 7,796	$ 8,999	$ 5,244	$ 15,768(4)	$ 2,438	$ 1,373	$ 7,357(4)
Net income per share									
Basic.....	$ 0.24	$ 0.30	$ 0.38	$ 0.42	$ 0.24	$ 0.72	$ 0.11	$ 0.05	$ 0.28
Diluted.....	0.21	0.27	0.36	0.40	0.23	0.66	0.10	0.05	0.27
Weighted average common shares outstanding									
Basic.....	21,139	21,874	20,390	21,382	21,885	21,885	21,403	26,007	26,007
Diluted.....	26,255	25,607	23,019	23,481	23,839	23,839	23,280	27,242	27,242(5)

<CAPTION>

	FISCAL YEAR ENDED APRIL 30,					SIX MONTHS ENDED OCTOBER 31,	
	1994	1995	1996	1997	1998	1997	1998
						(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OTHER DATA:							
Total revenues by region:							
North America...	$ 75,770	$ 97,950	$111,513	$135,192	$162,618	$ 72,426	$ 96,982
Europe.....	37,913	49,769	68,890	77,505	86,180	39,869	52,699
Asia/Pacific....	13,876	21,227	29,921	34,532	34,811	19,041	16,789
Latin America...	16,049	18,942	19,893	25,332	31,416	15,799	17,292
Number of offices (at period end).	54	59	62	66	71	66	71
Average number of consultants.....	221	252	274	311	357	339	382
Number of assignments.....	3,449	3,570	4,113	4,774	5,879	2,614	3,283

</TABLE>

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	OCTOBER 31, 1998	
	ACTUAL	AS ADJUSTED(6)
	(UNAUDITED)	
<S>	<C>	<C>
BALANCE SHEET DATA:		
Cash and cash equivalents.....	$ 23,277	$127,103
Working capital.....	24,557	128,383
Total assets.....	187,439	288,890
Total long-term debt.....	7,102	7,102
Total mandatorily redeemable stock, net.....	63,185	--
Shareholders' equity.....	2,656	167,292

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(1) The unaudited pro forma statement of operations data for the fiscal year ended April 30, 1998 and the six months ended October 31, 1998 has been

computed by eliminating from compensation and benefits that portion of consultant compensation that exceeds the amount which would have been paid had the Company's revised compensation program, which will be effective as of May 1, 1998 upon consummation of the Offering, been in effect for all of these periods. A pro forma adjustment also was made to reflect the increased income tax liability resulting from the corresponding increase in income before provision for income taxes, using the Company's effective tax rate of 48% in fiscal 1998 and 43% in the six months ended October 31, 1998. Under the revised compensation program, consultants and others will receive options to purchase shares of Common Stock at the market value at the time of grant. Such options will vest in equal installments over five years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

(2) For the six months ended October 31, 1998, operating profit excluding Futurestep on an actual and pro forma basis was $14,410 and $24,987, respectively.

(3) Represents the non-controlling majority shareholders' interests in the Company's Mexican subsidiaries.

(4) Upon consummation of the Offering, the Company expects to incur non-recurring compensation and benefits expenses of (i) approximately $46.8 million from the difference between the issuance price of the shares issued by the Company in the period beginning twelve months before the initial filing date of the Offering and the fair market value of the shares at the date of grant, (ii) approximately $27.1 million from the completion of the redemption by the Company of certain shares of its capital stock, including the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) approximately $4.5 million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. These non-recurring compensation and benefits expenses are not reflected in the pro forma fiscal year 1998 or the pro forma six months ended October 31, 1998 statements of operations data and will be reflected in the Company's financial statements for the quarter in which the Offering is consummated.

(5) The number of options to be granted pursuant to the Company's revised compensation program has not yet been determined and therefore these options have not been included in calculating diluted net income per share.

(6) Adjusted for the Offering and application of the estimated net proceeds therefrom, including completion of the redemption by the Company of certain shares of its capital stock (including Series A Preferred Stock), redemption of the outstanding shares of Series B Preferred Stock and payment of existing obligations of the Company to former holders of phantom units and stock appreciation rights. See "Use of Proceeds," "Capitalization" and "Certain Transactions--Additional Redemption Amounts."

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating the Company and its business before purchasing shares of Common Stock. This Prospectus contains forward-looking statements that are based on the beliefs of the Company's management, as well as assumptions made by, and information currently available to, the Company's management. Because such statements involve risks and uncertainties, actual actions and strategies, the Company's future results, performance or achievements could differ materially from those expressed in, or implied by, any such forward-looking statements. Factors that could cause or contribute to such material differences include, but are not limited to, those discussed below.

COMPETITION

The global executive search industry is highly competitive and fragmented. In certain markets, the Company's competitors may possess greater resources, greater name recognition and longer operating histories than the Company, which may afford these firms advantages in obtaining future clients and attracting qualified professionals in these markets. Historically, there have been few barriers to entry into the executive search industry and new executive search firms continue to enter the market. In addition, the Company believes that with the continuing development and increased availability of information technology, the executive search industry may attract new competitors. Specifically, the advent and increased use of the Internet may attract technology-oriented companies to the executive search industry. See "Business--Competition." There can be no assurance that the Company will be able to continue to compete effectively against existing or potential competitors. In addition, increased competition may lead to increased pricing pressures, requiring the Company to execute more searches or execute searches more efficiently in order to remain competitive. There can be no assurance

that such pricing pressures will not have a material adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE ON ATTRACTING AND RETAINING QUALIFIED EXECUTIVE SEARCH CONSULTANTS

The Company's success depends upon its ability to attract and retain qualified consultants who possess the skills and experience necessary to satisfy its clients' executive search needs. The Company competes with other executive search firms for qualified consultants. The failure of the Company to identify and hire consultants with the requisite experience, skills and established client relationships could have a material adverse effect on the Company's business, financial condition and results of operations. Although executive search firms strive to provide benefits and incentives to retain their search consultants, many firms have experienced consultant turnover. Consultants are paid salaries with the potential to earn substantially greater performance-based bonuses. A majority of the Company's revenues have been and will continue to be utilized to pay consultant compensation. Any diminution in the Company's reputation, reduction in the Company's compensation levels or restructuring of the Company's compensation system, whether as a result of insufficient revenues, a decline in the market price of the Common Stock after the Offering or for any other reason, could impair the Company's ability to retain existing or attract additional qualified consultants. In connection with the Offering, the Company has adopted a revised compensation program featuring equity-based incentives, which were not previously a part of its compensation structure. There can be no assurance that these changes to the Company's compensation programs will not adversely affect the Company's ability to attract and retain consultants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Management--Executive Participation Programs--Executive Participation Program."

PORTABILITY OF CLIENT RELATIONSHIPS

The Company's success depends upon the ability of its executive search consultants to develop and maintain relationships with its clients. When a consultant leaves one search firm and joins another, clients that have established relationships with the departing consultant may move their business to the consultant's new employer. The loss of one or more clients is more likely to occur if the departing consultant enjoys widespread

name recognition or has developed a reputation as a specialist in executing searches in a particular industry. The Company's failure to retain its most productive consultants or maintain the quality of service to which its clients are accustomed, and the ability of a departing consultant to move business to his or her new employer, could have a material adverse effect on the Company's business, financial condition and results of operations. See "--Dependence on Attracting and Retaining Qualified Executive Search Consultants."

EFFECT OF GLOBAL ECONOMIC FLUCTUATIONS

Demand for the Company's services is significantly affected by the general level of economic activity in the regions and industries in which the Company operates. When economic activity slows, many companies hire fewer permanent employees. Therefore, a significant economic downturn, especially in regions or industries where the Company's operations are heavily concentrated, such as the financial services industry, could have a material adverse effect on the Company's business, results of operations and financial condition. In fiscal 1998, approximately 11% of the Company's total revenues, and 4% of its operating profits, were derived from the Asia/Pacific region and approximately 10% of the Company's total revenues, and 35% of its operating profits, were derived from the Latin America region. In the recent past, the global financial markets, especially in Asia and Latin America, have experienced significant turmoil, negatively impacting the revenues and operating profits of the Company's operations. There can be no assurance that such turmoil in the Asian and Latin American financial markets will not negatively affect the Company in those regions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RISKS ASSOCIATED WITH GLOBAL OPERATIONS

The Company has 71 offices in 41 countries and generates approximately half its total revenues from operations outside of North America. There are certain risks inherent in transacting business worldwide, such as changes in applicable laws and regulatory requirements, tariffs and other trade barriers, difficulties in staffing and managing global operations, problems in collecting accounts receivable, political instability, fluctuations in currency exchange rates, repatriation controls and potential adverse tax consequences. The Company has no hedging or similar foreign currency contracts and therefore fluctuations in the value of foreign currencies could adversely impact the profitability of the Company's global operations. There can be no assurance that one or more of such factors will not have a material adverse effect on the Company's business, financial condition or results of operations.

RESTRICTIONS IMPOSED BY OFF-LIMITS AGREEMENTS

Either by agreement with clients, or for client relations or marketing purposes, executive search firms frequently refrain, for a specified period of time, from recruiting employees of a client, and possibly other entities affiliated with such client, when conducting searches on behalf of other clients (an "off-limits agreement"). Off-limits agreements generally remain in effect for one or two years following completion of an assignment. The duration and scope of the off-limits agreement, including whether it covers all operations of the client and its affiliates or only certain divisions of a client, generally are subject to negotiation or internal policies and may depend on such factors as the length of the client relationship, the frequency with which the executive search firm has been engaged to perform executive searches for the client and the amount of revenue the executive search firm has generated or expects to generate from the client. Some of the Company's clients are recognized as industry leaders and employ a significant number of qualified executives who are potential recruitment candidates for other companies. The Company's inability to recruit employees of such a client may make it difficult for the Company to obtain search assignments from, or to fulfill search assignments for, other companies in that client's industry. There can be no assurance that off-limits agreements will not impede the Company's growth or its ability to attract and serve new clients, or otherwise have a material adverse effect on the Company's business, results of operations and financial condition.

IMPLEMENTATION OF ACQUISITION STRATEGY

The Company's ability to grow and remain competitive may depend on its ability to consummate strategic acquisitions of other executive search firms. Although the Company frequently evaluates possible acquisitions, there can be no assurance that the Company will be successful in identifying, financing and completing such acquisitions. An acquired business may not achieve desired levels of revenue, profitability or productivity or otherwise perform as expected. In addition, growth through acquisition of existing firms involves risks such as diversion of management's attention, difficulties in the integration of acquired operations, difficulties in retaining personnel, increased off-limits conflicts, assumption of liabilities not known at the time of acquisition and tax and accounting issues, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may finance future acquisitions in whole or in part with Common Stock, indebtedness or cash.

ABILITY TO MANAGE GROWTH

The future growth of the Company will result in new and increased responsibilities for the Company's management personnel as well as increased demands on the Company's internal systems, procedures and controls, and its managerial, administrative, financial, marketing, information and other resources. These new responsibilities and demands may adversely affect the Company's performance. Moreover, the Company intends to continue to open new offices and to develop new practice areas or lines of business complementary to its core services, which may entail certain start-up and maintenance costs that could be substantial. The failure of the Company to continue to improve its internal systems, procedures and controls, to open new offices, to develop new practice areas or otherwise to manage growth successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS RELATED TO THE DEVELOPMENT AND GROWTH OF FUTURESTEP

The acceptance of Futurestep is dependent on the use of the Internet by candidates, the ability of the Company to attract candidates to Futurestep's website and client acceptance of Futurestep's recruitment services. In addition, the Company believes Futurestep's alliance with The Wall Street Journal is important for attracting candidates and clients to Futurestep. The initial term of the alliance extends through June 2001. Any loss of such alliance could have a material adverse effect on the growth of Futurestep's business. In addition, the development of Futurestep will involve substantial expenditures and the Company believes Futurestep will generate operating losses through at least the end of fiscal 2000. The limited operating history of Futurestep makes the prediction of future results of operations difficult and there can be no assurance that Futurestep's operating losses will not increase in the future or that Futurestep will ever achieve or sustain profitability.

RELIANCE ON INFORMATION SYSTEMS

The Company's success depends in large part upon its ability to store, retrieve, process and manage substantial amounts of information. To achieve its strategic objectives and to remain competitive, the Company must continue to develop and enhance its information systems, which may require the acquisition of equipment and software and the development, either internally

or through independent consultants, of new proprietary software. The Company's inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for the Company to compete effectively, or any interruption or loss of the Company's information processing capabilities, for any reason, including but not limited to unanticipated Year 2000 issues, could have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Impact of Year 2000."

EMPLOYMENT LIABILITY RISK

Executive search firms are exposed to potential claims with respect to the executive search process. A client could assert a claim for such matters as breach of an off-limits agreement or recommending a candidate who

subsequently proves to be unsuitable for the position filled. In addition, a candidate could assert an action against the Company for failure to maintain the confidentiality of the candidate's employment search or for alleged discrimination or other violations of employment law by a client of the Company. The Company maintains professional liability insurance in such amounts and with such coverages and deductibles as it believes are adequate to cover such claims. There can be no assurance, however, that the Company's insurance will cover all such claims or that its insurance coverage will continue to be available at economically feasible rates. See "Business--Insurance."

VOTING CONTROL BY CURRENT SHAREHOLDERS

Immediately after the Offering, the current shareholders of the Company will be the beneficial owners of 23,211,260 shares of Common Stock, representing approximately 65.0% of the then issued and outstanding shares of Common Stock (61.8% if the over-allotment option is exercised in full). Immediately after the Offering, such shareholders will continue to have sufficient voting power to elect the entire Board of Directors of the Company and, in general, to determine (without the consent of the Company's other shareholders) the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Company's assets, and also the power to prevent or cause a change in control of the Company. See "Management" and "Principal and Selling Shareholders."

MANAGEMENT DISCRETION CONCERNING USE OF PROCEEDS

Most of the net proceeds of the Offering to the Company have not been designated for specific uses, and management will have substantial discretion in using the proceeds of the Offering. The failure of management to apply the proceeds effectively could have a material adverse effect on the Company's business, financial condition and results of operations. See "Use of Proceeds."

POSSIBLE VOLATILITY OF STOCK PRICE

There can be no assurance that an active trading market for the Common Stock will develop as a result of the Offering or, if a trading market does develop, that it will be sustained or that the shares of Common Stock could be resold at or above the initial public offering price. The initial public offering price of the Common Stock offered hereby will be determined through negotiations among the Company, the Selling Shareholders and the representatives of the Underwriters and may not be indicative of the price at which the Common Stock will actually trade after the Offering. In determining such price, consideration will be given to various factors, including market conditions for the initial public offering, the past history of and prospects for the Company's business, operations, earnings and financial position, an assessment of the Company's management, the market for securities of companies in businesses similar to those of the Company, the general condition of the securities markets and other relevant factors. After completion of the Offering, the market price of the Common Stock could be subject to significant variation due to fluctuations in the Company's operating results, changes in earnings estimates by securities analysts, the degree of success the Company achieves in implementing its business strategy, changes in business conditions affecting the Company, its customers or its competitors, and other factors. In addition, the stock market may experience volatility that affects the market prices of companies in ways unrelated to the operating performance of such companies, and such volatility may adversely affect the market price of the Common Stock.

SHARES ELIGIBLE FOR FUTURE SALE

Upon consummation of the Offering, the Company will have outstanding an aggregate of 35,711,260 shares of Common Stock (37,586,260 shares if the over-allotment option is exercised in full). Of these shares, all of the 12,500,000 shares sold in the Offering will be freely tradable without restriction or

further registration under the Securities Act of 1933, as amended (the "Securities Act"), unless such shares are purchased by affiliates of the Company as that term is defined in Rule 144 under the Securities Act ("Affiliates"). The remaining 23,211,260 shares of Common Stock held by existing shareholders are "restricted securities" as that term is

defined in Rule 144 under the Securities Act ("Restricted Shares"). Restricted Shares may be sold to the public only if registered or if they qualify for an exemption from registration under Rule 144 promulgated under the Securities Act. Beginning 90 days after the date of this Prospectus, 22,214,686 shares will be eligible for sale pursuant to Rule 144, provided the conditions of Rule 144 are met, subject to the lock-up agreements described below. Future sales of substantial amounts of Common Stock after the Offering, or the perception that such sales could occur, could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through the sale of its equity securities. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price of the Common Stock. In addition, the Company has the authority to issue additional shares of Common Stock and shares of one or more series of preferred stock. The issuance of such shares could result in the dilution of the voting power of the shares of Common Stock purchased in the Offering and could have a dilutive effect on earnings per share.

Each of the Company and the existing shareholders of the Company has agreed that it will not offer, sell, contract to sell, announce its intention to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of the Company without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this Prospectus, except, in the case of the Company, for the grant of options and sale of shares under the Company's stock benefit plans. Thereafter, certain parties may also sell shares under Rule 144 of the Securities Act. See "Description of Capital Stock," "Shares Eligible for Future Sale" and "Underwriting."

Substantially all of the Company's existing shareholders have agreed to be subject to a liquidity schedule that limits their ability to sell their current Common Stock holdings. See "Management--Liquidity Schedule."

ANTI-TAKEOVER PROVISIONS; POSSIBLE ISSUANCE OF PREFERRED STOCK

The Company's Amended and Restated Articles of Incorporation (the "Articles") and Amended and Restated Bylaws (the "Bylaws") and applicable law contain provisions that could have the effect of inhibiting a non-negotiated merger or other business combination. In particular, the Articles provide for a staggered Board of Directors and do not permit cumulative voting. In addition, the Articles authorizes the Board of Directors to issue shares of preferred stock, and fix the rights and preferences thereof, without a vote of its shareholders. Although no shares of preferred stock will be outstanding upon consummation of the Offering, and the Company has no present plans to issue any shares of preferred stock, the rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. Certain of these provisions may have anti-takeover effects and may delay, deter or prevent a change in control of the Company that shareholders might otherwise consider in their best interests. Moreover, the existence of these provisions may depress the market price of the Common Stock. The Company's Bylaws also limit the ability of shareholders to raise certain matters at a meeting of shareholders without giving advance notice. See "Description of Capital Stock--Preferred Stock" and "--Certain Anti-Takeover Effects."

SUBSTANTIAL AND IMMEDIATE DILUTION

The initial public offering price of the Common Stock offered in the Offering will be substantially higher than the net tangible book value per share of the currently outstanding Common Stock. Therefore, purchasers of Common Stock in the Offering will experience immediate and substantial dilution of $9.64 per share. See "Dilution."

ABSENCE OF DIVIDENDS

The Company does not anticipate declaring or paying any cash dividends on its Common Stock in the foreseeable future. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board of Directors. See "Dividend Policy."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 9,920,000 shares of Common Stock offered by it, after deducting the offering expenses and the estimated underwriting discounts and commissions payable by the Company, are estimated to be $126.7 million ($151.3 million if the over-allotment option is exercised in full), assuming an initial public offering price of $14.00 per share (the mid-point of the offering range set forth on the cover page of this Prospectus). The Company will not receive any proceeds from the sale of shares of Common Stock in the Offering by the Selling Shareholders. However, approximately $6.4 million of the proceeds from the sale of shares of Common Stock in the Offering by certain Selling Shareholders will be paid to the Company to reduce the amount of loans outstanding from the Company to them incurred in connection with their original purchase of shares of Common Stock. As of October 31, 1998, the Company had $12.8 million of notes receivable from shareholders.

The Company intends (i) to use approximately $27.1 million of the net proceeds from the Offering to complete the redemption by the Company of certain shares of its capital stock, including $0.1 million to redeem the outstanding shares of Series A Preferred Stock and $1.4 million to redeem the outstanding shares of Series B Preferred Stock, (ii) to apply approximately $4.5 million to pay existing obligations of the Company to former holders of phantom units and stock appreciation rights and (iii) to retain approximately $95.1 million for possible future acquisitions, working capital and general corporate purposes, including the expansion of Futurestep and continued development of technology, information systems and infrastructure. See "Certain Transactions--Additional Redemption Amounts." Pending such uses, the Company intends to invest such funds in interest-bearing, short-term, investment grade securities, certificates of deposit, bank deposits, commercial paper or other short-term debt instruments. See Note 3 to the Consolidated Financial Statements for interest rates and maturity of the Company's credit facility being repaid.

DIVIDEND POLICY

Since April 30, 1996, the Company has not paid any dividends. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board of Directors. The Company intends to retain future earnings to finance its operations and growth and does not anticipate declaring or paying any cash dividends on its Common Stock in the foreseeable future. See "Risk Factors--Absence of Dividends" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth the cash and cash equivalents, long-term debt and capitalization of the Company as of October 31, 1998, on (i) an actual basis and (ii) an as adjusted basis to give effect to the Offering and the application of the estimated net proceeds therefrom (including approximately $6.4 million to be received by the Company from the Selling Shareholders). The capitalization of the Company should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	AS OF OCTOBER 31, 1998	
	ACTUAL (UNAUDITED)	AS ADJUSTED (UNAUDITED)
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Cash and cash equivalents	$ 23,277	$127,103
Current portion of long-term debt	$ 2,696	$ 2,696
Long-term debt, less current portion	7,102	7,102
Mandatorily redeemable common and preferred stock (1)		
Series A preferred stock, no par value; 10,000 shares authorized, 8,600 shares issued and outstanding and no shares authorized, issued and outstanding on an as adjusted basis	63	--
Series B preferred stock, no par value; 150,000 shares authorized, 121,000 shares issued and outstanding and no shares authorized, issued and outstanding on an as adjusted basis	1,389	--
Common stock, no par value; 26,102,000 shares issued and outstanding and no shares outstanding on an as adjusted basis	74,563	--
Notes receivable from shareholders and other unpaid shares	(12,830)	--

Total mandatorily redeemable common and preferred stock	63,185	--
Shareholders' equity		
Preferred stock, no par value; 50,000,000 shares authorized, no shares issued and outstanding on an as adjusted basis	--	--
Common stock, no par value; 150,000,000 shares authorized, 920,000 shares issued and outstanding and 36,942,000 shares issued and outstanding on an as adjusted basis (2)	--	201,263
Additional paid in capital (3)	--	46,760
Retained earnings (deficit) (4)	2,656	(74,301)
Notes receivable from shareholders and other unpaid shares	--	(6,430)
Total shareholders' equity	2,656	167,292
Total capitalization	$ 75,639	$177,090

</TABLE>

(1) The common stock and preferred stock of the Company outstanding prior to the consummation of the Offering are subject to mandatory repurchase agreements which require the classification of such capital stock as mandatorily redeemable common and preferred stock.

(2) Excludes (i) the redemption of 397,640 shares of Common Stock subsequent to October 31, 1998, (ii) the anticipated issuance of 364,300 shares of Common Stock to new vice presidents promoted effective December 31, 1998 and (iii) the anticipated redemption of 1,200,000 shares of Common Stock prior to the consummation of the Offering. Also excludes an aggregate of 7,000,000 shares of Common Stock comprised of (i) shares issuable upon the exercise of stock options that will be granted upon consummation of the Offering and (ii) shares of Common Stock reserved for issuance under the Performance Award Plan. See "Management--Benefit Plans--Performance Award Plan."

(3) Reflects the difference between the issuance price of the shares issued by the Company in the twelve months preceding the initial filing date of the Offering and the fair market value of the shares at the date of grant.

(4) Reflects the effect of the non-recurring compensation and benefits expense related to (i) the difference between the issuance price of the shares issued by the Company in the period beginning twelve months before the initial filing date of the Offering and the fair market value of the shares at the date of grant, (ii) completion of the redemption by the Company of certain shares of its capital stock, including the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) the payment of existing obligations to former holders of phantom units and stock appreciation rights.

DILUTION

As of October 31, 1998, the Company had a net tangible book value of $59.7 million or $2.21 per share of Common Stock based upon 27,022,080 shares of Common Stock outstanding. Net tangible book value per share is determined by dividing the net tangible book value of the Company (total tangible assets less total liabilities, excluding mandatorily redeemable Common Stock and preferred stock of the Company) as of such date by the number of shares of Common Stock outstanding as of such date. Without giving effect to any changes in the net tangible book value other than (i) the receipt and application by the Company of estimated net proceeds from the sale of the 9,920,000 shares of Common Stock sold by the Company in the Offering at an assumed initial public offering price of $14.00 per share (the midpoint of the range set forth on the cover page of this Prospectus) and (ii) the reduction in shareholders' equity of $31.6 million resulting from the completion of the redemption by the Company of certain shares of its capital stock (including Series A Preferred Stock), redemption of the outstanding shares of Series B Preferred Stock and payment of existing obligations of the Company to former holders of phantom units and stock appreciation rights (the "Stock Redemption Transaction"), the Company's pro forma net tangible book value as of October 31, 1998 would have been $161.1 million, or $4.36 per share of Common Stock. This represents an immediate increase in pro forma net tangible book value of $2.15 per share to the existing shareholders and an immediate dilution of $9.64 per share to new investors purchasing shares in the Offering. The following table illustrates this per share dilution to new investors:

<TABLE>

<S>	<C>	<C>
Initial public offering price per share.....		$14.00
Net tangible book value per share as of October 31, 1998 before the Offering.....	$2.21	
Increase in net tangible book value per share attributable to new investors in the Offering.....	3.01	
Effect of Stock Redemption Transaction.....	(0.86)	
Pro forma net tangible book value per share as of October 31, 1998 after giving effect to the Offering and the Stock Redemption Transaction.....		4.36
Dilution per share to new investors.....		$ 9.64

</TABLE>

The following table sets forth, on a pro forma basis as of October 31, 1998 after giving effect to the Offering and the Stock Redemption Transaction described above, the number of shares purchased from the Company, the total consideration paid and the average price per share paid by existing shareholders and the new investors purchasing shares of Common Stock from the Company in the Offering.

<TABLE>
<CAPTION>

	SHARES OF COMMON STOCK PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
<S>	<C>	<C>	<C>	<C>	<C>
Existing shareholders(1).....	27,022,080	73.1%	$ 74,563,000	34.9%	$ 2.76
New investors(1).....	9,920,000	26.9	138,880,000	65.1	14.00
Total.....	36,942,080	100.0%	213,443,000	100.0%	

</TABLE>

The foregoing table excludes share issuances and redemptions subsequent to October 31, 1998 and an aggregate of 7,000,000 shares of Common Stock comprised of (i) shares of Common Stock issuable upon the exercise of stock options that will be granted upon consummation of the Offering and (ii) shares of Common Stock reserved for future issuance under the Performance Award Plan. See "Management--Benefit Plans--Performance Award Plan." To the extent these options are exercised, there will be further dilution to new investors.

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(1) Sales by Selling Shareholders in the Offering will reduce the number of shares of Common Stock held by existing shareholders to 23,211,260 shares or approximately 65.0% (approximately 61.8% if the over-allotment option is exercised in full) and will increase the number of shares held by new investors to 12,500,000 shares or approximately 35.0% (14,375,000 shares or approximately 38.2% if the over-allotment option is exercised in full) of the total number of shares of Common Stock outstanding after the Offering. See "Principal and Selling Shareholders."

SELECTED FINANCIAL AND OTHER DATA
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

The following selected financial data are qualified by reference to, and should be read in conjunction with, the Company's Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus. The selected statement of operations data set forth below for the Company for the fiscal years ended April 30, 1996, 1997 and 1998 and the balance sheet data as of April 30, 1997 and 1998 are derived from the Company's Consolidated Financial Statements and Notes thereto, audited by Arthur Andersen LLP, appearing elsewhere in this Prospectus. The selected statement of operations data set forth below for the Company for the fiscal years ended April 30, 1994 and 1995 and the balance sheet data as of April 30, 1994, 1995 and 1996 are derived from consolidated financial statements and notes thereto, audited by Arthur Andersen LLP, which are not included in this Prospectus. The pro forma statement of operations data for the fiscal year ended April 30, 1998 and the six months ended October 31, 1998, together with the selected statement of operations data set forth below for the six months ended October 31, 1997 and 1998 and the balance sheet data at October 31, 1998, are unaudited.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,						SIX MONTHS ENDED OCTOBER 31,		
	1994	1995	1996	1997	1998	PRO FORMA 1998(1)	1997	1998	PRO FORMA 1998(1)
							(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:									
Total revenues	$143,608	$187,888	$230,217	$272,561	$315,025	$315,025	$147,135	$183,762	$183,762
Less reimbursed candidate expenses	4,440	6,627	8,731	12,137	14,470	14,470	6,804	8,073	8,073
Net revenues	139,168	181,261	221,486	260,424	300,555	300,555	140,331	175,689	175,689
Compensation and benefits	86,745	116,363	140,721	166,854	197,790	177,590	96,135	116,380	105,803
General and administrative expenses	39,362	48,630	64,419	73,005	84,575	84,575	35,872	51,961	51,961
Operating profit	13,061	16,268	16,346	20,565	18,190	38,390	8,324	7,348(2)	17,925(2)
Interest expense	1,991	2,323	3,683	3,320	4,234	4,234	1,740	2,582	2,582
Income before provision for income taxes and non-controlling shareholders' interests	11,070	13,945	12,663	17,245	13,956	34,156	6,584	4,766	15,343
Provision for income taxes	4,224	5,322	3,288	6,658	6,687	16,363	3,131	2,069	6,662
Non-controlling shareholders' interests(3)	1,788	2,139	1,579	1,588	2,025	2,025	1,015	1,324	1,324
Net income	$ 5,058	$ 6,484	$ 7,796	$ 8,999	$ 5,244	$ 15,768(4)	$ 2,438	$ 1,373	$ 7,357(4)
Net income per share									
Basic	$ 0.24	$ 0.30	$ 0.38	$ 0.42	$ 0.24	$ 0.72	$ 0.11	$ 0.05	$ 0.28
Diluted	0.21	0.27	0.36	0.40	0.23	0.66	0.11	0.05	0.27(5)
Weighted average common shares outstanding									
Basic	21,139	21,874	20,390	21,382	21,885	21,885	21,403	26,007	26,007
Diluted	26,255	25,607	23,019	23,481	23,839	23,839	23,280	27,242	27,242(5)

	APRIL 30,					OCTOBER 31, 1998	
	1994	1995	1996	1997	1998		(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:							
Cash and cash equivalents	$ 16,737	$ 28,244	$ 26,640	$ 25,298	$ 32,358		$ 23,277
Working capital	18,288	22,735	22,006	20,051	26,573		24,557
Total assets	85,606	110,003	126,341	148,405	176,371		187,439
Total long-term debt	3,687	6,004	3,922	3,206	6,151		7,102
Total mandatorily redeemable stock and shareholders' equity	29,375	34,149	43,075	50,812	58,754		65,841

</TABLE>

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(1) The unaudited pro forma statement of operations data for the fiscal year ended April 30, 1998 and the six months ended October 31, 1998 has been computed by eliminating from compensation and benefits that portion of consultant compensation that exceeds the amount which would have been paid had the Company's revised compensation program, which will be effective as of May 1, 1998 upon consummation of the Offering, been in effect for all of these periods. A pro forma adjustment also was made to reflect the increased income tax liability resulting from the corresponding increase in income before provision for income taxes, using the Company's effective tax rate of 48% in fiscal 1998 and 43% in the six months ended October 31, 1998. Under the revised compensation program, consultants and others will receive options to purchase shares of Common Stock at the market value at the time of grant. Such options will vest in equal installments over five years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

(2) For the six months ended October 31, 1998, operating profit excluding Futurestep on an actual and pro forma basis was $14,410 and $24,987, respectively.

(3) Represents the non-controlling majority shareholders' interests in the Company's Mexican subsidiaries.

(4) Upon consummation of the Offering, the Company expects to incur non-recurring compensation and benefits expenses of (i) approximately $46.8 million from the difference between the issuance price of the shares issued by the Company in the period beginning twelve months before the initial filing date of the Offering and the fair market value of the shares at the date of grant, (ii) approximately $27.1 million from the completion of the redemption by the Company of certain shares of its capital stock, including the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) approximately $4.5 million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. These non-recurring compensation and benefits expenses are not reflected in the pro forma fiscal year 1998 or the pro forma six months ended October 31, 1998 statements of operations data and will be reflected in the Company's financial statements for the quarter in which the Offering is consummated. See "Certain Transactions--Additional Redemption Amounts" and Notes 5, 6 and 14 of notes to Consolidated Financial Statements.

(5) The number of options to be granted pursuant to the Company's revised compensation program has not yet been determined and therefore these options have not been included in calculating diluted net income per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's objective is to maximize shareholder value by executing a strategy that focuses on expanding its leadership position as a preferred global executive search firm by offering a broad range of solutions to address its clients' management recruitment needs. The following presentation of management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto and other financial information included herein.

OVERVIEW

Korn/Ferry International is the world's largest executive search firm with 71 offices across 41 countries. In fiscal 1998, the Company had $315.0 million in total revenues and performed approximately 5,870 assignments for more than 3,750 clients. The Company derives substantially all of its revenues from fees for professional services, which are billed exclusively on a retained basis. Fees are typically equal to one third of the first year annual cash compensation for the positions being filled. The Company recognizes fee revenues as services are substantially rendered, generally over a three month period commencing in the month of initial acceptance of the search engagement. The Company generally bills its clients in three monthly installments over this period. In addition, clients typically are required to reimburse the Company for candidate travel and any other out-of pocket expenses incurred in the search process. Expenses that are billed to clients are included in total revenues. That portion of the expense attributable to candidate expenses is included in reimbursable candidate expenses and is deducted from total revenues to arrive at net revenues.

The Company's total revenues have grown at a compound annual growth rate of approximately 22% to $315.0 million in fiscal 1998 from $143.6 million in fiscal 1994. The principal drivers of this growth in total revenues are an increase in the number of assignments, geographic expansion and selected acquisitions. The number of searches increased 23% to 5,879 in fiscal 1998 from 4,774 in fiscal 1997, and 16% in fiscal 1997 from 4,113 in fiscal 1996. The average number of consultants grew 15% to 357 in fiscal 1998 from 311 in fiscal 1997, and 14% in fiscal 1997 from 274 in fiscal 1996.

Operating profit as a percentage of net revenues declined from 9% in fiscal 1994 to 6% in fiscal 1998. This decline resulted primarily from an increase in compensation and benefits expense as a percentage of net revenues from 62% in fiscal 1994 to 66% in fiscal 1998. The largest component of the Company's expenses consists of compensation and benefits paid to its consultants, executive officers and administrative and support personnel. The Company believes it has been able to attract and retain some of the most productive executive search consultants in the industry as a result of its premium reputation, history of consultant equity ownership and its performance-based compensation program. Currently, most of the Company's consultants are paid annual compensation consisting of a base salary and a cash performance bonus, which has historically represented a significant portion of total cash compensation.

Upon the consummation of the Offering, the Company's employee-shareholders will continue to own approximately 65% of the Company. The employee-shareholders have agreed to limit their ability to sell more than half of the Common Stock owned by them immediately prior to the Offering until the fourth anniversary of the Offering. See "Management--Liquidity Schedule." To align further the interests of Korn/Ferry's consultants and shareholders, the Company has revised its compensation programs. The revised compensation program, which will be effective as of May 1, 1998 upon consummation of the Offering, will reduce the amount of consultants' annual cash performance bonus payments and provide for the issuance of stock options pursuant to the Company's newly adopted Performance Award Plan. Under the revised compensation program, consultants and others will receive options to purchase shares of Common Stock at the market value at the time of grant. Such options will vest in equal installments over five years. See "Management--Benefit Plans--Performance Award Plan." Had the revised compensation program been in effect for all of fiscal 1998, compensation and benefits expenses reflected in the Company's Consolidated Financial Statements would have been reduced by approximately $20.2 million and operating profit as a percentage of net revenues would have increased to 13% in fiscal 1998 from 9% in fiscal 1994.

Upon consummation of the Offering, the Company expects to incur non-recurring compensation charges of (i) $46.8 million representing the difference between the book value issuance price of shares issued by the Company in the period beginning twelve months before the initial filing date of the Offering and the fair market value of the shares at the date of grant, (ii) approximately $27.1 million from the completion of the redemption by the Company of certain shares of its capital stock, including payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) approximately $4.5 million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. These charges will be reflected in the Company's Consolidated Financial Statements in the quarter in which the Offering is consummated.

In May 1998, the Company introduced its Internet-based service, Futurestep. Futurestep's losses approximated $0.8 million for fiscal 1998 and $7.1 million for the six months ended October 31, 1998 and are primarily related to marketing and other start-up costs. The Company believes Futurestep will generate operating losses through at least the end of fiscal 2000. Futurestep plans to expand in the United States throughout fiscal 1999 and in other selected markets thereafter.

RESULTS OF OPERATIONS

The following table summarizes the results of the Company's operations for each of the past three fiscal years and for the first six months of fiscal 1998 and 1999 as a percentage of net revenues.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,				SIX MONTHS ENDED OCTOBER 31,		
					(UNAUDITED)		
				PRO FORMA			PRO FORMA
	1996	1997	1998	1998(1)	1997	1998	1998(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Net revenues.....	100%	100%	100%	100%	100%	100%	100%
Compensation and benefits.....	64	64	66	59	68	66	60
General and administrative expenses.....	29	28	28	28	26	30	30
Operating profit(2).....	7	8	6	13	6	4	10
Net income.....	4	3	2	5	2	1	4

</TABLE>
- --------

(1) Assumes the Company's revised compensation program for consultants had been in effect for all of fiscal 1998 and the first six months of fiscal 1999. See "Selected Financial and Other Data."

(2) For the six months ended October 31, 1997 and 1998 operating profit as a percentage of net revenues excluding Futurestep on an actual and pro forma basis is 8% and 13%, respectively.

The Company experienced growth in total revenues in all geographic regions from fiscal 1996 through 1998. For the first six months of fiscal 1999, revenues increased in all geographic regions except for Asia/Pacific. The following table summarizes the Company's total revenues by geographic region for each of the past three fiscal years and the six months ended October 31, 1997 and 1998. The Company includes revenues generated from its Mexican operations with its operations in Latin America. Futurestep revenues of $0.7 million for the six month period ended October 31, 1998 are included in North America.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,						SIX MONTHS ENDED OCTOBER 31,			
	1996		1997		1998		1997		1998	
	DOLLARS	%	DOLLARS	%	DOLLARS	%	DOLLARS	%	DOLLARS	%
					(IN THOUSANDS)		(UNAUDITED)		(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
North America.....	$111,513	48%	$135,192	50%	$ 162,618	52%	$ 72,426	49%	$ 96,982	53%
Europe.....	68,890	30	77,505	28	86,180	27	39,869	27	52,699	29
Asia/Pacific.....	29,921	13	34,532	13	34,811	11	19,041	13	16,789	9
Latin America.....	19,893	9	25,332	9	31,416	10	15,799	11	17,292	9
Total revenues.....	$230,217	100%	$272,561	100%	$ 315,025	100%	$147,135	100%	$183,762	100%

</TABLE>

SIX MONTHS ENDED OCTOBER 31, 1998 COMPARED TO SIX MONTHS ENDED OCTOBER 31, 1997

Total Revenues

Total revenues increased $36.7 million, or 25%, to $183.8 million for the six months ended October 31, 1998 from $147.1 million for the six months ended October 31, 1997. The increase in total revenues was primarily attributable to a 13% increase in the average number of consultants and an 11% increase in average revenue per consultant in the current period.

In North America, total revenues increased $24.6 million, or 34%, to $97.0 million for the six months ended October 31, 1998 from $72.4 million for the three months ended October 31, 1997. In Europe, total revenues increased $12.8 million, or 32%, to $52.7 million for the six months ended October 31, 1998 from $39.9 million for the comparable period ended October 31, 1997. In Asia-Pacific, total revenues declined $2.2 million, or 13%, to $16.8 million for the six months ended October 31, 1998 from $19.0 million for the six months ended October 31, 1997 and in Latin America, total revenues increased $1.5 million, or 9%, to $17.3 million for the six months ended October 31, 1998 from $15.8 million for the comparable period ended October 31, 1997.

Total revenue growth in North America, Europe and Latin America was attributable primarily to a 14%, 12% and 16% increase, respectively, in the average number of consultants in the respective regions and an increase in the number of assignments in North America and Europe. The growth in total revenues also reflects the addition of revenues generated from two offices in North America and one office in Latin America that were opened in fiscal 1998. The growth in total revenues in Europe for the six months ended October 31, 1998 reflects the additional revenues generated from two offices that were opened in fiscal 1998 and the acquisition of subsidiaries in France and Switzerland in the first quarter of fiscal 1999. The decline in total revenues for Asia/Pacific for the six months ended October 31, 1998 as compared to the six months ended October 31, 1997 of $2.2 million was attributable to continued economic uncertainty in the region offset by a 6% increase in the average number of consultants for the six months ended October 31, 1998 from

the year earlier period. The Company believes Asia/Pacific total revenues in fiscal 1999 may continue to decline from fiscal 1998 total revenues but the impact on total revenues is not expected to be significant.

Interest income and other income increased $0.8 million to $1.9 million for the six months ended October 31, 1998 from $1.1 million for the six months ended October 31, 1997. The increase was due primarily to interest earned on notes receivable from shareholders.

Compensation and Benefits

Compensation and benefits increased $20.3 million, or 21%, to $116.4 million for the six months ended October 31, 1998 from $96.1 million for the six months ended October 31, 1997. This increase primarily reflects a 13% increase in the average number of consultants for the six months ended October 31, 1998 over the comparable period in 1997 and Futurestep compensation and benefits expense of $1.9 million in the six months ended October 31, 1998. Compensation and benefits as a percentage of net revenues in the six months ended October 31, 1998 decreased to 66% from 68% in the six months ended October 31, 1997 reflecting the larger percentage increase in net revenues in the current six month period offset by expenses related to Futurestep and the French and Swiss acquisitions. See Note 15 to the Company's Consolidated Financial Statements. Had the Company's revised compensation program been in effect from May 1, 1998, compensation and benefit expenses for the six months ended October 31, 1998 would have been reduced by $10.6 million.

General and Administrative Expenses

General and administrative expenses consist of occupancy expense associated with the Company's leased premises, investments in information and technology infrastructure, marketing and other general office expenses. General and administrative expenses increased $16.1 million, or 45%, to $52.0 million in the six months ended October 31, 1998 from $35.9 million for the six months ended October 31, 1997. This increase primarily related to an increase from the year earlier period in occupancy and office expenses, including depreciation and leasehold

amortization expense, attributable to the operation of five offices that were opened in fiscal 1998 and the recognition of $5.0 million of Futurestep expenses primarily related to business development. As a percentage of net revenues, general and administrative expenses, excluding Futurestep related expenses remained relatively flat at 26% for the six months ended October 31, 1998 and the comparable period in 1997.

Operating Profit

Operating profit includes interest income, other income and the Futurestep loss for the six months ended October 31, 1998. The Futurestep loss of $7.1 million is included in the North American region. Operating profit decreased $1.0 million from $8.3 million for the six months ended October 31, 1997 to $7.3 million for the six months ended October 31, 1998. Operating profit as a percentage of net revenues decreased to 4% for the six months ended October 31, 1998 from 6% for the comparable period ended October 31, 1997, reflecting a 4% decrease related to Futurestep expenses for the six months ended October 31, 1998 offset by the 3% decrease in compensation and benefits as a percentage of net revenues. Had the Company's revised compensation program been in effect for the six months ended October 31, 1998 operating profit would have been $17.9 million or 10% of net revenues.

Operating profit as a percentage of net revenues, excluding Futurestep, increased across all regions for the six months ended October 31, 1998 compared to the same period of the prior fiscal year. The North American region, excluding Futurestep, contributed approximately 55% of the Company's operating profit for six months ended October 31, 1998 compared to 50% in the same period of the prior fiscal year. The European region contributed approximately 10% to the Company's operating profit for the six months ended October 31, 1998 compared to 2% in the same period of the prior fiscal year. Operating profit contributed by Asia/Pacific declined from 7% to 4% while the Latin American contribution decreased from 40% to 30% for the six months ended October 31, 1998 compared to the same period in 1997. The employee shareholders of certain of the Company's Latin American subsidiaries receive a portion of their bonus in the form of dividends, which are not included in determining operating profit for the Latin American region.

Interest Expense

Interest expense increased $0.9 million to $2.6 million for the six months ended October 31, 1998 from $1.7 million for the six months ended October 31, 1997. Interest expense for these two periods reflected the Company's increased borrowings under Company-owned life insurance ("COLI") policies and a higher average outstanding long-term debt balance.

Provision for Income Taxes

The provision for income taxes decreased $1.0 million to $2.1 million for the six months ended October 31, 1998 from $3.1 million for the six months ended October 31, 1997. The effective tax rate was 43% for the six months ended October 31, 1998 as compared to 48% for the comparable period in 1997. The reduction in the effective tax rate resulted primarily from a decrease in foreign cash remittances which are treated as taxable income in the United States when received.

Non-controlling Shareholders Interests

Non-controlling shareholder's interests are comprised of the non-controlling shareholders' majority interests in the Company's Mexican subsidiaries. Non-controlling shareholders' interests increased $0.3 million to $1.3 million in the six months ended October 31, 1998 from $1.0 million for the six months ended October 31, 1997. This increase is attributable to a 30% increase in net income generated by the Mexican subsidiaries during this period.

FISCAL 1998 COMPARED TO FISCAL 1997

Total Revenues

Total revenues increased $42.4 million, or 16%, to $315.0 million for fiscal 1998 from $272.6 million for fiscal 1997. The increase in total revenues was primarily the result of a 15% increase in the average number of consultants and a 23% increase in the number of assignments in fiscal 1998.

In North America, total revenues increased $27.4 million, or 20%, to $162.6 million for fiscal 1998 from $135.2 million for fiscal 1997. In Europe, total revenues increased $8.7 million, or 11%, to $86.2 million in fiscal 1998 from $77.5 million in fiscal 1997. In Asia/Pacific, total revenues remained relatively flat in fiscal 1998 as compared to fiscal 1997 and in Latin America, total revenues increased $6.1 million, or 24%, to $31.4 million in fiscal 1998 from $25.3 million in fiscal 1997.

The average number of consultants grew in each region, reflecting the addition of two offices in North America, two offices in Europe and one office in Latin America. In addition, the Company experienced strong growth in the number of assignments in each region except Asia/Pacific and increased total revenue per assignment in North America. The relatively constant total revenues and assignments for Asia/Pacific from fiscal 1997 to fiscal 1998 was attributable to economic uncertainties in Asia. The Company believes Asia/Pacific total revenues in fiscal 1999 may decline from fiscal 1998 but the impact on total revenues is not expected to be significant.

Interest income and other income increased $1.1 million to $4.0 million in fiscal 1998 from $2.9 million in fiscal 1997. The increase was due primarily to other search related services.

Compensation and Benefits

Compensation and benefits increased $30.9 million, or 19%, to $197.8 million in fiscal 1998 from $166.9 million in fiscal 1997. This increase was attributable to a 15% increase in the average number of consultants to 357 in fiscal 1998 from 311 in fiscal 1997 and an overall increase in compensation and benefits as a percentage of net revenues. Compensation and benefits as a percentage of net revenues in fiscal 1998 was 66% as compared to 64% in fiscal 1997. In addition, the Company has incurred an increase in sign-on bonuses granted to newly hired consultants in fiscal 1998 prior to their generation of revenues and guaranteed bonuses. This type of compensation is viewed by the Company as a necessary investment in attracting and hiring the most productive consultants in the industry.

General and Administrative Expenses

General and administrative expenses increased $11.6 million, or 16%, to $84.6 million in fiscal 1998 from $73.0 million in fiscal 1997. This increase was primarily related to an increase in occupancy and office expenses, including depreciation and leasehold amortization expense attributable to the opening of five new offices in fiscal 1998 as well as the full year of operation of the net four offices opened in fiscal 1997. As a percentage of net revenues, general and administrative expenses remained constant at 28% for both fiscal 1998 and fiscal 1997. Technology expenses amounted to $8.4 million in fiscal 1998 as compared to $7.2 million in fiscal 1997. The Company intends to continue investing in information systems, other technology infrastructure and in research activities to support its growth.

Operating Profit

Operating profit decreased $2.4 million to $18.2 million in fiscal 1998 from $20.6 million in fiscal 1997. As a percentage of net revenues, operating profit decreased to 6% in fiscal 1998 from 8% in fiscal 1997. This decrease

was attributable to the increase in compensation and benefits in fiscal 1998 from fiscal 1997 as discussed above.

The percentage of the Company's operating profit contributed by the North American and Asia/Pacific regions decreased to approximately 59% and 4%, respectively, in fiscal 1998 compared to 67% and 17%,

respectively in the prior fiscal year. The percentage of the Company's operating profit contributed by the European region increased to approximately 2% in fiscal 1998 from a negative contribution of 4% in fiscal 1997, and the percentage of the Company's operating profit contributed by the Latin American region increased to approximately 35% of the Company's operating profit in fiscal 1998 from 20% in fiscal 1997.

Interest Expense

Interest expense increased $0.9 million to $4.2 million in fiscal 1998 from $3.3 million in fiscal 1997. Interest expense for this two year period reflected the Company's increased borrowings under life insurance policies and the Company's credit facility.

Provision for Income Taxes

The provision for income taxes in both fiscal 1998 and fiscal 1997 was $6.7 million. The effective tax rate was 48% for fiscal 1998 compared to 39% in fiscal 1997. The increase was due to the increase in cash remittances from foreign operations that was treated as taxable income in the United States. The Company has implemented a global cash management strategy to optimize the timing and extent of future foreign cash remittances.

Non-controlling Shareholders' Interests

Non-controlling shareholders' interests are comprised of the non-controlling shareholders' majority interests in the Company's Mexican subsidiaries. Non-controlling shareholders' interests increased $0.4 million to $2.0 million in fiscal 1998 from $1.6 million in fiscal 1997. This change was primarily due to an increase in net income generated by the Mexican subsidiaries of approximately $1.0 million in fiscal 1998.

FISCAL 1997 COMPARED TO FISCAL 1996

Total Revenues

Total revenues increased $42.3 million, or 18%, to $272.6 million for fiscal 1997 from $230.2 million for fiscal 1996. The increase in total revenues was primarily the result of a 14% increase in the average number of consultants and a 16% increase in the number of assignments in fiscal 1997.

North American total revenues increased $23.7 million, or 21%, to $135.2 million for fiscal 1997 from $111.5 million for fiscal 1996. In the European region, total revenues grew 13% to $77.5 million in fiscal 1997 from $68.9 million in fiscal 1996. Asia/Pacific total revenues increased $4.6 million, or 15%, to $34.5 million in fiscal 1997 from $29.9 million in fiscal 1996. Latin America total revenues increased $5.4 million, or 27%, to $25.3 million in fiscal 1997 from $19.9 million in fiscal 1996. The average number of consultants grew in each region, particularly in Asia/Pacific where the Company opened five new offices in fiscal 1997. In addition, the Company experienced strong growth in the number of assignments in each region except for Europe. Revenue growth in Europe and Latin America was also positively impacted by increases in total revenues per assignment for fiscal 1997 as compared to fiscal 1996.

Interest income and other income decreased $1.8 million to $2.9 million in fiscal 1997 from $4.8 million in fiscal 1996. This decrease was primarily attributable to additional income associated with the earnings and gain on sale of an interest in an affiliate in fiscal 1996. See "Certain Transactions--Strategic Compensation Associates."

Compensation and Benefits

Compensation and benefits increased $26.1 million, or 19%, to $166.9 million in fiscal 1997 from $140.7 million in fiscal 1996. This increase was primarily attributable to a 14% increase in the average number

of consultants of 274 in fiscal 1996 to 311 in fiscal 1997. As a percentage of net revenues, fiscal 1997 and fiscal 1996 compensation and benefits were constant at 64%.

General and Administrative Expenses

General and administrative expenses increased $8.6 million, or 13%, to $73.0

million in fiscal 1997 from $64.4 million in fiscal 1996. This increase was primarily related to an increase in occupancy and office expenses, including depreciation and leasehold amortization expense, attributable to the opening of net four new offices in fiscal 1997. As a percentage of net revenues, general and administrative expenses decreased from 29% in fiscal 1996 to 28% in fiscal 1997.

Operating Profit

Operating profit increased $4.2 million to $20.6 million in fiscal 1997 from $16.3 million in fiscal 1996. As a percentage of net revenues, operating margin increased to 8% in fiscal 1997 from 7% in fiscal 1996. This increase was primarily attributable to the decrease in general and administrative expenses as a percent of net revenues in fiscal 1997 as compared to fiscal 1996. Operating profit contributed by North America increased to 67% from 48% in fiscal 1996 while the contributions of the other regions declined. The European region experienced the largest decrease from 8% in fiscal 1996 to a negative contribution of 4% in fiscal 1997. Operating profit contributed by the Asia/Pacific and Latin American regions during fiscal 1997 declined from 19% to 17% and from 25% to 20%, respectively, compared to the same period of the prior year.

Interest Expense

Interest expense decreased $0.4 million to $3.3 million in fiscal 1997 from $3.7 million in fiscal 1996. This decrease was primarily attributable to lower average outstanding principal amounts on notes payable to shareholders that more than offset the effect of higher borrowings under COLI policies.

Provision for Income Taxes

The provision for income taxes increased $3.4 million to $6.7 million in fiscal 1997 from $3.3 million in fiscal 1996. The effective tax rate was 39% for fiscal 1997 as compared to 26% in fiscal 1996. The lower effective tax rate in fiscal 1996 was due primarily to an increase in foreign tax credits that resulted in a reduction in the income tax provision of $1.5 million.

Non-controlling Shareholders' Interests

Non-controlling shareholder interests remained unchanged at $1.6 million in fiscal 1997 and fiscal 1996.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents selected financial information as of the end of the past three fiscal years and as of October 31, 1998:

<TABLE>
<CAPTION>

	AS OF APRIL 30,			
	1996	1997	1998	OCTOBER 31, 1998
	(IN THOUSANDS)			(UNAUDITED)
<S>	<C>	<C>	<C>	<C>
Working capital	$22,006	$20,051	$26,573	$24,557
Line of credit	--	3,000	--	--
Total long-term debt, net of current maturities	3,922	3,206	6,151	7,102
Borrowings under life insurance policies	30,305	32,278	37,638	39,837

</TABLE>

The Company finances operating expenditures primarily through cash flows from operations and maintains a line of credit to manage timing differences between cash receipts and disbursements. During fiscal 1996, 1997 and 1998, cash provided by operating activities was $8.3 million, $10.2 million and $18.5 million, respectively.

During the six months ended October 31, 1997 and 1998, cash used in operating activities was $3.1 million and $1.7 million, respectively. The use of cash for operations in the first six months of fiscal 1998 and 1999 is due primarily to payment of bonuses accrued at each prior fiscal year end. As of October 31, 1998, the Company maintained a line of credit in the approximate amount of $11 million. The Company is currently in the process of re-evaluating its credit requirements, and banking arrangements. The Company had no outstanding borrowings under the bank line of credit as of October 31, 1998.

Capital expenditures totaled approximately $8.1 million, $8.5 million, $9.9 million for fiscal 1996, 1997 and 1998, respectively, and $5.4 million and $4.9 million for the six months ended October 31, 1997 and 1998, respectively.

These expenditures consisted primarily of upgrades to information systems, purchases of office equipment and leasehold improvements. The Company expects to maintain capital expenditures in fiscal 1999 at the fiscal 1998 level to support office expansion and technology investments. In addition, the Company plans to install a new financial system in fiscal 1999 with an expected installation cost of approximately $10 million over the next two fiscal years.

Included in cash flows from investing activities are premiums paid on COLI contracts. The Company purchases COLI contracts to provide a funding vehicle for anticipated payments due under its deferred executive compensation programs. Premiums on these COLI contracts were $8.6 million, $7.9 million, $12.4 million in fiscal 1996, 1997 and 1998, respectively, and $3.5 million and $3.8 million for the six months ended October 31, 1997 and 1998, respectively. Generally, the Company borrows against the cash surrender value of the COLI contracts to fund the COLI premium payments. In fiscal 1996, the Company invested $5.3 million of cash proceeds from borrowings against COLI contracts in excess of premium payments in guaranteed investment contracts. In fiscal 1997 and 1998, net redemptions of guaranteed investment contracts were $1.8 million and $1.9 million respectively and there were no net redemptions in the six months ended October 31, 1997 and 1998.

On May 1, 1998, the Company acquired the assets and liabilities of Didier Vuchot & Associates in France for approximately $6 million in cash, notes and mandatorily redeemable stock of a subsidiary of the Company. On June 1, 1998, the Company acquired all of the outstanding shares of two firms in Switzerland in a combined transaction for $3.6 million payable in cash, notes and mandatorily redeemable common stock of the Company. The acquisitions resulted in a net cash outflow of $1.3 million, comprised of a $2.5 million cash payment offset by $1.2 million of cash acquired.

Cash provided by financing activities was approximately $7.7 million, and $2.9 million during the six months October 31, 1997 and 1998, which included repayments and borrowings under COLI contracts of $0.1 million and $2.2 million in the six months ended October 31, 1997 and 1998, respectively, and proceeds from sales of common stock of the Company to newly hired and promoted consultants and payments on the related promissory notes of $2.6 million and $3.7 million, respectively. Additionally, the Company paid $1.9 million and $2.2 million to repurchase common stock of the Company in the six months ended October 31, 1997 and 1998, respectively.

During fiscal 1998, cash provided by financing activities was approximately $9.2 million, which included borrowings under COLI contracts of $5.4 million, proceeds from sales of Common Stock to newly hired and promoted consultants and payments on the related promissory notes of $6.6 million. Additionally, in fiscal 1998 the Company paid $2.8 million to repurchase Common Stock. During fiscal 1997, cash provided by financing activities was approximately $4.4 million, consisting primarily of proceeds from sales of Common Stock to newly hired and promoted consultants and payments on the related promissory notes of $5.6 million, repurchases of Common Stock and payments on the related notes payable of $3.7 million and borrowings against COLI contracts of $2.0 million. During fiscal 1996, cash of $13.6 million was provided by financing activities consisting principally of proceeds from borrowings under COLI contracts of $12.9 million. In fiscal 1996, issuances and purchases of Common Stock and payments on the related notes receivable and notes payable were $5.7 million and $2.5 million, respectively.

Total outstanding borrowings under life insurance policies were $30.3 million, $32.3 million, $37.6 million and $39.8 million as of April 30, 1996, 1997, 1998 and October 31, 1998, respectively. Such borrowings are

secured by the cash surrender value of the life insurance policies, do not require principal payments and bear interest at various variable rates.

IMPACT OF YEAR 2000

The Year 2000 issue is the result of computer programs being written to use two digits to define year dates. Computer programs running date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This defect could result in systems failure or miscalculations causing disruptions of operations. The Company utilizes information technology to facilitate (i) its internal search processes and inter-office communications, (ii) communications with candidates and clients and (iii) its financial management systems and other support systems.

In fiscal 1998, the Company commenced an inventory and Year 2000 assessment of its principal computer systems, network elements, software applications and other business systems. The Company intends to correct any Year 2000 issues and to ensure compliance from its third party vendors. The Company has determined that an information system used in its London office is not Year 2000 compliant, and the Company will replace the non-compliant system with a Year 2000 compliant system in calendar year 1999.

The Company's primary business does not depend on material relationships

with third party vendors but utilizes third party vendors for a number of functions, including its automated payroll functions, insurance and investment of pension funds. The Company is initiating formal communications with third party providers to determine the extent to which these third parties are moving toward Year 2000 compliance. The Company also utilizes third party on-line information services and the Internet to communicate and to retrieve information about potential candidates and clients. Failure of these third parties to have their systems Year 2000 compliant may have a material adverse effect on the Company's operations.

The following scenarios with respect to the Company's systems could occur: (i) its software may not be Year 2000 compliant, (ii) integration of upgrades may not be complete by the year 2000 and (iii) replacement of its non-compliant systems may be complete by the year 2000 but not fully tested or monitored prior to the year 2000 such that testing and monitoring will uncover problems that the Company cannot remedy in a timely manner.

Failure of search-related systems to be Year 2000 compliant might force the Company to use different Year 2000 compliant systems to conduct searches and might decrease productivity. Any failure of the Company's financial systems to be Year 2000 compliant could hinder timely reporting of financial data and processing of financial information as these functions would have to be performed manually using non-networked computers. If any non-information technology systems is not Year 2000 compliant, the Company will need to repair or replace such systems. The Company believes that failure to be Year 2000 compliant will not have a significant impact on its human resource systems. The Company's interruption or loss of information processing capabilities due to Year 2000 issues could have a material adverse effect on the Company's business, results of operations and financial conditions.

The Company expects to incur $500,000 in fiscal 1999 to resolve Year 2000 issues of which $30,000 was spent as of October 31, 1998. The Company has not yet estimated all costs relating to the Year 2000 issues. The expenses to be incurred on the Year 2000 issues are being funded through operating cash flows. The costs relating to the Year 2000 issues and the date on which the Company believes it will complete the Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third-party modification plans and other factors. Actual results could differ materially from those anticipated.

RECENT EVENTS

The Company is currently evaluating its worldwide operations. The results of this analysis could result in a one time charge to earnings of approximately $6 million to $9 million in the third quarter of fiscal 1999

comprised primarily of costs related to office closures and staff downsizing. As a result of the resignation of Michael D. Boxberger, the Company's former president and chief executive officer, in December 1998 the Company intends to recognize a charge to earnings over the next twelve months of approximately $1.3 million for compensation paid in accordance with a general release and settlement agreement between the Company and Mr. Boxberger (the "Settlement Agreement"). Upon consummation of this Offering, the Company will also recognize a non-cash charge to earnings of approximately $1.4 million representing the difference between the then current book value and appraised fair market value of 165,168 common shares he retained subsequent to his resignation. See "Management--Executive Compensation--Resignation of Michael D. Boxberger." The effect on future earnings of modifications, if any, to the existing stock repurchase agreements under the Company's equity participation programs has not yet been determined. However, the effect of any modifications to such agreement would be a non-cash charge.

QUARTERLY RESULTS

The following table sets forth certain unaudited statement of operations data for the quarters in fiscal 1997, 1998 and 1999. The unaudited quarterly information has been prepared on the same basis as the annual financial statements and, in management's opinion, includes all adjustments necessary to present fairly the information for the quarters presented. Results for any previous fiscal quarter are not necessarily indicative of results for the full fiscal year or for any future fiscal quarter.

<TABLE>
<CAPTION>

	FISCAL QUARTERS ENDED,									
	1997				1998				1999	
	JULY 31	OCT. 31	JAN. 31	APR. 30	JULY 31	OCT. 31	JAN. 31	APR. 30	JULY 31	OCT. 31
	(IN THOUSANDS)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Total revenues.....	$57,407	$68,331	$71,902	$74,921	$70,273	$76,862	$82,623	$85,267	$88,995	$94,767
Net income.....	1,495	2,343	2,354	2,807	1,112	1,326	1,587	1,219	1,519(1)	$ (146)(1)

</TABLE>
- --------

(1) Net income excluding Futurestep for the fiscal quarters ended July 31, 1998 and October 31, 1998 is $2,934 and $2,464, respectively.

RECENTLY ISSUED ACCOUNTING STANDARDS

During 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires companies to report financial and descriptive information about its reportable operating segments in the interim and annual financial statements. It is effective for annual periods beginning after December 15, 1997 and will be adopted by the Company in fiscal 1999. It is not expected that the adoption of this standard will have any impact on the consolidated financial statements but may require additional footnote disclosure.

During 1998, the FASB issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits an amendment to FASB Statements No. 87, 88 and 106," which revises employers' disclosure requirements for pension and other postretirement plans. It does not change the measurement or recognition of costs and benefits provided by those plans. The standard is effective for fiscal years beginning after December 15, 1997, although earlier application is encouraged. Disclosures for earlier periods have been restated for comparative purposes. Adoption of this pronouncement is reflected in the accompanying consolidated financial statements (See Note 8).

During 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes new standards for reporting derivative and hedging information. The standard is effective for periods beginning after June 15, 1999 and will be adopted by the Company as of May 1, 2000. It is not expected that the adoption of this standard will have any impact on the consolidated financial statements nor require additional footnote disclosure since the Company does not currently utilize derivative instruments or participate in structured hedging activities.

BUSINESS

GENERAL

Korn/Ferry International is the world's largest executive search firm and has the broadest global presence in the industry with 384 consultants based in 71 offices across 41 countries. The Company's premier global reputation, strong client relationships, senior-level search expertise, innovation and technological leadership provide Korn/Ferry with distinct competitive advantages. According to Kennedy Information, the Company has ranked first in revenues in the executive search industry for the last 19 years. Since fiscal 1993, the Company has generated compound annual revenue growth of 23%. In fiscal 1998, the Company had total revenues of $315.0 million and performed over 5,870 assignments for more than 3,750 clients, including approximately 43% of the Fortune 500. Korn/Ferry's clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. The Company's clients include Atlantic Richfield Company, Chase Manhattan Corporation, Cemex, S.A., Diageo plc, Ford Motor Company, General Electric Company, Lucent Technologies Incorporated, Monsanto Company and United Technologies Corporation. Almost half of the searches performed by the Company in fiscal 1998 were for board level, chief executive and other senior executive officer positions. The Company has established strong client loyalty; more than 80% of the search assignments it performed in fiscal 1998 were on behalf of clients for whom it had conducted multiple assignments over the last three fiscal years.

The Company believes it is an innovator in the executive search industry and forward-thinking in addressing the fundamental transformation of the marketplace caused by the combined impact of advanced technology and the Internet. In anticipation of these changing industry dynamics, and in response to clients' demand for middle-management recruitment services, the Company recently established Futurestep, its Internet-based search service. Futurestep combines Korn/Ferry's search expertise with exclusive candidate assessment tools and the reach of the Internet to accelerate the recruitment of candidates for middle-management positions. Following Futurestep's introduction in southern California and selected North American markets beginning in May 1998, approximately 110,900 candidates worldwide have completed a detailed on-line profile with Futurestep and approximately 183,300 candidates have completed an initial registration. The Company and Futurestep have an exclusive alliance with The Wall Street Journal, the first of its kind in the industry. This alliance provides preferred print and on-line access to The Wall Street Journal's readers, advertisers and on-line users. The Company believes its investments in technology-based recruitment will enable it to

expand its share of the middle-management recruitment market and to strengthen its leading industry position as new methodologies begin to be utilized in senior-level search.

Korn/Ferry is also an established and respected source of management research. For example, the Company's Annual Board of Directors Survey of the Fortune 1000, now in its 25th year, reports on the structure, policy and trends in America's corporate boardrooms and is recognized as one of the most comprehensive, long-term studies of boards available. The Company publishes similar surveys covering Australasia and Europe.

EXECUTIVE SEARCH INDUSTRY

Overview

According to Kennedy Information, worldwide executive search revenue grew at a 20% compound annual growth rate, from approximately $3.5 billion in 1993 to $7.3 billion in 1997. The executive search industry is separated into two distinct markets: retained search firms and contingency search firms.

Retained search firms generally concentrate on searches for positions with annual compensation of $150,000 or more for large public and private corporations, government agencies, educational organizations and high growth start-up companies. Retained search firms also have the capability to provide their clients with local and international knowledge of the managerial market within their client's industry, as well as a sophisticated network of relevant industry contacts. Retained search firms typically charge a fee for their services equal to approximately one-third of the annual cash compensation for the position being filled and bill for their services in three installments irrespective of whether a position has been filled.

Contingency search firms generally concentrate on searches for positions with annual compensation of $150,000 or less. These firms are most commonly hired to fill middle and lower management positions of small to medium-sized companies. Unlike retained search firms, contingency search firms are compensated only when a position is filled. Accordingly, revenues generated by a contingency search firm typically are more volatile than revenues generated by a retained search firm. For this reason, contingency search firms often cannot invest as many resources as retained search firms in a search assignment. Contingency search firms typically charge a fee for their services equal to approximately one-third of the annual cash compensation for the position being filled.

The executive search industry is highly fragmented, consisting of approximately 4,000 retained and contingency search firms in 1997. According to Kennedy Information, the ten largest retained search firms accounted for only 11% of the global search industry in 1997. In 1997, more than 80% of retained search firms and approximately 90% of contingency search firms generated less than $2 million each in annual revenues.

Industry Trends

The Company believes that a number of favorable trends will contribute to the continued growth of the executive search industry, including: (i) the globalization of business; (ii) the demand for managers with broader skills; (iii) the increasing outsourcing of recruitment functions; and (iv) the use of advanced technology to accelerate the identification and assessment of candidates. The Company believes it is well positioned relative to these key industry trends.

GLOBALIZATION OF BUSINESS. As the world markets continue to integrate into one global economy, more companies are required to supplement internal talent with experienced senior executives who can operate effectively in a global economy. The rapidly changing and competitive environment increasingly challenges multinational and local companies to identify qualified executives with the right combination of skills, experience and cultural compatibility. This globalization of business, including the expansion in new markets, has led companies to look beyond their particular region for management talent and to identify local executives in the regions where they are doing business.

Korn/Ferry's Position. With 71 offices in 41 countries, the Company is well positioned to benefit from the growing management demands of companies worldwide. To address its clients' global needs, the Company has opened 14 new offices in the last three fiscal years, including those in Athens, Austin, Copenhagen, Istanbul, Lima, Philadelphia, Rio de Janeiro, Seoul, Shanghai, Tysons Corner (Virginia) and Wellington (New Zealand). By leveraging its extensive knowledge of the growing pool of local talent in each of the regions in which it operates, the Company is able to identify and place qualified candidates capable of effectively adapting to the local culture and successfully furthering the client's objectives. In addition, with the geographic expansion of advertised recruitment and Futurestep, the Company is leveraging its global network and search capabilities to meet the management recruitment needs of existing and potential clients.

DEMAND FOR MANAGERS WITH BROADER QUALIFICATIONS. The Company's recent global study, Developing Leadership for the 21st Century, indicates that companies are seeking broader qualifications for executive positions. In many instances, these candidates cannot be found within a client's organization despite training, rotation programs and succession planning. Thus, the Company expects that the executive search business will continue to grow as companies increasingly turn to executive search firms to identify qualified executives.

Korn/Ferry's Position. To address client demand for managers with broader qualifications, the Company employs an integrated team approach to complete its searches. For each assignment, the Company is able to draw on its consultants' expertise in specific regions, industries and functions. The Company's specialty practice groups include advanced technology, consumer, energy, entertainment, fashion/retail, financial services, healthcare, industrial, not-for-profit/associations/education and professional services. Certain consultants also have in-depth expertise in searches for functional positions, such as members of boards of directors, chief executive officers, chief financial officers and chief information officers.

INCREASING OUTSOURCING OF RECRUITMENT FUNCTIONS. Recent economic factors are requiring companies to focus on core competencies and to outsource recruitment functions to providers, such as Korn/Ferry, who can efficiently provide high quality recruitment services. Moreover, the trend towards globalization and the current shortage of qualified management-level candidates have made identifying and recruiting exceptional candidates more difficult. Companies are increasingly relying on experienced global executive search firms to address their management recruitment needs. By hiring executive search firms, companies can expect to: (i) access a diverse and highly qualified field of candidates on an as-needed basis; (ii) reduce the costs required to maintain and train a recruiting department in a rapidly changing industry; (iii) benefit from the most updated information on the industry and specific geographic markets; (iv) access leading search technology and software; and (v) maintain management focus on strategic business issues.

Korn/Ferry's Position. The Company believes that its premier reputation, leading global presence, strong client relationships, extensive senior-level search expertise, innovation and technological leadership position the Company well to benefit from the growth in outsourcing of recruitment functions. In addition, by providing senior-level to middle-management search services, the Company seeks to become a preferred provider of recruitment services for its clients across all levels of management. This goal is consistent with many clients' desire to reduce the number of vendors they have and to deepen relations with their preferred vendors. In order to serve its clients' global management search needs, the Company maintains one of the largest, most diverse and technologically innovative global databases of highly qualified candidates and provides geographic, industry and functional expertise.

USE OF ADVANCED TECHNOLOGY. Technology is having an increasing impact on the search industry. Global systems and the ability to create comprehensive worldwide databases are fundamentally changing the search process and moving the emphasis of the search business from candidate identification to candidate assessment and placement. In addition, the Internet is creating efficient ways to identify and recruit from the broad middle-management market, with Internet technology expected to have applicability to senior-level searches in the near future. At the same time, new barriers to entry into the executive search industry are being created as these investments in information technology become critical to serve clients' needs globally.

Korn/Ferry's Position. Korn/Ferry has developed a state-of-the-art technology infrastructure, including a worldwide networked system and its proprietary software, Searcher, to increase the speed and quality of its service to its clients around the world. The Company's worldwide databases contain the profiles of over 1,000,000 executives and over 310,000 companies, allowing consultants to access a wide range of potential candidates globally. To capture the potential of the Internet, Korn/Ferry introduced Futurestep, which combines the reach of the Internet with the Company's search expertise and exclusive candidate assessment tools to evaluate and recruit executives for middle-management positions. Through Futurestep, the Company seeks to pre-build and update a large candidate inventory and thereby reduce the time required to perform a search. In addition, Futurestep's assessment tools can quickly and accurately evaluate a candidate's credentials and likelihood of integrating into a client's culture. The Company believes that many of Futurestep's assessment tools and Internet applications will have applicability to its senior-level search services.

GROWTH STRATEGY

Korn/Ferry's objective is to expand its leadership position as a preferred global executive search firm by offering a broad range of solutions to address its clients' management recruitment needs. The principal elements of the Company's strategy include: (i) leverage leadership in senior-level search; (ii) expand into the middle-management market; (iii) pursue strategic

acquisitions; (iv) reinforce technological leadership; and (v) add new complementary services.

Leverage Leadership in Senior-Level Search

The Company's leadership in senior-level search enables it to grow its business by increasing the number of search assignments it handles for existing clients. The Company also believes that there are significant opportunities to develop new clients by aggressively marketing its proven global search expertise. The Company

has adopted a structured approach to develop and build relationships with new and existing clients. Through its ten specialty practice groups and broad global presence, the Company maintains an in-depth understanding of the market conditions and strategic and management issues facing clients. Annually, the Company's regions, offices, individual consultants and specialty practice groups identify existing and prospective clients with substantial recurring needs for executive search services. The Company assembles teams of search consultants based on geographic, industry and functional expertise to focus on these accounts. The Company has also developed a number of major relationships with prestigious multinational companies and, in fiscal 1998, completed an average of 34 search assignments each for 20 major long-standing accounts.

Expand into the Middle-Management Market

In response to the growing client demand for middle-management recruitment, the Company is expanding its services to address this market. With its strong senior-level client relationships, advertised recruitment services and Futurestep, Korn/Ferry is well positioned to meet its clients' middle-management recruitment needs effectively and efficiently. By moving aggressively into this segment of the market, the Company believes it can strengthen its relationships with its existing clients, develop new clients and gain a competitive advantage in marketing complementary services.

Pursue Strategic Acquisitions

The Company will continue to make selected acquisitions that support its growth strategy, enhance its presence in key markets or otherwise complement its competitive strengths. According to Kennedy Information, the executive search industry is highly fragmented and consists of approximately 4,000 firms, the ten largest of which accounted for only 11% of the global executive search industry revenues in 1997. As the largest global executive search firm, the Company believes it has the resources to lead consolidation within the highly fragmented search industry. Since fiscal 1993, the Company has completed six acquisitions, including recent acquisitions in France and Switzerland.

Reinforce Technological Leadership

The Company has invested more than $25 million over the past two fiscal years in the development of an advanced global technology infrastructure to increase the speed and quality of service to its clients. The Company's systems represent a strong competitive advantage, allowing its consultants to access information and communicate effectively with each other. As the executive search industry continues to grow and as more clients seek the assistance of search firms to fill middle-management positions, an advanced technology infrastructure has become an indispensable element of the search business.

Add New Complementary Services

The Company seeks to add new complementary services in response to specific client needs. For example, the Company developed Futurestep and has expanded its advertised recruitment services to address its clients' growing demand for effective middle-management recruitment. In addition, the Company is exploring complementary business opportunities, which could include recruitment outsourcing and human resources consulting. As attractive business opportunities are identified, the Company may capitalize on these opportunities through internal development, joint ventures or selected acquisitions.

SERVICES

Overview

Korn/Ferry provides executive search services exclusively on a retained basis and addresses the global recruitment needs of its clients at all levels of management. The Company offers the following three primary services: (i) senior-level search; (ii) advertised recruitment search; and (iii) Internet-based search.

Senior-Level Search Services

The Company's search services are typically used to fill senior-level positions, such as boards of directors, chief executive officers and other senior executive officers. Once the Company is retained by a client to conduct an executive search, the Company assembles a team comprised of consultants with geographic, industry and functional expertise. Korn/Ferry's search consultants serve as management advisors and work closely with the client in identifying, assessing and placing a qualified candidate. In fiscal 1998, the Company performed over 5,400 senior-level search assignments.

The Company uses a search methodology that has been developed through many years of experience in senior-level search. The Company emphasizes a close working relationship with the client and a comprehensive understanding of the client's business issues, strategy and culture, as well as an in-depth knowledge of the skills necessary to succeed within a client's organization. Initially, the search team consults with the client to better understand its history, culture, structure, expectations, challenges, future directions and operations. In these meetings, the team identifies the specific needs of the client and develops a profile of an ideal candidate for the position. Early in the process, the team also works with the client to develop the general parameters of a compensation package that will attract high quality candidates.

Once the position is defined, the research team identifies, through the use of the Company's proprietary databases and a number of key technology-based information sources, companies that are in related industries facing similar challenges and issues and that possess operating characteristics similar to those of the client. In addition, the team consults with its established network of sources to help identify individuals with the right backgrounds and personal abilities. These sources are a critical element in assessing the marketplace. The original list of candidates is carefully screened through phone interviews, video conferences or in-person meetings with the candidates. The client is then presented with four to five qualified candidates to interview. The Company, sometimes with the assistance of an independent third party, conducts reference checks throughout the process.

Usually, the finalists meet with the client for a second and possibly a third round of discussions. At this point, the compensation package for each will have been discussed in detail so that there is confidence that offers will be accepted. Generally, the search consultants will participate in the negotiations until a final offer is made and accepted. Throughout the process, ongoing communication with the client is critical to keep client management apprised of progress.

Every search that the Company performs is backed by a one-year guarantee. If the executive who has been recruited does not perform satisfactorily and ceases to be employed by the client within one year, the Company will repeat the search for no additional fee.

Advertised Recruitment Search Services

The Company's advertised recruitment search service uses print advertising in targeted publications to attract the most qualified candidates for management positions at all levels. Advertised recruitment search is appropriate when clients seek numerous qualified candidates from a broad universe of industries. The Company introduced its advertised recruitment search service in 1991, and currently offers it in 16 offices in Europe, Asia/Pacific and Latin America. In fiscal 1998, advertised recruitment was used for approximately 455 search assignments. The Company believes there are opportunities to expand the use of advertised recruitment in the U.S. and launched the service there in August 1998.

At the beginning of each advertised recruitment search engagement, teams comprised of consultants with specialized expertise in the appropriate industry and function gather information on the client's business, culture and the open position. The team creates the advertising campaign and advises the client on the most appropriate media for the campaign. Once the advertisement is finalized and published, the team reviews and screens all resumes received by the client and interviews qualified candidates. Based on these interviews and feedback from both the client and the candidates, the team produces a short list of top candidates for the client and prepares and

assembles detailed profiles and evaluation reports on each candidate. Consultants will advise and consult with clients throughout the negotiation process and provide input on competitive salary packages. Finally, the consultants will conduct final reference checks and follow up with both the client and the candidate to ensure a smooth transition of the hired candidate into the client's organization.

Internet-Based Search Services

Futurestep, operated through a subsidiary of the Company, combines the Company's extensive senior-level search expertise with exclusive candidate assessment tools and the reach of the Internet to recruit candidates for middle-management positions. Futurestep is fundamentally different from other Internet-based job placement services, which do not employ Futurestep's sophisticated filtering process or permit search professionals to interact with candidates and clients. One of the Company's passive minority investors in Futurestep is bill gross' idealab!, which has purchased approximately 9% of the outstanding capital stock of Futurestep.

Futurestep recognizes that loss in productivity as a result of middle-management vacancies is significant. By pre-building an inventory of qualified candidates prior to receiving a client assignment and by keeping that inventory current, Futurestep can quickly generate a select list of candidates, which should significantly reduce search cycle time.

To register with Futurestep, candidates complete an on-line assessment profile that details their work history, management experience, preferred career path and management style. The assessment tools, which Futurestep has licensed on an exclusive basis for executive search, have been validated by a cross-section of senior managers over ten years and give reliable feedback on decision-making style, communication style, cultural preferences and career and personal motivation. Futurestep clients complete a similar profile to determine company culture and the type of manager who will succeed in the open position. The Company believes that cultural compatibility is critical to the successful placement of a candidate and that these proprietary tools may have applicability to other areas of executive search. To encourage candidates to register with Futurestep, Futurestep provides career management feedback on a candidate's salary potential, leadership skills, the industries and functions for which the candidate is most qualified and the most compatible corporate culture.

When Futurestep receives a search assignment from a client, a preliminary list of candidates is selected from the Futurestep database and the most qualified are called by a Futurestep search consultant for further evaluation. The consultant schedules a 45-minute to one-hour video interview with selected candidates. The consultant then identifies the top candidates and provides the client with excerpts of the video-taped interviews and other background information for comparison. The Futurestep consultant typically organizes the client/candidate interviews, and advises and consults throughout the negotiation process to structure the final offer package and position responsibilities.

Confidentiality for both candidates and clients is paramount. When candidates register with Futurestep, they do not know who the Futurestep clients are or which positions are available. Companies do not have access to candidate information until a candidate gives explicit permission to release the information to the client when contacted by a Futurestep consultant.

The Company and Futurestep have an exclusive alliance with The Wall Street Journal, the first of its kind in the industry. Companies that advertise positions through The Wall Street Journal have the option of retaining Futurestep for services ranging from resume evaluation to complete management of the recruitment process. Futurestep candidates have access to career-management advice through direct links with The Wall Street Journal's website, and candidates applying for positions advertised through The Wall Street Journal can register with Futurestep via direct links to Futurestep's website.

The alliance, which has an initial term through June 2001 with options for renewal, provides the Company with preferred advertising rates and requires the purchase of a minimum amount of print and on-line advertising. For each company and candidate referred to Futurestep by The Wall Street Journal, Futurestep is obligated to pay to The Wall Street Journal a small percentage of its fee. The Wall Street Journal, the Company and Futurestep have agreed not to promote competing services during the term of the agreement.

ORGANIZATION

Global Presence

The Company has 71 offices across 41 countries, organized into the following regions: North America, Europe, Asia/Pacific and Latin America. The Company's offices are staffed with consultants who possess an understanding of the local market, culture and management resources along with knowledge of the global issues facing clients.

The following table provides information relating to each region:

<TABLE>
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	FISCAL 1998 REVENUES	NUMBER OF OFFICES AS OF	FISCAL 1998 AVERAGE NUMBER OF

REGION	(IN MILLIONS)	APRIL 30, 1998	CONSULTANTS
<S>	<C>	<C>	<C>
North America	$162.6	20	175
Europe	86.2	28	108
Asia/Pacific	34.8	14	46
Latin America	31.4	9	28

</TABLE>

North America. The Company opened its first office in Los Angeles in 1969, and currently has 20 offices throughout the U.S. and Canada. The North America region has grown from $75.8 million in revenues in fiscal 1994 to $162.6 million in fiscal 1998. The Company has been ranked first among Hunt-Scanlon's top North American executive search firms since the statistics were first published in 1990. In fiscal 1998, the Company handled over 2,100 assignments in this region, with an average number of 175 consultants, including 120 vice presidents. In fiscal 1998, the firm opened new offices in Austin and Tysons Corner to focus on the high-growth companies located in these areas.

Europe. The Company opened its first European office in London in 1972 and currently has 28 offices throughout 22 countries in the region. The region has grown from $37.9 million in revenues in fiscal 1994 to $86.2 million in fiscal 1998. The Company handled over 2,000 assignments in fiscal 1998 in this region, with an average number of 108 consultants, including 72 vice presidents. In fiscal 1998, the region added new offices in Helsinki and Copenhagen. In fiscal 1999, the Company acquired a French firm and two Swiss firms, enhancing Korn/Ferry's market position in France and Switzerland, respectively.

Asia/Pacific. The Company opened its first Asia/Pacific office in Tokyo in 1973, and has built a 14-office network throughout 10 countries in the region, including the opening in fiscal 1997 of five new offices. The region has grown from $13.9 million in revenues in fiscal 1994 to $34.8 million in fiscal 1998. The Company handled over 750 assignments in fiscal 1998 in this region, with an average number of 46 consultants, including 30 vice presidents. The latest Economist Intelligence Unit report on Executive Search in Asia and Australia describes Korn/Ferry as the leading executive search firm in the region.

Latin America. The Company entered Latin America through its 1977 acquisition of a 49% interest in Hazzard & Associates, and the Company continues to conduct its operations in Mexico through three subsidiaries in which the Company holds a controlling minority interest. As of April 30, 1998, the Company operated a network of nine offices in seven countries covering the entire region. The region has grown from $16.0 million in revenues in fiscal 1994 to $31.4 million in fiscal 1998. The Company handled over 930 assignments in fiscal 1998 in this region, with an average number of 28 consultants, including 17 vice presidents. In fiscal 1998, the Company opened a new office in Rio de Janeiro. According to the Economist Intelligence Unit's latest report on Executive Search in the Americas, Korn/Ferry dominates the executive search market in Latin America.

Industry Specialization

In 1970, the Company was the first executive search firm to establish specialty practices to serve specific industries and markets and has continued to expand the range of its specialty practices. The specialty practices

consist of consultants throughout the regions with the knowledge and contacts many have built during successful careers in the same industries and markets. Consultants in the Company's ten specialty practice groups bring an in-depth understanding of the market conditions and strategic and management issues faced by clients within the specific industry. The Company plans to continue to expand its specialized expertise through internal development, strategic hiring in targeted growth areas and selected acquisitions.

PERCENTAGE OF FISCAL 1998 ASSIGNMENTS BY INDUSTRY SPECIALIZATION

<TABLE>

<S>	<C>
Financial Services	21%
Industrial	15%
Advanced Technology	15%
Consumer	15%
Healthcare	11%
Professional Services	7%
Fashion/Retail	6%
Not-for-Profit/Associations/Education	4%
Energy	3%
Entertainment	3%

Functional Expertise

The Company has organized centers of functional expertise, made up of

consultants who have extensive backgrounds in placing executives in certain functions, such as boards of directors, chief executive officers and other senior executive and financial officers. The Company's board services practice, for example, was first established in 1972 to help clients assemble an effective, knowledgeable and cohesive board of directors to meet the growing demands for accountability and more effective board performance. The shortage of experienced directors, the tightening of governance policies and the desire on the part of companies to broaden their board bases are making it more difficult to identify and recruit directors with the needed skills. The Company has established significant expertise in this area and has built a proprietary database with the names and backgrounds of all the Fortune 1000 directors, plus a significant number of middle-market and high-growth company board members, to help support board searches. Members of functional groups are located throughout the Company's regions and across its specialty practice groups.

PERCENTAGE OF FISCAL 1998 ASSIGNMENTS BY FUNCTIONAL EXPERTISE

Board Level/CEO/Senior Executive and Financial Management	44%
Marketing and Sales	25%
Finance and Control	11%
Manufacturing/Engineering/Research and Development/Technology	9%
Human Resources and Administration	7%
Information Systems	4%

</TABLE>

MARKETING

As the world's largest executive search firm, the Korn/Ferry International brand name is widely recognized at the senior executive level. The Company has traditionally marketed its services through its offices, regions and specialty practices. Futurestep markets its services to existing and prospective Korn/Ferry clients as well as through its alliance with The Wall Street Journal. To support Futurestep, which requires extensive marketing to attract qualified candidates to register in its database, the Company has launched a major campaign in southern California, including print, radio, television and on-line advertising and direct mail. The Company intends to replicate this campaign in other locations as Futurestep expands geographically.

The managers of the Company's offices, regions and specialty practices are responsible for profitability, with their compensation tied to meeting budgetary goals. Since one of the best marketing tools in a consultative

business like executive search is referral, these managers are also accountable for maintaining the quality of the service to clients by making sure that each assignment meets the standards and practices set by the Company. Repeat business and referrals from satisfied clients and candidates are one of the primary sources of new business.

Consultants are also visible and active in their local communities and in key trade and business associations. The Company has implemented an aggressive global business development strategy. Specialty practice groups, regions, offices and individual consultants identify existing and prospective clients with substantial recurring search needs. Teams, representing local market, industry and functional expertise, are charged with creating and implementing strategies for developing business with targeted companies and organizations.

The Company develops a large number of proprietary research reports in conjunction with leading universities and prestigious research institutions. These reports deal in-depth with a wide array of issues from corporate governance to global leadership to provide clients with thoughtful, provocative material that identifies current trends and permits clients to benchmark their practices against those of other companies. The Company also promotes its understanding of the industry, business and management challenges facing companies today by sponsoring major conferences and forums, such as its partnership with the World Economic Forum at Davos, speeches and presentations before major industry and management groups, roundtable discussions that bring senior executives together to focus on issues of interest, mailings of its studies and reports to selected companies and interviews with the major business and trade publications.

Executive search firms frequently refrain from recruiting employees of a client and possibly client divisions and affiliations for a specified period of time, typically extending for one to two years following the last assignment performed. The Company carefully manages the off-limits conditions to which it may agree with any client, limits the number of off-limits global agreements to a few major account relationships, and carefully defines the scope of any such agreement. Over the past few years, the executive recruiting profession as a whole has been narrowing the scope and shortening the timeframe of these agreements. See "Risk Factors--Off-Limits Agreements."

PROFESSIONAL STAFF

As of April 30, 1998, the Company had 263 vice presidents, 121 principals, 226 senior associates and associates and 195 researchers. The Company believes the high caliber and motivation of its professionals are critical factors to its success. The Company further believes it has been able to attract and retain some of the most productive search consultants (vice presidents and principals) as a result of its premier reputation, history of consultant equity ownership and its performance-based compensation program. The Company's vice presidents have an average of seven years' experience with the Company, 12 years in the search industry and 13 years in other industries. For a discussion of ownership of Common Stock by, and compensation of, such consultants, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Management--Liquidity Schedule."

Senior associates, associates and researchers support the efforts of the vice presidents and principals with candidate sourcing and identification, but do not generally lead an assignment. The Company has training and professional development programs and a high rate of internal promotions. Over the past three fiscal years, 55 associates have been promoted to principal and 68 principals have become vice presidents. Promotion to vice president is based on a variety of factors, including demonstrated superior execution and business development skills, the ability to identify solutions to complex issues, personal and professional ethics, a thorough understanding of the market, how to retain clients and how to develop repeat business, and the ability to help build effective teams. In addition, the Company has a program of recruiting experienced professionals into the Company. In fiscal 1998, the Company hired 27 vice presidents and 38 principals, most with either previous search backgrounds or strong specialty expertise.

The Company has not been a party to a collective bargaining agreement and considers relations with its employees to be good.

COMPETITION

Korn/Ferry International is the largest executive search firm in the world. Other large executive search firms include Heidrick & Struggles International, Inc., SpencerStuart & Associates and Russell Reynolds Associates. These firms are the Company's primary competitors, although the Company and each of these firms also competes against smaller firms that specialize in specific regional, industry or functional searches. The Company believes its brand name, global network, prestigious client list, strong specialty practices and quality of service are widely recognized worldwide.

The executive search industry is comprised of approximately 4,000 retained and contingency search firms. According to Kennedy Information, the top ten search firms represent only 11% of the industry. To date there have been few barriers to entry in the executive search business, which explains in part the highly fragmented nature of the industry. However, the globalization of world economies, combined with the increased availability and application of sophisticated technologies and comprehensive databases, will likely raise the barriers to entry. The Company believes that the industry will experience consolidation. New competitors, such as technology-oriented companies, will be drawn to the executive search business by the growing worldwide demand for qualified management employees, the fragmentation of the industry and the ability to leverage their existing technology and databases to enter the market. For example, TMP Worldwide Inc., which operates the Monster Board, recently acquired two executive search firms.

FACILITIES

The Company leases all of its 71 office locations. The Company believes that its facilities are adequate for its current needs and that it will not have difficulty leasing additional space to accommodate its anticipated future needs.

INSURANCE

The Company maintains insurance in amounts and with such coverages and deductibles as it believes are appropriate and adequate. The principal risks that the Company insures against are professional liability, worker's compensation, personal injury, bodily injury, property damage and fidelity losses. There can be no assurance that the Company's insurance will adequately protect it from potential losses and liabilities. See "Risk Factors--Employment Liability Risk."

LEGAL PROCEEDINGS

The Company is currently not a party to any litigation the adverse resolution of which, in management's opinion, would be likely to have a material adverse effect on the Company's business, financial position or results of operations. However, from time to time the Company has been and is involved in litigation incidental to its business.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the executive officers and directors of the Company.

NAME	CLASS(1)	AGE(2)	POSITION
Richard M. Ferry(3).....		61	Chair of the Board
Windle B. Priem(3).....		61	Chief Executive Officer, President and Director
Peter L. Dunn(3).....		53	Vice Chair, Corporate Secretary, General Counsel and Director
Elizabeth S.C.S. Murray(3).	n/a	42	Chief Financial Officer, Treasurer and Executive Vice President
Man Jit Singh.....	n/a	41	Vice President and Chief Executive Officer of Korn/Ferry International Futurestep, Inc.
Paul Buchanan-Barrow.....		53	Vice President and Director
Timothy K. Friar.....		40	Vice President and Director
Sakie Fukushima.....		49	Vice President and Director
Hans Jorda.....		41	Managing Director, Vice President and Director
Scott E. Kingdom.....		39	Managing Director, Vice President and Director
Raimondo Nider.....		57	Managing Director, Vice President and Director
Manuel A. Papayanopulos....		53	Vice President and Director
Michael A. Wellman.....		45	Managing Director, Vice President and Director
Young Kuan-Sing.....		50	Managing Director, Vice President and Director

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(1) Denotes Board class of which the Director is a member. See "Description of Capital Stock--Certain Anti-Takeover Effects."

(2) As of December 18, 1998.

(3) Member of the Office of the Chief Executive.

Richard M. Ferry is founder of the Company and has been Chair of the Board since 1991 and a member of the Office of the Chief Executive since July 1998. He also serves on the Board of Directors of Avery Dennison Corp., Dole Food Company, Mellon 1st Business Bank, Mullin Consulting, Inc., Mrs. Fields' Original Cookies and Pacific Life Insurance Company.

Windle B. Priem has been Chief Executive Officer and President since December 1998 and a member of the Office of the Chief Executive since July 1998. He has been a Director of the Company since 1993. From July 1998 to December 1998, he was a Vice Chair and the Chief Operating Officer of the Company. From 1996 to 1998 he was the President of the North America region. Mr. Priem joined Korn/Ferry in 1976.

Peter L. Dunn has been a Vice Chair since 1997 and a member of the Office of the Chief Executive since July 1998. He has been a Director of the Company since 1992 and serves as the Company's General Counsel and Corporate Secretary. Mr. Dunn joined Korn/Ferry in 1980.

Elizabeth S.C.S. Murray has been the Executive Vice President, Chief Financial Officer, Treasurer and a member of the Office of the Chief Executive since July 1998. In January 1998, she joined the Company as Vice President and Chief Financial Officer and Treasurer. Prior to that, Ms. Murray served as Executive Vice President and Chief Financial Officer of Tycom Inc. from June 1997 to December 1997, and from 1994 to June 1997 she was the Chief Financial Officer and Vice President of Hughes Communications, Inc., a subsidiary of Hughes Electronics Corporation. Prior to 1994, Ms. Murray served in the corporate offices of Hughes Electronics Corporation as Director of Planning.

Man Jit Singh has been a Vice President of the Company and President and Chief Executive Officer of Futurestep since December 1997. Previously, he was a principal of Sibson & Co. from 1996 to 1997, the Chief

Executive Officer of Talent Tree Staffing Services and sector director of BET plc from 1994 to 1996, and Chief Executive Officer of The Cast Group AG from 1991 to 1994.

Paul Buchanan-Barrow has been a Vice President since 1992 and a member of

the Board of Directors since 1994. He is currently responsible for the firm's Business Strategy Group throughout Europe. Mr. Buchanan-Barrow joined Korn/Ferry in 1992 and has twelve years of executive search experience.

Timothy K. Friar has been a Vice President since 1995 and a member of the Board of Directors since May 1998. Mr. Friar joined Korn/Ferry in 1993 as a senior associate and has seven years of executive search experience.

Sakie Fukushima has been a Vice President since 1993 and a member of the Board of Directors since 1995. Ms. Fukushima joined Korn/Ferry in 1991 as a principal and has seven years of executive search experience.

Hans Jorda has been a Vice President since 1994 and a member of the Board of Directors since 1996. He currently is the Managing Director for the Company's Middle European Region, including Austria, Germany and Switzerland, a role he assumed in 1996. From 1992 to 1994 he owned and managed the New Europe Consulting Group, an executive search company that the Company acquired in 1994, and has 14 years of executive search experience.

Scott E. Kingdom has been a Vice President since 1993, and a member of the Board of Directors since May 1998. He has been the Managing Director of the Chicago and Minneapolis offices since 1995. Mr. Kingdom joined Korn/Ferry in 1988 and has 16 years of executive search experience.

Raimondo Nider has been a Vice President of the Company since 1989 and a member of the Board of Directors since 1996. He has been the Managing Director of Southern Europe since 1996. Mr. Nider joined Korn/Ferry in 1989 and has 23 years of executive search experience.

Manuel A. Papayanopulos has been a Vice President since 1982 and a member of the Board of Directors since 1997. Mr. Papayanopulos joined Korn/Ferry in 1982 and has 24 years of executive search experience.

Michael A. Wellman has been a Vice President since 1992 and a member of the Board of Directors since 1997. From 1995 to 1998 he was the Managing Director of the New York office. Since July 1998, he has been Managing Director of the Northeast Region of the Company (Toronto, Boston, Stamford, Princeton, Philadelphia and New York). Mr. Wellman joined Korn/Ferry in 1992 and has 15 years of executive search experience.

Young Kuan-Sing has been a Vice President since 1988 and a member of the Board of Directors since 1996. He is currently the Managing Director for the ASEAN sub-region within Asia/Pacific and a member of the newly-formed Asia-Pacific Operating Group as well as the region's Business Strategy Group since July 1998. From 1995 to 1998 he was responsible for East Asia including China, Hong Kong, Thailand, Malaysia, Singapore and Indonesia. Prior to that he was Office Manager for the Company's Singapore office. Mr. Young joined Korn/Ferry in 1982.

The executive officers of the Company serve at the discretion of its Board of Directors. Each director of the Company serves until such director's successor is elected and qualified or until the director's death, retirement, resignation or removal.

BOARD OF DIRECTORS

Upon consummation of the Offering, the Company will have thirteen Directors, all of whom are employees of the Company, and one vacancy on the Board of Directors. The Company intends to replace three employee-directors with four independent directors within 30 days of the consummation of the Offering. The Company's Board of Directors is divided into three classes serving staggered terms of three years each, with approximately one-third of the Company's Board of Directors being elected each year.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") has standing Audit, Compensation, Executive and Nominating Committees.

Audit Committee. After consummation of the Offering, the Board intends to reconstitute its audit committee (the "Audit Committee") to be comprised of at least two independent directors. The Audit Committee makes recommendations concerning the engagement of independent public accountants, reviews the plans and results of the audit engagement with the independent public accountants, approves professional services provided by the independent public accountants, reviews the independence of the independent public accountants, considers the range of audit and non-audit fees and reviews the adequacy of the Company's internal accounting controls. The Audit Committee is also available to receive reports, suggestions, questions and recommendations from the independent public accountants, the Chief Financial Officer and the General Counsel. It also confers with those parties in order to assure the sufficiency and effectiveness of the programs being followed by corporate officers in the area of compliance with the law and conflicts of interest.

Compensation Committee. After consummation of the Offering, the Board intends to expand the membership of its compensation committee (the "Compensation Committee") to be comprised of at least two independent directors. The Compensation Committee determines the compensation of the Company's executive officers and administers the Performance Award Plan. The current executive officer salaries were set by the Board on May 1, 1998. The Compensation Committee has the responsibility for the compensation of the senior executives of the Company including salaries and benefits. The Compensation Committee also reviews and makes recommendations to the Board with respect to the Company's overall compensation program for directors and officers, including salaries, employee benefit plans, stock options granted, equity incentive plans and payment of bonuses. The composition of the current Compensation Committee was established in May 1998.

Executive Committee. The Executive Committee of the Board acts with all the authority of the Board as to those decisions within the Board's purview, and possesses all authority of the Board except as to those decisions requiring approval also of the Company's shareholders.

Nominating Committee. The nominating committee (the "Nominating Committee") recommends criteria to the Board for the selection of candidates to serve on the Board, evaluates all proposed candidates, recommends to the Board nominees to fill vacancies on the Board, and prior to the annual meeting of shareholders recommends to the Board a slate of nominees for election to the Board by the shareholders of the Company at the annual meeting. The Nominating Committee also seeks possible candidates for the Board and otherwise serves to aid in attracting qualified candidates to the Board.

DIRECTOR COMPENSATION

Following the Offering, the Company does not intend to pay additional remuneration to employees who also serve as directors. The Company will reimburse all directors for their out-of-pocket expenses incurred in connection with their duties as directors. Non-employee directors will receive an annual retainer of $ in cash and $ in cash for each regular or special meeting attended as well as annual stock option grants under the Performance Award Plan. See "--Benefit Plans--Performance Award Plan."

OFFICE OF THE CHIEF EXECUTIVE

In July 1998, the Company announced the formation of an Office of the Chief Executive, which currently consists of Mr. Priem and three senior executive officers, Messrs. Ferry and Dunn and Ms. Murray. Mr. Priem is Chief Executive Officer and President of the Company. Mr. Ferry is Chair of the Board. Mr. Dunn, Vice Chair, Corporate Secretary and General Counsel, is responsible for the Company's Corporate Development Group including new business ventures, such as Futurestep, and strategic planning, as well as having responsibility for the Company's information technology and legal departments. Ms. Murray, the Company's Chief Financial Officer and Treasurer, is also an Executive Vice President and is responsible for the corporate treasury, corporate performance standards, external reporting and information systems.

COMPENSATION DECISIONS AND INSIDER PARTICIPATION

In fiscal 1998, decisions concerning compensation of executive officers were made by the Company's Senior Executive Compensation Committee, consisting of Messrs. Buchanan-Barrow, as Chair, Edward Kelley, Nider, William Simon and Priem, with Messrs. Ferry and Peter Mullin, a compensation consultant, serving in advisory roles. The Senior Executive Compensation Committee will be reorganized as the Compensation Committee upon consummation of the Offering, review and approve the comprehensive compensation program for senior executives of the Company and review the salaries of executive vice presidents and senior vice presidents, subject to the ratification of the salary programs established for the positions of Chair and the Chief Executive Officer by the Board acting as a whole.

EXECUTIVE COMPENSATION

The following table shows the compensation paid by the Company to the Chief Executive Officer and each of the Company's other four most highly compensated executive officers (collectively, the "Named Executive Officers"), all of whom are members of the Office of the Chief Executive, with respect to the fiscal year ended April 30, 1998.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

	ANNUAL COMPENSATION		
NAME AND PRINCIPAL POSITION AS		OTHER ANNUAL	ALL OTHER

OF DECEMBER 23, 1998	SALARY	BONUSES	COMPENSATION	COMPENSATION
<S>	<C>	<C>	<C>	<C>
Richard M. Ferry..... Chair of the Board	$550,000	$1,375,000	--	$19,077(1)
Michael D. Boxberger(2)..... Former President and Chief Executive Officer	525,000	1,312,500	30,112(3)	12,331(4)
Windle B. Priem..... Chief Executive Officer and President	410,000	1,150,000	--	12,331(4)
Peter L. Dunn..... Vice Chair, Corporate Secretary and General Counsel	375,000	937,500	--	12,331(4)
Elizabeth S.C.S Murray(5)..... Chief Financial Officer, Treasurer and Executive Vice President	78,602	175,000	--	400(6)

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(1) Represents contributions of $10,961 to the executive's 401(k) plan and $8,116 paid by the Company for insurance premiums.

(2) Mr. Boxberger resigned his positions as President, Chief Executive Officer, Director and a member of the Office of the Chief Executive in December 1998. Mr. Priem was appointed the Chief Executive Officer and President in December 1998.

(3) Represents amounts reimbursed by the Company for payment of income taxes.

(4) Represents contributions of $10,961 to the executive's 401(k) plan and $1,370 paid by the Company for insurance premiums.

(5) Reflects compensation paid to Ms. Murray since she joined the Company in January 1998.

(6) Represents $400 paid by the Company for insurance premiums.

Resignation of Michael D. Boxberger

In December 1998, Michael D. Boxberger resigned from his positions as President, Chief Executive Officer, Director and a member of the Office of the Chief Executive of the Company. Mr. Boxberger and the Company have entered into the Settlement Agreement under which Mr. Boxberger will receive $1.3 million payable over a 12-month period. In addition, he will remain on the Company's payroll until the earlier to occur of December 3,

1999 or commencement of new employment. While on the Company's payroll, Mr. Boxberger will continue to receive reimbursement for reasonable expenses, including office and secretarial support as well as medical and other benefits.

At the time of his resignation, Mr. Boxberger owned 393,256 shares of Common Stock. The Company will repurchase 228,088 of those shares at book value pursuant to a Stock Repurchase Agreement between Mr. Boxberger and the Company. Mr. Boxberger may retain the remaining 165,168 such shares with the right to sell such shares in accordance with the Liquidity Schedule. (See Note 4). The excess of the fair market over the book value of $1.4 million will be recognized as a charge to earnings in the third quarter of fiscal 1999.

Mr. Boxberger has loans outstanding with the Company which, as of December 3, 1998, amounted to an aggregate principal amount of $99,989. Such loans will be repaid by Mr. Boxberger in full by October 31, 1999. In addition, Mr. Boxberger and the Company are co-obligors on a bank loan in the principal amount of $1 million. The bank loan is secured by shares of Common Stock owned by Mr. Boxberger. The Company will reimburse Mr. Boxberger for interest on the bank loan until the earlier of the sale of Mr. Boxberger's home or December 3, 1999. After December 3, 1999, Mr. Boxberger will pay all principal and interest due under such bank loan and will repay or refinance the bank loan on or prior to the earlier of the sale of his home or November 30, 2000.

BENEFIT PLANS

Performance Award Plan

In July 1998, the Company adopted the Performance Award Plan to provide a means to attract, motivate, reward and retain talented and experienced officers, non-employee directors, other key employees and certain other eligible persons (collectively, "Eligible Persons") who may be granted awards from time to time by the Company's Board of Directors or, if authorized, the

Compensation Committee (such administrators, the "Committee"), or, for non-employee directors, under a formula provided in the Performance Award Plan. The maximum number of shares of Common Stock reserved for issuance is 7,000,000 subject to adjustment for certain changes in the Company's capital structure and other extraordinary events. Shares subject to awards that are not paid for or exercised before they expire or are terminated are available for other grants under the Performance Award Plan to the extent permitted by law. Shareholders of the Company approved the Performance Award Plan in August 1998.

The Committee intends to grant ten-year stock options for approximately shares of Common Stock to eligible persons. The Named Executive Officers will receive option grants for such shares in the following amounts: Mr. Ferry (shares); Mr. Priem (shares); and Mr. Dunn (shares). The exercise price of each option granted will be at the fair market value per share of Common Stock at the time of grant. Such options will vest in equal installments over five years.

Awards under the Performance Award Plan may be in the form of nonqualified stock options, incentive stock options, stock appreciation rights ("SARs"), limited SARs, restricted stock, performance shares, stock bonuses, or cash bonuses based on performance. Awards may be granted individually or in combination with other awards. Any cash bonuses and other performance awards under the Performance Award Plan will depend upon the extent to which performance goals set by the Board of Directors or the Committee are met during the performance period. Awards under the Performance Award Plan generally will be nontransferable by the holder of the award (a "Holder") (other than by will or the laws of descent and distribution). During the Holder's lifetime, rights under the Performance Award Plan generally will be exercisable only by the Holder, subject to such exceptions as may be authorized by the Committee in accordance with the Performance Award Plan. No incentive stock option may be granted at a price that is less than the fair market value of the Common Stock (110% of fair market value of the Common Stock for certain participants) on the date of grant. Nonqualified stock options and other awards may be granted at prices below the fair market value of the Common Stock on the date of grant. Restricted stock awards can be issued for nominal or the minimum lawful consideration. Typically, the participant may vote restricted stock, but any dividend on restricted shares will be held in escrow

subject to forfeiture until the shares have vested. No more than 350,000 shares will be available for restricted stock awards, subject to exceptions for restricted stock awards based on past service, deferred compensation and performance awards.

The maximum number of shares subject to awards (either performance or otherwise) that may be granted to an individual in the aggregate in any one calendar year is 1,050,000. A non-employee director may not receive awards in respect of more than 50,000 shares in the aggregate in any one calendar year. With respect to cash-based performance awards, no more than $2.5 million per year, per performance cycle may be awarded to any one individual. No more than one performance cycle may begin in any one year with respect to cash-based performance awards.

Section 162(m) Performance-Based Awards. In addition to options and SARs granted under other provisions of the Performance Award Plan, performance-based awards payable in cash or shares within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Performance-Based Awards"), which depend on the achievement of pre-established financial performance goals, may be granted under the Performance Award Plan. The specific performance goals will be set by a qualified committee of the Board created for these purposes and the specific targets will be set by the Committee when their attainment is substantially uncertain. The permitted performance goals under the Performance Award Plan may include any one or more of the following: revenue growth, net earnings (before or after taxes or before or after interest, taxes, depreciation and amortization), cash flow, return on equity, return on assets or return on net investment, or cost containment or reduction. The applicable performance cycle may not be less than one nor more than seven years (five years in respect of such awards payable only in cash).

Administration. The Performance Award Plan will be administered by the Board or the Committee. The Committee will have broad authority to (i) designate recipients of discretionary awards, (ii) determine or modify (subject to any required consent) the terms and provisions of awards, including the price, vesting provisions, terms of exercise and expiration dates, (iii) approve the form of award agreements, (iv) determine specific objectives and performance criteria with respect to performance awards, and (v) construe and interpret the Performance Award Plan. The Committee will have the discretion to accelerate and extend the exercisability or term and establish the events of termination or reversion of outstanding awards.

Change in Control. Upon a Change in Control Event, each option and SAR will become immediately exercisable; restricted stock will immediately vest free of

restrictions; and the number of shares, cash or other property covered by each performance share award will be issued to the Holder, unless the Committee determines to the contrary. A "Change in Control Event" is defined generally to include (i) certain changes in a majority of the membership of the Board over a period of two years or less, (ii) the acquisition of more than 30% of the outstanding voting securities of the Company by any person other than the Company, any Company benefit plan or one of their affiliates, successors, heirs, relatives or certain donees or certain other affiliates, or (iii) shareholder approval of a transfer of substantially all of the Company's assets, the dissolution or liquidation of the Company, or a merger, consolidation or reorganization (other than with an affiliate) whereby shareholders hold or receive less than 70% of the outstanding voting securities of the resulting entity after such event. In addition, if any participant's employment is terminated by the Company for any reason other than for cause either in express anticipation of, or within one year after a Change in Control Event, then all awards held by that participant will vest in full immediately before his or her termination date.

The Committee may also provide for alternative settlements (including cash payments), the assumption or substitution of awards or other adjustments in the Change in Control context of any other reorganization of the Company.

Plan Amendment, Termination and Term. The Company's Board has the authority to amend, suspend or discontinue the Performance Award Plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant. The Performance Award Plan may be amended by the Board without shareholder approval unless such approval is required by applicable law.

The Performance Award Plan will remain in existence as to all outstanding awards until such awards are exercised or terminated. The maximum term of options, SARs and other rights to acquire Common Stock under the Performance Award Plan is ten years after the initial date of award, subject to provisions for further deferred payment in certain circumstances. No award can be made after the tenth anniversary of the date of the consummation of the Offering. Awards may remain exercisable for a period of time determined by the Committee after termination of employment for certain reasons, after which, to the extent not exercised, such awards terminate.

Automatic Grants to Non-Employee Directors. Under the Performance Award Plan, each director who is not an officer or employee (a "Non-Employee Director") and who is or thereafter becomes a director of the Company after the Offering will be automatically granted a nonqualified stock option to purchase 1,500 shares of Common Stock when the person takes office, at an exercise price equal to the market price of the Common Stock at the close of trading on that date (or, with respect to the Company's current directors, on the tenth trading day after completion of the Offering). In addition, on the day of the annual shareholders meeting in each calendar year beginning in 1999 and continuing for each subsequent year during the term of the Performance Award Plan, each then-continuing Non-Employee Director will be granted a nonqualified stock option to purchase 1,500 shares of Common Stock at an exercise price equal to the market price of the Common Stock at the close of trading on that date. Non-Employee Directors may also be granted discretionary awards. All automatically granted Non-Employee Director stock options will have a ten-year term and will be immediately exercisable. If a Non-Employee Director's services are terminated for any reason, any automatically granted stock options held by such Non-Employee Director that are exercisable will remain exercisable for twelve months after such termination of service or until the expiration of the option term, whichever occurs first. Automatically-granted options are subject to the same adjustment, change in control, and acceleration provisions that apply to awards generally, except that any changes or Board or Committee actions (1) will be effected through a shareholder approved reorganization agreement or will be consistent with the effect on Options held by other than executive officers and (2) will be consistent in respect of the underlying shares with the effect on shareholders generally. Any outstanding automatic option grant that is not exercised prior to a Change in Control Event in which the Company is not to survive will terminate, unless such option is assumed or replaced by the surviving corporation.

Payment for Shares. The exercise price of options and other awards may be paid in cash, promissory note or (subject to certain restrictions) shares of Common Stock. The Company may finance the exercise or purchase and (subject to any applicable legal limits) offset shares to cover the exercise or purchase price and withholding taxes.

Federal Tax Consequences. The current federal income tax consequences of awards authorized under the Performance Award Plan follow certain basic patterns. Generally, awards under the Performance Award Plan that are includable in income of the recipient at the time of award or exercise (such as nonqualified stock options, SARs, restricted stock and performance awards) are deductible by the Company, and awards that are not required to be included in income of the recipient at such times (such as incentive stock options) are

not deductible by the Company.

Non-Exclusive Plan. The Performance Award Plan is not exclusive. The Board, under California law, may grant stock and performance incentives or other compensation, in stock or cash, under other plans or authority.

Employee Tax Deferred Savings Plan--401(k) Plan

The Company adopted a defined contribution 401(k) plan in 1984. Under the Company's 401(k) plan, U.S. employees who have been employed by the Company for over six months are eligible to make employee contributions in the following fiscal quarterly enrollment period, and become eligible for contributions by the Company. Employees must have worked at least 1,000 hours in a plan year (May 1 to April 30) to be eligible for the Company contribution.

The 401(k) plan allows employees to contribute a portion of their salary to their personal plan account ("Participant Savings Contributions") of up to 20% of their salary or the maximum employee contribution set

by the Internal Revenue Service each year, whichever is less. Participants are always 100% vested in their own contributions, and any investment gains or losses therefrom. The 401(k) plan allows participants over the age of 59 1/2 to make withdrawals from the Company's 401(k) plan without penalty.

The 401(k) plan provides for discretionary employer contributions. Discretionary contributions (if any) up to 2% of an employee's salary (to a maximum of $1,000) are first allocated to employees below the category of vice president. In addition, the Company may contribute any amount or it may decide not to contribute in a given Plan Year ("Employer Matching Contribution"). The Company's matching contribution vests over a period of six years in increments of 20% after the one year anniversary. The Company also has the option of making additional contributions to employees' accounts based upon a percentage of total compensation, including bonuses. An employee is eligible for these employer contributions for a plan year only if employed on the last day of the plan year.

WORLDWIDE EXECUTIVE BENEFIT PLANS: RETIREMENT PLAN; LIFE INSURANCE PLAN; AND DISABILITY PLAN

The Company's Worldwide Executive Benefit Plans ("WEB Plans") cover vice presidents of the Company. The benefits provided are intended to reward eligible employees for long term service and contributions to the firm and which are provided through a combination of local government benefits, local benefits provided by the Company, and specific WEB Plan's benefits. To be eligible to be a participant in a Company WEB Plan, an employee must be a vice president or more senior officer and a shareholder of the Company working at least 30 hours per week.

Retirement Plan. The Company's WEB-Retirement Plan provides a monthly benefit to eligible employees upon retirement from the Company. Each year, a plan participant accrues and is fully vested in one-twentieth of the targeted benefit, expressed as a percentage set by the Company for that year. Upon retirement, a participant receives a monthly benefit payment equal to the sum of the percentages accrued over such participant's term of employment, up to a maximum of 20 years, multiplied by such participant's highest average monthly salary during any 36 consecutive months of the final 72 months of active full-time employment. The WEB-Retirement Plan provides targeted retirement benefits through sources funded by the Company, government social security and retirement benefits and Company retirement programs provided by the eligible employee's local office.

Life Insurance Plan. The Company's WEB-Life Insurance Plan provides financial security for the survivors of an eligible employee in the event of his or her death. The life insurance coverage provided is a targeted life insurance benefit of three times an eligible employee's base salary in the most tax efficient manner possible for participants. The WEB- Life Insurance Plan administers the life insurance benefits through sources funded by the Company, government provided survivor benefits and local life insurance programs and coverage provided by local carriers within an eligible employee's country.

Disability Plan. The Company's WEB-Disability Plan provides income to eligible employees and their families should an illness or injury cause an extended period of disability for an eligible employee. The plan's disability coverage provides a targeted disability benefit of 60% of an eligible employee's base salary (up to the maximum limit allowed by the insurance carrier). The WEB-Disability Plan provides the disability coverage through Company funded sources, government sponsored disability benefits, local disability programs available for the Company and particular disability benefits under the plan.

ENHANCED WEALTH ACCUMULATION PLANS

The Company maintains two Enhanced Wealth Accumulation Plans (the "EWAPS"), one for its U.S. vice presidents and one for its non-U.S. vice presidents, which are identical in their material provisions. The EWAPS replaced the Company's earlier Wealth Accumulation Plans (the "WAPS") for vice presidents, although those participants within the Company's original WAPS who did not choose to roll their previous participation and deferrals or contributions into the EWAPS continue to be covered under the earlier version. The EWAPS offer a means for the Company to provide an additional future compensation package for certain vice presidents of the Company in order to reward long term service to the Company and retain key employees.

The EWAPS allow participants to elect to participate by deferring compensation initially or in some instances, making an after-tax contribution, for an eight-year period. Each deferral or contribution unit is for an eight-year period based on the calendar year, usually commencing on January 1. Participants may commence an additional deferral or contribution unit every five years during their participation in the EWAPS. Participants may elect to accelerate their deferrals or contributions but not increase the total amount. By choosing to participate in the EWAPS, a vice president opts by his or her participation to defer a portion of their compensation earned, in return for an annuity of a specified amount paid by the Company over a fifteen year period, upon retirement at age 65.

EWAP benefits begin to vest after five years; vested benefits increase for each year of participation in excess of five years and vested benefits maximize at 15 years or at age 65 with a minimum participation of eight years. The payments for vested EWAP benefits generally commence when a participant is age 65 or retires. If a participant chooses to retire from the Company's service prior to reaching the age of 65, he or she is eligible for an "early retirement benefit" as to which his or her normal monthly EWAPS benefits are proportionately reduced in accordance with his or her early retirement, to be adjusted for each month a participant retires prior to the age of 65. To be eligible for an early retirement benefit, the participant must have completed at least 15 years of service with the Company and also have completed eight years of service with the Company while enrolled in that contribution unit. An early retiree may also choose to delay payment of EWAPS benefits until age 65 and accordingly incur no reduction of benefits to be paid. EWAPS participants who terminate their service with the Company after five or more years of participation in a deferral or contribution unit and prior to a normal retirement age of 65 or early retirement date are eligible for an "incentive benefit" from the Company. However, if a participant becomes employed as an executive search consultant or obtains employment in any capacity for any other executive search firm within two years after termination of employment with the Company, any early retirement or incentive benefit is forfeited. Payment of the incentive benefit by the Company is in monthly installments, commencing at age 65, of a payment amount equal to the normal benefit payment, to be paid for the same number of years a participant participated within a deferral or contribution unit up to a maximum of 15 years. An incentive benefit recipient may also elect to receive a lump sum payment in lieu of monthly payments, equal to their previous deferrals or contribution plus interest.

If a participant dies and is eligible for normal retirement benefits prior to receiving his or her full benefits, his or her beneficiary is entitled to receive such payments. Additionally, a deceased participant's spouse, if any, may receive an additional survivor's benefit to be paid for a specified period of time, following the termination of the normal EWAPS benefit payments. Disability benefits payments are payable to a participant within the plan, but only with respect to his or her first deferral or contribution unit completed. There are no disability benefits associated with additional deferral or contribution units completed by a participant. If a participant becomes disabled, as defined in the EWAPS, the Company will pay monthly disability benefits to the participant in an amount equal to one-twelfth of the amount per annum specified as the disability benefit for the participant's initial deferral or contribution unit, until the age of 65, or until the attainment of a later age for persons whose disability begins after age 61. A participant receiving disability benefit payments is still eligible for all normal retirement benefits, early retirement benefits and survivor benefits under the EWAPS.

SENIOR EXECUTIVE INCENTIVE PLANS

The Company provides for its vice presidents two Senior Executive Incentive Plans (the "SEIPS"), one for its U.S. executives and one for its non-U.S. executives, which are identical in their material provisions. The Board of Directors approves eligibility for senior executives' participation in the SEIPS. Additionally, a senior executive must be participating in the Company's EWAPS to be eligible to participate in the SEIPS, unless such requirement is waived by the Board of Directors. The SEIPS provide additional future compensation to the selected executives to promote the retention of valuable employees of the Company.

The SEIPS operate by allowing vice presidents of the Company to participate in a "benefit unit" whereby a participant elects to reduce the amount of compensation or in some instances make an after-tax contribution otherwise earned and payable during a four year period. The interest credited on deferrals ("benefit unit") upon

termination of employment vests over a ten-year period at which time the participant receives monthly benefit payments made by the Company over a fifteen-year period.

A participant may choose to receive the SEIPS incentive benefit payments prior to the normal benefit payment date, with a corresponding reduction in the amount to be paid, upon (i) the retirement of a participant after attaining age 65, (ii) the deferrals required for the benefit unit having been completed and (iii) completion by a participant of at least four years of service post enrollment in the benefit unit. If a participant dies prior to receiving all incentive benefit payments, the beneficiary is entitled to receive the remaining payments.

EXECUTIVE SALARY CONTINUATION PLAN

The Company's Executive Salary Continuation Plan (the "ESCP") is no longer an active plan, and as such there are a limited number of Company vice presidents who remain participants within the plan. The ESCP provides vice presidents of the Company with an additional salary payment of $7,000 per annum for the five-year period following their retirement from service with the Company. Additionally, in the event of death of a vice president prior to retirement, the ESCP provides that the family of the deceased vice president will receive an estate and family benefit of $10,000 per annum, to be paid for a total of ten years to the vice president's surviving family. No benefits under the plan are vested and should a vice president be terminated prior to retirement, no benefits under the plan are payable. All plan benefits are taxed as income to the recipients when received.

EXECUTIVE PARTICIPATION PROGRAMS

Executive Participation Program

Prior to the Offering and since 1991, the Company maintained two Executive Participation Programs for executives located in the U.S. and one for executives located outside of the U.S., also known as the Company's "Equity Participation Program" (together, the "EPP"). The EPP historically provided the opportunity for select executives of the Company to purchase shares of Common Stock. However, in anticipation of the Offering, the Company has ceased enrollment of executives in the EPP. Most of the Company's vice presidents are participants in the EPP. The EPP permitted executives to purchase Common Stock either for cash or a promissory note payable to the Company. Historically, shares of Common Stock were sold at book value, subject to the execution by EPP participants of an agreement which required the Company to purchase such shares at book value upon termination of the participant's employment with the Company.

Supplemental Equity Participation Plan

Persons promoted to vice president and other persons hired as vice presidents of the Company between May 2, 1998 and the filing of the Company's Registration Statement with the Securities and Exchange Commission in connection with the Offering ordinarily would have become eligible to purchase shares of Common Stock under the EPP, as described above. However, in anticipation of the Offering, the Company adopted the Supplemental Equity Participation Plan (the "Supplemental EPP") and issued shares of Common Stock to these persons at fair market value, appraised as of June 30, 1998. The Supplemental EPP also includes the Liquidity Schedule, as described below. The Company ceased enrollment of executives in the Supplemental EPP as of August 17, 1998.

Interim Equity Participation Plan

In November 1998, the Company adopted the Interim Equity Participation Plan (the "Interim EPP") in order to permit persons promoted to vice president and other persons hired as vice presidents of the Company after August 17, 1998 to purchase shares of Common Stock at fair market value as of December 30, 1998. The Interim EPP is substantially identical to the Supplemental EPP and includes the Liquidity Schedule.

AMENDED STOCK REPURCHASE AGREEMENT

Substantially all of the shareholders of the Company have entered into an agreement (a "Stock Repurchase Agreement") with the Company that generally requires the Company to repurchase the shares of Common Stock owned by the shareholder at book value, typically upon termination of the shareholder's

employment with the Company. In connection with the Offering, each shareholder of the Company who has entered into a Stock Repurchase Agreement will have the opportunity to enter into an Amended Stock Repurchase Agreement (the "Amended Repurchase Agreement"), whether their original Stock Purchase Agreement was entered into outside of the EPP or in connection with the EPP. The Amended Repurchase Agreements will become effective upon the consummation of the Offering and will incrementally lift restrictions on sale of the shares of Common Stock subject to the Amended Repurchase Agreement over time (the "Liquidity Schedule"). See "--Liquidity Schedule." Each shareholder who executes an Amended Repurchase Agreement will be permitted to sell shares of Common Stock pursuant to the Liquidity Schedule; those shareholders who do not sign an Amended Repurchase Agreement with the Company will continue to be obligated to sell their shares of Common Stock back to the Company at book value under the terms of their original Stock Repurchase Agreement.

The Amended Repurchase Agreement will also permit the Company to call, on a non-prorata basis, some or all of the shares of Common Stock, held both within and outside the EPP, which remain restricted from sale pursuant to the Liquidity Schedule at (i) the book value as of April 30, 1998, plus interest at 8.5% per annum from that date, in the case of shares acquired at book value, or (ii) the value appraised as of the most recent appraisal date preceding the date of purchase, plus interest at 8.5% per annum from the appraisal date, in the case of shares acquired at the appraised value. Shares may be called by the Company if the individual shareholder engages in conduct or acts detrimental to the Company, as determined by the Company, including, without limitation, (i) affiliation with a competitor or development of, or contribution to, a competing enterprise, (ii) the disclosure of confidential Company information to an unauthorized third party, or (iii) conviction of a felony or other crime involving fraud, dishonesty or acts of moral turpitude. Each shareholder accused of such conduct and with respect to whom the Company wishes to exercise its call rights may appeal to the Chair of the Board and to a committee of the Board of Directors composed of three directors, at least two of which are outside directors (the "Equity Committee"). Any such shareholder who is found to have engaged in such conduct or act will be given 30 days to cure such conduct or acts, if a cure is possible.

Additionally, the Company is permitted to call, on a non-prorata basis at the call price described above, up to 10% of all outstanding shares of Common Stock which would otherwise become transferable at a future date under the Liquidity Schedule, with the proviso that such option may not be exercised more than once during any two-year period, if the Equity Committee of the Board of Directors, in its discretion, deems such repurchase to be appropriate based on the existing market conditions for shares of Common Stock or on the Company's recent financial performance. The Company's right to call shares of Common Stock applies only to shares of Common Stock subject to the Liquidity Schedule.

LIQUIDITY SCHEDULE

Substantially all of the Company's existing shareholders have agreed to be subject to the Liquidity Schedule. Following the Offering and prior to the second anniversary of the Offering, all shareholders subject to the Liquidity Schedule will be restricted from selling any of their current Common Stock holdings. The Liquidity Schedule limits shareholders' ability to sell more than 30% of their current aggregate Common Stock holdings until the second anniversary of the Offering. The Liquidity Schedule also limits shareholders' ability to sell an additional 20% of their current aggregate Common Stock holdings until on or after the third anniversary of the Offering and limits their ability to sell more than half of their shareholdings until on or after the fourth anniversary of the Offering, when restrictions will cease. Upon the death or permanent incapacity of the shareholder or a change in control in the Company, the Liquidity Schedule will cease to apply and all of the shareholder's Common Stock which were still subject to the Liquidity Schedule will become transferable.

EMPLOYMENT AGREEMENTS

The Company has a policy of requiring all its vice presidents to enter into a standard form of employment agreement that provides for an annual base salary and discretionary and incentive bonus payment. The Company also requires its vice presidents to agree in their employment contract not to compete with the Company both during the term of their employment with the Company, and also for a period of one to two years after their employment with the Company.

INDEMNIFICATION AND LIMITATION OF LIABILITY OF DIRECTOR AND EXECUTIVE OFFICERS

The Company's Articles contain provisions that eliminate the personal liability of its directors for monetary damages arising from a breach of their fiduciary duties in certain circumstances to the fullest extent permitted by California law. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission.

The Company's Bylaws provide that the Company shall indemnify its directors and officers and may indemnify its other employees and agents to the fullest extent permitted by law. The Company's Bylaws also permit the Company to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the Bylaws would permit indemnification.

The Company has entered, or plans to enter, into agreements to indemnify its directors and officers, in addition to the indemnification provided for in the Company's Bylaws. These agreements, among other things, indemnify the Company's directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive officer of the Company, any subsidiary of the Company or any other company or enterprise to which the person provides services at the request of the Company. The Company believes that these provisions and agreements are necessary to attract and retain qualified directors and executive officers.

At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. The Company is not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

CERTAIN TRANSACTIONS

ADDITIONAL REDEMPTION AMOUNTS

In fiscal 1995, certain shareholders of the Company (the "Sellers"), at the request of the Company, agreed to have certain of their shares of Common Stock redeemed by the Company in a fixed redemption plan initiated by the Company (the "Redemption"). The Redemption required that any shareholder whose aggregate ownership of Common Stock, phantom units or stock appreciation rights exceeded a certain share level have a portion of his holdings redeemed. The Sellers then agreed to the Redemption, which served as a benefit to the Company in achieving a more widely held equity ownership as well as an elimination of holdings by non-employee shareholders.

The redemption price consisted of (i) a fixed amount of $1.82 per share,which represented the book value of a share of Common Stock as of year end fiscal 1994, plus 10% to reflect appreciation on the book value from the end of fiscal 1994 to the date of the redemption (the "Fixed Redemption Amount"), (ii) a contingent amount (the "Additional Redemption Amount") equal to the difference between (a) the Fixed Redemption Amount plus 8.5% accrued interest and (b) the public offering price per share of the Common Stock and (iii) one share of Series A Preferred Stock for each 100 shares of Common Stock redeemed. The Fixed Redemption Amount consisted of 16 2/3% cash, with the balance in the form of a five-year promissory note. The aggregate Additional Redemption Amount is determined by multiplying the difference described under item (ii) above by the number of shares redeemed by the Company from each holder of redeemed shares. The Additional Redemption Amount is payable if the Company consummates an extraordinary transaction, including a public offering of the Common Stock of the Company, at any time before December 31, 2004 and the Seller has not voluntarily terminated or been terminated for cause prior to the date of the extraordinary transaction.

The Series A Preferred Stock of the Company has a liquidation value of $7.29 per share plus cumulative unpaid dividends at 8.5% per annum until redemption. Shares of Series A Preferred Stock have voting rights equivalent to 100 shares of Common Stock for each share outstanding, except that holders of Series A Preferred Stock must vote in favor of certain transactions approved by holders of two-thirds or more of the shares of Common Stock of the Company. The Series A Preferred Stock was designed to give the Sellers the voting power necessary to protect their rights to receive payment on the promissory note issued in the Redemption and the Additional Redemption Amounts. The Company may redeem all or any part of the outstanding Preferred Stock at the earlier of either (i) payment in full of all promissory notes of the Company issued in the Redemption or (ii) the approval of the holders of a majority of the shares of the Series A Preferred Stock.

Simultaneously with the Redemption, certain holders of phantom units and stock appreciation rights (the "Rights Holders") agreed to terminate their phantom units and stock appreciation rights in return for payments corresponding to the Fixed Redemption Amounts and the Additional Redemption Amounts.

Because some of the proceeds from the Offering would otherwise have to be used to pay the aggregate Additional Redemption Amount payable upon an initial public offering, each of the Sellers and the Rights Holders have agreed to a negotiated discount (the "Negotiated Adjustment") from the Additional Redemption Amount they were originally entitled to receive upon an initial public offering. As a result, upon consummation of the Offering, if the

Offering price is $14.00 per share, the midpoint of the range set forth on the cover of the Prospectus, the Sellers and the Rights Holders as a group will receive in the aggregate a payment of $30.2 million and the Company's shareholders' equity will be reduced by the same amount. Mr. Windle B. Priem, Chief Executive Officer, President and Director of the Company will receive a discounted payment of approximately $1.5 million. Mr. Richard Ferry, the Chair of the Company's Board of Directors, will receive a discounted payment of approximately $9.6 million.

STRATEGIC COMPENSATION ASSOCIATES

The Company owned 47% of Strategic Compensation Associates ("SCA") during fiscal 1995 and 1996. During fiscal 1996, the Company paid approximately $131,000 for services to SCA. In fiscal 1996, the Company

sold its entire membership interest in SCA and a portion of its capital account interest in SCA, pursuant to purchase agreements executed with other members of SCA. The purchase agreements, as amended, provide for the members of SCA to purchase the Company's remaining capital account interest in five annual installments, with the last interest transfer and payment to be on December 31, 2001.

LOANS

On January 28, 1998, the Company and Mr. Boxberger entered into an agreement, whereby the Company agreed to be the co-obligor with Mr. Boxberger on a promissory note in the amount of $1 million payable to Mellon 1st Business Bank, entered into by Mr. Boxberger for home loan purposes. The Company also agreed to pay all of the interest on the note for a four-year period ending January 15, 2002. The interest rate is payable at a variable rate at 0.5% below the bank's reference rate, which at the time of execution of the note was 8.5% per annum, resulting in an effective interest rate payable by the Company of 8% at the time of execution. Mr. Boxberger has entered into an agreement with the Company to indemnify and hold the Company harmless from any and all liability (except for the interest payment) that may result from the Company being a co-obligor of the note. To secure any indemnification repayment, Mr. Boxberger has pledged to the Company all shares of Common Stock owned by him and provided the Company with a right to offset any unpaid indemnification owed to the Company from amounts owed by the Company to Mr. Boxberger.

TERMINATION OF STOCK RIGHT PLAN AND PHANTOM STOCK PLAN

In contemplation of the Offering, each of the Stock Right Plan and Phantom Stock Plan was terminated and each previous participant in either the Stock Right Plan or Phantom Stock Plan (the "Participants") was offered the opportunity to receive a cash payment of $11.15 per phantom unit or stock appreciation right or receive shares of the Common Stock valued at the book value of a share of Common Stock as of April 30, 1998, which was approximately $2.79 per share after giving effect to the 4-to-1 stock split. The Company had 275,954 phantom units and 114,356 stock appreciation rights outstanding as of June 30, 1998, the effective date of the surrender, termination and cancellation of all the outstanding phantom units and stock appreciation rights of the Company. With the exception of one, all Participants, including Messrs. Dunn, Papayanopulos and Young, elected to receive shares of Common Stock in the conversion program and 1,551,008 shares were issued as of June 30, 1998.

RESIGNATION OF MICHAEL D. BOXBERGER

In December 1998, Michael D. Boxberger resigned from his positions as President, Chief Executive Officer, Director and a member of the Office of the Chief Executive of the Company. In connection with his resignation, Mr. Boxberger entered into the Settlement Agreement with the Company. See "Management--Executive Compensation--Resignation of Michael D. Boxberger."

FUTURE TRANSACTIONS

The Company has implemented a policy requiring that any material transaction with an affiliated party is subject to approval by a majority of the directors not interested in such transaction, who must determine that the terms of any such transaction are no less favorable to the Company than those that could be obtained from an unaffiliated third party and that the transaction is in the Company's best interest.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth certain information about the anticipated beneficial ownership of the Common Stock immediately prior to the Offering, and as adjusted to reflect the sale of the Common Stock offered in the Offering, by (i) each director and each executive officer of the Company, (ii)

all directors and executive officers of the Company as a group, and (iii) each person (or group of affiliated persons) known by the Company to own beneficially more than five percent of the Company's outstanding voting securities not otherwise listed. The address of each director and executive officer listed is in care of Korn/Ferry International, 1800 Century Park East, Suite 900, Los Angeles, California 90067.

<TABLE>
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	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING			SHARES BENEFICIALLY OWNED AFTER THE OFFERING	
NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES(1)	PERCENTAGE	SHARES OFFERED	NUMBER OF SHARES	PERCENTAGE
<S>	<C>	<C>	<C>	<C>	<C>
Richard M. Ferry(2)(3)(4).	1,031,456	4.0%			%
Windle B. Priem(2)(4).....	626,364	2.4%			
Peter L. Dunn(2)(4).....	437,144	1.7%			
Elizabeth S.C.S. Murray(2).....	72,992	0.3%			
Man Jit Singh.....	80,000	0.3%			
Paul Buchanan-Barrow.....	187,696	0.7%			
Timothy K. Friar.....	50,188	0.2%			
Sakie Fukushima.....	69,808	0.3%			
Hans Jorda.....	211,156	0.8%			
Scott E. Kingdom.....	61,956	0.2%			
Raimondo Nider.....	198,120	0.8%			
Manuel A. Papayanopulos...	200,628	0.8%			
Michael A. Wellman.....	71,188	0.3%			
Young Kuan-Sing.....	128,544	0.5%			
All directors and executive officers as a group (14 persons)(3)(4).....	3,427,240	13.3%			
Other Selling Shareholders(4)(5).....					

</TABLE>

*Less than one percent

(1) Unless otherwise indicated, each person has sole voting and dispositive power with respect to the shares shown.

(2) Also an executive officer of the Company. See "Management--Executive Officers and Directors."

(3) Excludes 89,887 shares of Common Stock held by The Ferry Family Charitable Foundation. Mr. Ferry does not have a beneficial interest in the shares of Common Stock held by such trusts but does share voting power, as one of three trustees, of the shares held by The Ferry Family Charitable Foundation.

(4) Holdings include shares of Common Stock held by the Trustees of the Korn/Ferry Employee Tax Deferred Savings Plan (401(k) Plan) for the benefit of the listed individual.

(5) Consists of persons, of which persons own more than 1% but less than 2% and persons own less than 1% of the outstanding shares of Common Stock prior to or after the Offering and of which a substantial percentage are employees of the Company.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 150,000,000 shares of Common Stock, no par value per share, and 50,000,000 shares of Preferred Stock, no par value per share, which can be issued in one or more series. Immediately following the completion of the Offering, an aggregate of 35,711,260 shares of Common Stock will be issued and outstanding (assuming no exercise of the over-allotment option), and no shares of Preferred Stock will be issued and outstanding. As of December 23, 1998, the Common Stock was held of record by approximately 260 persons.

The following description of the Company's capital stock is a summary of the material terms of such stock. It does not purport to be complete and is subject in all respects to applicable California law and to the provisions of the Company's Articles and Bylaws, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

Subject to the rights of the holders of any Preferred Stock which may be

outstanding, each holder of Common Stock on the applicable record date is entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor, and, in the event of liquidation, to share pro rata in any distribution of the Company's assets after payment or providing for the payment of liabilities and the liquidation preference of any outstanding Preferred Stock. Each holder of Common Stock is entitled to one vote for each share held of record on the applicable record date on all matters presented to a vote of shareholders. Holders of Common Stock have no preemptive rights to purchase or subscribe for any stock or other securities and there are no conversion rights or redemption or sinking fund provisions with respect to such Common Stock. All outstanding shares of Common Stock are, and the shares of Common Stock offered hereby will be when issued, fully paid and non-assessable.

PREFERRED STOCK

The Company's Articles authorize 50,000,000 shares of Preferred Stock. The Board of Directors has the authority to issue the Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the shareholders. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the shareholders and may adversely affect the voting and other rights of the holders of Common Stock. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of Common Stock, including the loss of voting control to others. At present, the Company has no plans to issue any of the Preferred Stock.

CERTAIN ANTI-TAKEOVER EFFECTS

Certain provisions of the Company's Articles and Bylaws summarized below may be deemed to have anti-takeover effects and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider to be in such shareholder's best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

The Company's Articles authorize issuance of up to 50,000,000 shares of Preferred Stock, with such characteristics that may tend to discourage a merger, tender offer or proxy contest, as described in "--Preferred Stock" above. The Company's Bylaws also limit the ability of shareholders to raise certain matters at a meeting of shareholders without giving advance notice. In addition, so long as the Company is a "listed corporation" as defined in Section 301.5(d) of the California Corporations Code, cumulative voting will be eliminated and the Board of Directors will be divided into three classes having staggered terms of three years each, with Classes I,

II and III having initial terms expiring at the annual general meeting of shareholders in 1999, 2000 and 2001, respectively. See "Risk Factors--Anti-Takeover Provisions; Possible Issuance of Preferred Stock" and "Management."

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is ChaseMellon Shareholder Services LLC.

LISTING

There is no public trading market for the Common Stock. Application has been made to list the Common Stock on the New York Stock Exchange ("NYSE") under the symbol "KFY."

SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of Common Stock after the Offering could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through the sale of its equity securities. Upon the consummation of the Offering, the Company will have outstanding 35,711,260 shares of Common Stock (37,586,260 shares if the U.S. Underwriters' and Managers' over-allotment option is exercised in full). All of the shares of Common Stock sold in the Offering will be freely tradable under the Securities Act, unless purchased by "affiliates" of the Company as that term is defined under the Securities Act. Upon the expiration of lock-up agreements between the Company, its directors and officers, the existing shareholders and the Underwriters, which will occur 180 days after the date of this Prospectus (the "Effective Date"), all of the shares of Common Stock owned by existing shareholders (the "Restricted Shares") will become eligible for sale, subject to compliance with Rule 144 of the Securities Act and the Liquidity Schedule as described below.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated), including an affiliate of the Company, who has beneficially owned Restricted Shares for at least one year, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (i) 1% of the number of shares of Common Stock then outstanding (approximately 357,113 shares immediately after this Offering) or (ii) the average weekly trading volume of the Common Stock on the NYSE during the four calendar weeks preceding the filing of a notice of Form 144 with respect to such sale with the Securities and Exchange Commission (the "Commission"). Sales pursuant to Rule 144 are subject to certain requirements relating to manner of sale, notice and availability of current public information about the Company. Under Rule 144(k), a person who is not, and has not been at any time during the 90 days preceding a sale, an affiliate of the Company and who has beneficially owned the Restricted Shares proposed to be sold for at least two years (including the holding period of any prior owner except an affiliate), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or noticed provisions of Rule 144.

Each of the Company and the existing shareholders of the Company has agreed that it will not offer, sell, contract to sell, announce its intention to sell, pledge or otherwise dispose of, directly or indirectly, and the Company has agreed that it will not file with the Commission a registration statement under the Securities Act relating to, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of Common Stock without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this Prospectus, except in the case of the Company for the grant of options and sales of shares under the Company's stock benefit plans. The lock-up agreements with Credit Suisse First Boston Corporation and the Company may be released at any time as to all or a portion of the shares subject to such agreements at the sole discretion of Credit Suisse First Boston Corporation and the Company.

Substantially all of the Company's existing shareholders have agreed to be subject to the Liquidity Schedule that limits their ability to sell their current Common Stock holdings. See "Management--Liquidity Schedule."

UNDERWRITING

Under the terms and subject to the conditions contained in an Underwriting Agreement dated , 1999 (the "U.S. Underwriting Agreement"), the underwriters named below (the "U.S. Underwriters"), for whom Credit Suisse First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation and PaineWebber Incorporated are acting as representatives (the "Representatives"), have severally but not jointly agreed to purchase from the Company and the Selling Shareholders the following respective numbers of U.S. Shares:

<TABLE>
<CAPTION>

UNDERWRITER	NUMBER OF U.S. SHARES
<S>	<C>
Credit Suisse First Boston Corporation	
Donaldson, Lufkin & Jenrette Securities Corporation	
PaineWebber Incorporated	
Total	10,000,000

</TABLE>

The U.S. Underwriting Agreement provides that the obligations of the U.S. Underwriters are subject to certain conditions precedent and that the U.S. Underwriters will be obligated to purchase all of the U.S. Shares offered hereby (other than those shares covered by the over-allotment option described below) if any are purchased. The U.S. Underwriting Agreement provides that, in the event of a default by a U.S. Underwriter, in certain circumstances the purchase commitments of non-defaulting U.S. Underwriters may be increased or the U.S. Underwriting Agreement may be terminated.

The Company and the Selling Shareholders have entered into a Subscription Agreement (the "Subscription Agreement") with the Managers of the International Offering (the "Managers") providing for the concurrent offer and sale of the International Shares outside the United States and Canada. The closing of the U.S. Offering is a condition to the closing of the International Offering and vice versa.

The Company has granted to the U.S. Underwriters and the Managers an option, exercisable by Credit Suisse First Boston Corporation, expiring at the close of business on the 30th day after the date of this Prospectus, to purchase up

to 1,875,000 additional shares at the initial public offering price, less the underwriting discounts and commissions, all as set forth on the cover page of this Prospectus. Such option may be exercised only to cover over-allotments in the sale of the shares of Common Stock offered hereby. To the extent such option is exercised, each U.S. Underwriter and each Manager will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares being sold to the U.S. Underwriters and the Managers as the number of U.S. Shares set forth next to such U.S. Underwriter's name in the preceding table and as the number set forth next to such Manager's name in the corresponding table in the prospectus relating to the International Offering bears to the sum of the total number of shares of Common Stock in such tables.

The Company and the Selling Shareholders have been advised by the Representatives that the U.S. Underwriters propose to offer the U.S. Shares in the United States and Canada to the public initially at the public offering price set forth on the cover page of this Prospectus and, through the Representatives, to certain dealers at such price less a concession of $ per share, and the U.S. Underwriters and such dealers may allow a discount of $ per share on sales to certain other dealers. After the Offering, the public offering price and concession and discount to dealers may be changed by the Representatives.

The public offering price, the aggregate underwriting discounts and commissions per share and per share concession and discount to dealers for the U.S. Offering and concurrent International Offering will be identical. Pursuant to an Agreement between the U.S. Underwriters and Managers (the "Intersyndicate Agreement") relating to the Offering, changes in the public offering price, concession and discount to dealers will be made only upon the mutual agreement of Credit Suisse First Boston Corporation, as representative of the U.S. Underwriters, and Credit Suisse First Boston (Europe) Limited ("CSFBL"), on behalf of the Managers.

Pursuant to the Intersyndicate Agreement, each of the U.S. Underwriters has agreed that, as part of the distribution of the U.S. Shares and subject to certain exceptions, it has not offered or sold, and will not offer or sell, directly or indirectly, any shares of Common Stock or distribute any prospectus relating to the Common Stock to any person outside the United States or Canada or to any other dealer who does not so agree. Each of the Managers has agreed or will agree that, as part of the distribution of the International Shares and subject to certain exceptions, it has not offered or sold, and will not offer or sell, directly or indirectly, any shares of Common Stock or distribute any prospectus relating to the Common Stock in the United States or Canada or to any other dealer who does not so agree. The foregoing limitations do not apply to stabilization transactions or to transactions between the U.S. Underwriters and the Managers pursuant to the Intersyndicate Agreement. As used herein, "United States" means the United States of America (including the States and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction, "Canada" means Canada, its provinces, territories, possessions and other areas subject to its jurisdiction, and an offer or sale shall be in the United States or Canada if it is made to (i) any individual resident in the United States or Canada or (ii) any corporation, partnership, pension, profit-sharing or other trust or entity (including any such entity acting as an investment adviser with discretionary authority) whose office most directly involved with the purchase is located in the United States or Canada.

Pursuant to the Intersyndicate Agreement, sales may be made between the U.S. Underwriters and the Managers of such number of shares of Common Stock as may be mutually agreed upon. The price of any shares so sold will be the public offering price, less such amount as may be mutually agreed upon by Credit Suisse First Boston Corporation, as representative of the U.S. Underwriters, and CSFBL, on behalf of the Managers, but not exceeding the selling concession applicable to such shares. To the extent there are sales between the U.S. Underwriters and the Managers pursuant to the Intersyndicate Agreement, the number of shares of Common Stock initially available for sale by the U.S. Underwriters or by the Managers may be more or less than the amount appearing on the cover page of the Prospectus. Neither the U.S. Underwriters nor the Managers are obligated to purchase from the other any unsold shares of Common Stock.

This Prospectus may be used by underwriters and dealers in connection with sales of International Shares to persons located in the United States, to the extent such sales are permitted by the contractual limitations on sales described above.

The Representatives have informed the Company and the Selling Shareholders that they do not expect discretionary sales by the Underwriters to exceed 5% of the shares being offered hereby.

Each of the Company and the existing shareholders of the Company has agreed that it will not offer, sell, contract to sell, announce its intention to sell, pledge or otherwise dispose of, directly or indirectly, or file with the

Commission a registration statement under the Securities Act relating to, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of the Company without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this Prospectus, except in the case of the Company for the grant of options and sale of shares under the Company's stock benefit plans.

The U.S. Underwriters have reserved for sale, at the initial public offering price, up to shares of Common Stock for employees, directors and certain other persons associated with the Company who have expressed an interest in purchasing such shares of Common Stock in the Offering. The number of shares available for sale to the general public in the Offering will be reduced to the extent such persons purchase such

reserved shares. Any reserved shares not so purchased will be offered by the U.S. Underwriters to the general public on the same terms as the other shares offered hereby.

The Company and Selling Shareholders have agreed to indemnify the U.S. Underwriters and the Managers against certain liabilities, including civil liabilities under the Securities Act, or contribute to payments that the U.S. Underwriters and the Managers may be required to make in respect thereof.

Application has been made to list the shares of Common Stock on the NYSE under the symbol "KFY."

In connection with the listing of the Common Stock on the NYSE, the Underwriters will undertake to sell round lots of 100 shares or more to a minimum of 2,000 beneficial owners.

The initial public offering price for the shares will be determined by negotiation among the Company, the Selling Shareholders and the Representatives. In determining such price, consideration will be given to various factors, including market conditions for the initial public offering, the past history of and prospects for the Company's business, operations, earnings and financial position, an assessment of the Company's management, the market for securities of companies in businesses similar to those of the Company, the general condition of the securities markets and other relevant factors. There can be no assurance, however, that the initial public offering price will correspond to the price at which the Common Stock will trade in the public market subsequent to the Offering or that an active trading market will develop and continue after the Offering.

The Representatives, on behalf of the U.S. Underwriters and the Managers, may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act"). Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the Common Stock in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the Representatives to reclaim a selling concession from a syndicate member when the Common Stock originally sold by such syndicate member is purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Common Stock to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

NOTICE TO CANADIAN RESIDENTS

RESALE RESTRICTIONS

The distribution of the Common Stock in Canada is being made only on a private placement basis exempt from the requirement that the Company and Selling Shareholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of Common Stock are effected. Accordingly, any resale of the Common Stock in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the Common Stock.

REPRESENTATIONS OF PURCHASERS

Each purchaser of Common Stock in Canada who receives a purchase confirmation will be deemed to represent to the Company and Selling Shareholders and the dealer from whom such purchase confirmation is received

that (i) such purchaser is entitled under applicable provincial securities laws to purchase such Common Stock without the benefit of a prospectus qualified under such securities laws, (ii) where required by law, that such purchaser is purchasing as principal and not as agent, and (iii) such purchaser has reviewed the text above under "--Resale Restrictions."

RIGHTS OF ACTION (ONTARIO PURCHASERS)

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by section 32 of the Regulation under the Securities Act (Ontario). As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of the U.S. federal securities laws.

ENFORCEMENT OF LEGAL RIGHTS

All of the issuer's directors and officers as well as the experts named herein and the Selling Shareholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or such persons. All or a substantial portion of the assets of the issuer and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or such persons in Canada or to enforce a judgment obtained in Canadian courts against such issuer or persons outside of Canada.

NOTICE TO BRITISH COLUMBIA RESIDENTS

A purchaser of Common Stock to whom the Securities Act (British Columbia) applies is advised that such purchaser is required to file with the British Columbia Securities Commission a report within ten days of the sale of any Common Stock acquired by such purchaser pursuant to this offering. Such report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from the Company. Only one such report must be filed in respect of Common Stock acquired on the same date and under the same prospectus exemption.

TAXATION AND ELIGIBILITY FOR INVESTMENT

Canadian purchasers of Common Stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Common Stock in their particular circumstances and with respect to the eligibility of the Common Stock for investment by the purchaser under relevant Canadian Legislation.

LEGAL MATTERS

The validity of the shares of the Common Stock offered hereby will be passed upon for the Company by O'Melveny & Myers LLP, Los Angeles, California and for the Underwriters by Sullivan & Cromwell, Los Angeles, California.

EXPERTS

The consolidated financial statements and schedule included in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

AVAILABLE INFORMATION

The Company has filed with the Commission a Registration Statement on Form S-1 (together with all amendments, exhibits, schedules and supplements thereto, the "Registration Statement"), of which this Prospectus forms a part, covering the Common Stock to be sold pursuant to the Offering. As permitted by the rules and regulations of the Commission, this Prospectus omits certain information, exhibits and undertakings contained in the Registration Statement. Such additional information, exhibits and undertakings can be inspected at and obtained from the Commission at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and at certain regional offices of the Commission located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 13th Floor, 7 World Trade Center, New York, New York, 10048. The Commission maintains a Web site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. In addition, application will be made to list the Common Stock on the NYSE, and reports and other information concerning the Company may be inspected at the offices of such exchange. For additional information with respect to the Company, the Common Stock and related matters and documents, reference is made to the Registration Statement. Statements contained herein concerning any such document are not necessarily complete and, in each instance, reference is made

to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

The Company will issue annual reports and unaudited quarterly reports to its shareholders for the first three quarters of each fiscal year. Annual reports will include audited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and a report of its independent public accountants with respect to the examination of such financial statements. In addition, the Company will issue such other interim reports as it deems appropriate.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

After the stock split discussed in Note 14 to Korn/Ferry International's consolidated financial statements is effective, we expect to be in a position to render the following auditor's report.

Arthur Andersen LLP

Los Angeles, California

July 31, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
Korn/Ferry International and Subsidiaries:

We have audited the accompanying consolidated balance sheets of KORN/FERRY INTERNATIONAL AND SUBSIDIARIES (the "Company"), a California corporation, as of April 30, 1998 and 1997, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended April 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KORN/FERRY INTERNATIONAL AND SUBSIDIARIES as of April 30, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended April 30, 1998, in conformity with generally accepted accounting principles.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	APRIL 30,	OCTOBER 31,

	1997	1998	1998
			(UNAUDITED)
<S>	<C>	<C>	<C>
ASSETS			
Cash and cash equivalents	$ 25,298	$ 32,358	$ 23,277
Receivables due from clients, net of allowance for doubtful accounts of $3,846 and $5,390 as of April 30, 1997 and 1998 and $7,307 as of October 31, 1998, respectively	49,749	57,754	67,867
Other receivables	3,937	3,501	3,125
Prepaid expenses	5,758	6,265	6,947
Total current assets	84,742	99,878	101,216
Property and equipment:			
Computer equipment and software	13,259	13,715	16,393
Furniture and fixtures	10,673	13,573	14,415
Leasehold improvements	7,596	9,713	11,157
Automobiles	1,580	1,679	1,893
	33,108	38,680	43,858
Less: Accumulated depreciation and amortization	(15,361)	(17,583)	(21,853)
Property and equipment, net	17,747	21,097	22,005
Cash surrender value of company owned life insurance policies, net of loans	21,292	30,109	31,981
Guaranteed investment contracts	3,546	1,746	1,797
Notes receivable	2,781	2,308	2,400
Deferred income taxes	11,953	16,545	18,287
Goodwill and other intangibles, net of accumulated amortization of $3,332 and $4,182 as of April 30, 1997 and 1998 and $4,726 as of October 31, 1998, respectively	4,364	2,972	6,168
Other	1,980	1,716	3,585
Total assets	$148,405	$176,371	$187,439

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS--(CONTINUED)
(IN THOUSANDS)

<TABLE>
<CAPTION>

	APRIL 30,		OCTOBER 31,
	1997	1998	1998
			(UNAUDITED)
<S>	<C>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Notes payable and current maturities of long-term debt	$ 5,072	$ 2,559	$ 2,696
Accounts payable	4,938	3,651	7,667
Income taxes payable	5,454	6,903	2,249
Accrued liabilities:			
Compensation	24,164	26,100	40,664
Payroll taxes	7,790	14,821	1,865
Other accruals	17,273	19,271	21,518
Total current liabilities	64,691	73,305	76,659
Deferred compensation	27,676	34,552	34,171
Long-term debt	3,206	6,151	7,102
Other	933	1,582	1,846
Total liabilities	96,506	115,590	119,778
Non-controlling shareholders' interests	1,087	2,027	1,820
Mandatorily redeemable common and preferred stock:			
Preferred stock, no par value			
Series A--Authorized 10 shares, outstanding 9			

shares as of April 30, 1997 and 1998 and as of October 31, 1998 at redemption value.....	63	63	63
Series B--Authorized 150 shares, outstanding 126 and 121 shares as of April 30, 1997 and 1998 and as of October 31, 1998 at book value.....	1,306	1,353	1,389
Common stock, no par value--outstanding 20,062 and 22,282 shares as of April 30, 1997 and 1998 and 26,102 shares as of October 31, 1998 at book value.....	52,159	62,110	74,563
Less: Notes receivable from shareholders and other unpaid shares.....	(5,339)	(7,365)	(12,830)
Total mandatorily redeemable common and preferred stock.....	48,189	56,161	63,185
Shareholders' equity:			
Common Stock, no par value--Authorized 150,000 shares, outstanding 1,010 and 920 shares as of April 30, 1997 and 1998 and 920 shares as of October 31, 1998 at book value.	--	--	--
Retained Earnings.....	2,623	2,593	2,656
Total shareholders' equity.....	2,623	2,593	2,656
Total liabilities and shareholders' equity.	$148,405	$176,371	$187,439

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,			SIX MONTHS ENDED OCTOBER 31,	
	1996	1997	1998	1997	1998
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
Professional fees and reimbursable expenses..	$225,459	$269,624	$311,016	$ 145,977	$ 181,825
Other income including interest income.....	4,758	2,937	4,009	1,158	1,937
Total revenues.....	230,217	272,561	315,025	147,135	183,762
Less: Reimbursable candidate expenses.....	(8,731)	(12,137)	(14,470)	(6,804)	(8,073)
Net revenues.....	221,486	260,424	300,555	140,331	175,689
Compensation and benefits.....	140,721	166,854	197,790	96,135	116,380
General and administrative expenses.....	64,419	73,005	84,575	35,872	51,961
Interest expense.....	3,683	3,320	4,234	1,740	2,582
Income before provision for income taxes and non-controlling shareholders' interests.....	12,663	17,245	13,956	6,584	4,766
Provision for income taxes.....	3,288	6,658	6,687	3,131	2,069
Non-controlling shareholders' interests.....	1,579	1,588	2,025	1,015	1,324
Net income.....	$ 7,796	$ 8,999	$ 5,244	$ 2,438	$ 1,373
Basic earnings per common share.....	$ .38	$ .42	$ .24	$ .11	$ .05
Basic weighted average					

common shares outstanding.....	20,390	21,382	21,885	21,403	26,007
Diluted earnings per common share.....	$ .36	$ .40	$ .23	$ .11	$ .05
Diluted weighted average common shares outstanding.....	23,019	23,481	23,839	23,280	27,242

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)

<TABLE>
<CAPTION>

	PREFERRED STOCK							
	SERIES A	SERIES B	COMMON STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ALLOCATION OF SHAREHOLDERS' EQUITY TO MANDATORILY REDEEMABLE STOCK	TOTAL SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
--								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance as of April 30, 1995.....	$ 1	$14	$ 9,211	$31,976	$ (420)	$(38,763)	$2,019	
Purchase of stock.....		(1)	(2,957)			2,958		
Issuance of stock.....			4,402			(4,402)		
Comprehensive income:								
Net income.....				7,796		(7,456)	340	$ 7,796
Foreign currency translation adjustments before tax.....					(2,564)	2,452	(112)	(2,564)
Income tax benefit related to other comprehensive income..					666	(637)	29	666
Comprehensive income....								$ 5,898
Balance as of April 30, 1996.....	1	13	10,656	39,772	(2,318)	(45,848)	2,276	
Purchase of stock.....		(1)	(5,051)			5,052		
Issuance of stock.....			5,843			(5,843)		
Comprehensive income:								
Net income.....				8,999		(8,567)	432	$ 8,999
Foreign currency translation adjustments before tax.....					(2,872)	2,734	(138)	(2,872)
Income tax benefit related to other comprehensive income..					1,109	(1,056)	53	1,109
Comprehensive income....								$ 7,236
Balance as of April 30, 1997.....	1	12	11,448	48,771	(4,081)	(53,528)	2,623	
Purchase of stock.....			(3,150)			2,916	(234)	
Issuance of stock.....			8,635			(8,635)		
Comprehensive income:								
Net income.....				5,244		(5,005)	239	$ 5,244
Foreign currency translation adjustments before tax.....					(1,461)	1,394	(67)	(1,461)
Income tax benefit related to other comprehensive income..					700	(668)	32	700
Comprehensive income....								$ 4,483
Balance as of April 30, 1998.....	1	12	16,933	54,015	(4,842)	(63,526)	2,593	
Purchase of stock								

(unaudited).....			(2,418)			2,418		
Issuance of stock (unaudited).....			13,916			(13,916)		
Comprehensive income (unaudited):								
Net income.....				1,373		(1,291)	82	$ 1,373
Foreign currency translation adjustments before tax.....					(564)	531	(34)	(564)
Income tax benefit related to other comprehensive income..					245	(230)	15	245
Comprehensive income....								$ 1,054
Balance as of October 31, 1998 (unaudited).....	$ 1	$12	$28,431	$55,388	$(5,161)	$(76,014)	$2,656	

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,			SIX MONTHS ENDED OCTOBER 31,	
	1996	1997	1998	1997	1998
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
Cash from operating activities:					
Net income.....	$ 7,796	$ 8,999	$ 5,244	$ 2,438	$ 1,373
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation.....	3,599	5,087	6,552	3,304	3,989
Amortization.....	1,541	424	1,165	583	544
Provision for doubtful accounts.....	1,590	2,196	2,427	1,010	3,307
Cash surrender value in excess of premiums paid.	(1,142)	(1,601)	(1,767)	(840)	(256)
Earnings from affiliate..	589	--	--	--	--
Gain on sale of interest in affiliate.....	(516)	--	--	--	--
Change in other assets and liabilities net of acquisitions:					
Deferred compensation....	2,056	3,093	6,876	4,108	3,859
Receivables due from clients.....	(8,769)	(12,630)	(9,996)	(12,605)	(11,603)
Prepaid expenses.....	(988)	(1,174)	(507)	(1,260)	(682)
Income taxes payable.....	(5,323)	276	(3,143)	1,390	(6,396)
Accounts payable and accrued liabilities.....	8,344	6,036	9,678	(842)	7,872
Non-controlling shareholders' interests and other, net.....	(431)	(550)	1,953	(388)	(3,676)
Net cash provided by (used in) operating activities.....	8,346	10,156	18,482	(3,102)	(1,669)
Cash from investing activities:					
Purchase of property and equipment.....	(8,084)	(8,483)	(9,903)	(5,419)	(4,898)
Business acquisitions, net of cash acquired.....	--	--	--	--	(1,323)
Premiums on life insurance.	(8,590)	(7,865)	(12,408)	(3,462)	(3,816)
Redemption (purchase) of guaranteed investment contracts.....	(5,299)	1,753	1,949	--	--

Sale of interest in affiliates	357	434	473	--	--
Net cash used in investing activities	(21,616)	(14,161)	(19,889)	(8,881)	(10,037)
Cash from financing activities:					
Increase (decrease) in bank borrowings	(1,000)	2,000	2,000	8,000	--
Payment of debt	(1,477)	(1,470)	(1,957)	(926)	(750)
Borrowings (repayments) under life insurance policies	12,878	1,973	5,358	(60)	2,200
Purchase of common and preferred stock	(2,532)	(3,674)	(2,761)	(1,859)	(2,160)
Issuance of common and preferred stock	5,695	5,597	6,588	2,584	3,654
Net cash provided by financing activities	13,564	4,426	9,228	7,739	2,944
Effect of exchange rate changes on cash flows	(1,898)	(1,763)	(761)	(275)	(319)
Net increase (decrease) in cash and cash equivalents	(1,604)	(1,342)	7,060	(4,519)	(9,081)
Cash and cash equivalents at beginning of the period	28,244	26,640	25,298	25,298	32,358
Cash and cash equivalents at end of the period	$ 26,640	$ 25,298	$ 32,358	$ 20,779	$ 23,277

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

APRIL 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Korn/Ferry International and Subsidiaries is engaged in the business of providing executive search, consulting and related services globally on a retained basis.

Principles of Consolidation

The consolidated financial statements include the accounts of Korn/Ferry International, all of its wholly owned domestic and international subsidiaries, and affiliated companies in which the Company has effective control (collectively, the "Company"). All material intercompany accounts and transactions have been eliminated.

Interim Financial Information

The accompanying balance sheet as of October 31, 1998 and the statements of income and cash flows for the six months ended October 31, 1997 and 1998 and the statements of shareholders' equity for the six months ended October 31, 1998 are unaudited. In the opinion of management, the statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of the interim periods. The data for the interim periods disclosed in these notes to the financial statements is also unaudited. The results of operations and cash flows for the interim period are not necessarily indicative of the results to be expected for any future interim period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most

significant estimates with regard to these financial statements relate to the accounting for deferred compensation plans and deferred tax assets. (See Notes 8 and 9).

Translation of Foreign Currencies

The functional currency applicable to the Company's foreign subsidiaries, except those in Argentina, Brazil, Colombia and Venezuela, is the local currency. Due to high inflation, Argentina, Brazil, Colombia and Venezuela use the U.S. dollar as the functional currency.

Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at the rates of exchange in effect at the end of each year and revenues and expenses are translated at average rates of exchange during the year. Translation adjustments are reported as a component of comprehensive income.

For entities denominated in currencies other than their functional currencies, gains and losses resulting from the effect of exchange rate changes are included in determining net income and resulted in losses, included in general and administrative expenses, of $97, $344 and $511 in fiscal 1996, 1997 and 1998, respectively.

Revenue Recognition

Substantially all professional fee revenues are derived from fees for professional services related to executive search, consulting and related services. Fee revenues are recognized as services are substantially rendered, generally over a ninety day period commencing in the month of initial acceptance of a search engagement. The Company generally bills clients in three monthly installments over this period. Reimbursable expenses include specifically identified and allocated costs related to professional services that are billed to clients.

Cash Flows

Cash equivalents consist of highly liquid investments purchased with original maturities of three months or less.

Net cash from operating activities includes cash payments for interest of $3,233, $3,594, $4,381, $509 and $880 in fiscal 1996, 1997, 1998 and the six months ended October 31, 1997 and 1998, respectively. Cash payments for income taxes, net of refunds, amounted to $6,620, $6,770, $9,830, $1,676 and $8,431 in fiscal 1996, 1997 and 1998 and the six months ended October 31, 1997 and 1998, respectively.

Fair Value of Financial Instruments

The carrying amount of cash, cash equivalents and accounts receivable approximates fair value due to the short maturity of these instruments. Guaranteed investment contracts, notes receivable, notes payable and long-term debt bear interest at rates that approximate the current market interest rates for similar instruments and, accordingly the carrying value approximates fair value.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist principally of receivables due from clients. Concentrations of credit risk with respect to receivables are limited due to the Company's large number of customers and their dispersion across many different industries and countries worldwide.

Earnings per Common Share

The Company adopted Statement of Financial Accounting Standard ("SFAS") No. 128, "Earnings per Share," ("EPS") at April 30, 1998, which requires the Company to report basic and diluted EPS. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding for the year. Diluted EPS reflects the potential dilution that could occur if the Company's phantom stock units, stock rights and Common Stock purchase commitments were converted or issued as of the earlier of the beginning of each year or the date of issuance. (See Note 2).

Property and Equipment

Leasehold improvements are amortized over the useful life of the asset, or the lease term, whichever is less, using the straight-line method. All other

property and equipment is depreciated or amortized over the estimated useful lives of three to ten years, using the straight-line method.

Cash Surrender Value of Life Insurance

The increase in the cash surrender value ("CSV") of Company owned life insurance ("COLI") contracts in excess of insurance premiums paid is reported in compensation and benefits expense. (See Note 8).

Goodwill and Other Intangibles

Goodwill is amortized on a straight line basis generally over five to ten years. Other intangibles arising from business acquisitions include contractual obligations contingent upon future performance and are amortized on a straight line basis over the contractual period.

New Accounting Pronouncements

During 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires companies to report financial and descriptive information about its reportable operating segments in the interim and annual financial statements. It is effective for annual periods beginning after December 15, 1997 and will be adopted by the Company in fiscal 1999. It is not expected that the adoption of this standard will have an impact on the consolidated financial statements, however, it may require additional footnote disclosure.

During 1998, the FASB issued SFAS No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits an amendment to FASB Statements No. 87, 88 and 106," which revises employers' disclosure requirements for pension and other postretirement plans. It does not change the measurement or recognition of costs and benefits provided by those plans. The standard is effective for fiscal years beginning after December 15, 1997, although earlier application is encouraged. Adoption of this pronouncement is reflected in the accompanying consolidated financial statements (See Note 8). Disclosures for earlier periods have been restated for comparative purposes.

During 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and for Hedging Activities," which establishes new standards for reporting derivative and hedging information. The standard is effective for periods beginning after June 15, 1999 and will be adopted by the Company as of May 1, 2000. It is not expected that the adoption of this standard will have an impact on the consolidated financial statements nor require additional footnote disclosure since the Company does not currently utilize derivative instruments or participate in structured hedging activities.

Reclassifications

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

2. BASIC AND DILUTED EARNINGS PER SHARE

Following is a reconciliation of the numerator (income) and denominator (shares) used in the computation of basic and diluted EPS:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,						SIX MONTHS ENDED OCTOBER 31,					
	1996			1997			1998			1997			1998	
	INCOME	SHARES	PER SHARE AMOUNT	INCOME	SHARES	PER SHARE AMOUNT	INCOME	SHARES	PER SHARE AMOUNT	INCOME	SHARES	PER SHARE AMOUNT	INCOME	SHARES	PER SHARE AMOUNT

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BASIC EPS														
Income available to common shareholders...	$7,796	20,390	$0.38	$8,999	21,382	$0.42	$5,244	21,885	$0.24	$2,438	21,403	$0.11	$1,373	26,007 $0.05
EFFECT OF DILUTIVE SECURITIES														
Shareholder common stock purchase commitments....		894			436			318			219			700
Phantom stock units.....	299	1,272		246	1,242		161	1,219		81	1,241			383
Stock appreciation rights.....	109	463		88	421		14	417		7	417			152
DILUTED EPS														
Income available to common shareholders plus assumed conversions....	$8,204	23,019	$0.36	$9,333	23,481	$0.40	$5,419	23,839	$0.23	$2,526	23,280	$0.11	$1,373	27,242 $0.05

The share amounts in the table above reflect a 4 to 1 stock split approved by the Board of Directors on July 24, 1998. (See Note 14).

3. NOTES PAYABLE AND LONG-TERM DEBT

At April 30, 1998, the Company maintained an $11,000 unsecured bank revolving line of credit facility. Borrowings on the line of credit bear interest at the bank's prime rate less one-half percent, which was 8.0% at April 30, 1998. There was no outstanding balance under the revolving line of credit as of April 30, 1998.

The Company's long-term debt consists of the following:

	FISCAL YEAR ENDED APRIL 30,	
	1997	1998
<S>	<C>	<C>
8% variable rate unsecured term loan due to bank, principal and interest payable quarterly.....	$ --	$ 5,000
Unsecured subordinated notes payable to former shareholders due through October 2002, bearing interest at various rates up to 8.75%.....	5,278	3,710
Total debt.....	5,278	8,710
Less: current maturities of long-term debt.....	(2,072)	(2,559)
Long-term debt.....	$ 3,206	$ 6,151

The Company issued notes payable to shareholders of $395, $1,708 and $389 in fiscal 1996, 1997 and 1998, respectively, for the purchase of Common Stock.

Annual maturities of long-term debt for the five fiscal years subsequent to April 30, 1998 are: $2,559 in 1999, $2,488 in 2000, $1,336 in 2001, $1,254 in 2002 and $1,073 in 2003.

The Company also has outstanding borrowings against the CSV of COLI

contracts of $32,278 and $37,638 at April 30, 1997 and 1998, respectively. These borrowings are secured by the CSV, principal payments are not scheduled and interest is payable at least annually, at various variable rates. (See Note 8).

4. SHAREHOLDERS AGREEMENTS AND SUPPLEMENTAL INFORMATION REGARDING BOOK VALUE PER SHARE

Under existing stock purchase and repurchase agreements, collectively referred to as the Equity Participation Program ("EPP"), eligible executives of the Company have the opportunity to purchase shares of Common Stock at book value and are required to sell their shares of Common Stock to the Company at book value upon termination of their employment. For purposes of EPP purchases and sales, book value per share, adjusted for the 4 to 1 stock split, was $2.60 ($10.40 pre-stock split) and $2.79 ($11.15 pre-stock split) at April 30, 1997 and 1998, respectively. The EPP book value calculation excludes the effect of the Series A Preferred Stock and shareholder notes related to Common Stock purchases. The Company ceased issuing shares of Common Stock under the EPP as of May 1, 1998. The Board of Directors approved the Supplemental Equity Participation Program on July 24, 1998, effective May 2, 1998, that provides for the issuance of common shares at fair value.

Shares subject to book value repurchase agreements are classified as mandatorily redeemable common stock in the accompanying consolidated balance sheets. As of April 30, 1997 and 1998 notes receivable from shareholders for Common Stock purchases were $4,566 and $6,612, respectively. The Company issued Common Stock in exchange for notes receivable from shareholders of $3,172, $4,305 and $6,184 in fiscal 1996, 1997 and 1998 respectively. Included in shareholders' notes and other unpaid shares at October 31, 1998 is $500 related to Common Stock issued that vests over a three year period.

At April 30, 1998, the Company had commitments of $1,484 from vice presidents to buy additional Common Stock at book value under the EPP. Additionally, the Company had commitments to sell to vice

presidents Common Stock with an aggregate price at book value of $5,805, at May 1, 1998. The difference between the fair market value of these shares and the EPP book value purchase price, of approximately $16,000, will be recorded as compensation and benefits expense when the book value repurchase agreements are amended and replaced with the fair value repurchase agreements upon consummation of the IPO. In addition the Company will recognize compensation and benefits expense related to shares issued subsequent to July 1997, of approximately $10,600, representing the difference between the fair market value and the book value of the shares at the date of issuance.

The repurchase agreements under the EPP will be amended upon consummation of an initial public offering ("IPO") to permit employee shareholders to sell their shares in the public market, subject to a liquidity schedule that provides for increases over a four year period in the number of shares that can be sold. Subsequent to the consummation of an IPO, shares will no longer be issued under the EPP or Supplemental Equity Participation Program.

5. PREFERRED STOCK

In December 1994, the Company issued Series A Preferred Stock in conjunction with the redemption of common stock from certain employee shareholders. These shares have a redemption value of $7.29 per share plus cumulative unpaid dividends at 8.5% per annum. The Company may redeem all or any part of the outstanding Preferred Stock at the earlier of either (i) payment in full of all promissory notes of the Company issued in the Redemption, or (ii) the approval of the holders of a majority of the shares of the Series A Preferred Stock. Shares of Series A Preferred Stock have voting rights equivalent to 100 shares of common stock for each share outstanding, except that holders of Series A Preferred Stock must vote in favor of certain transactions approved by holders of two-thirds or more of the shares of Common Stock of the Company.

In a previous year, the Company also issued Series B Preferred Stock which has voting and redemption rights, including the book value repurchase requirements equivalent to Common Stock. All Series B Preferred Stock is held in the Company's Employee Tax Deferred Savings Plan.

Upon consummation of an IPO, all shares of Series A and B Preferred Stock will be redeemed at their contractual amounts of approximately $1,400.

6. PHANTOM STOCK PLAN AND STOCK RIGHT PLAN

Effective May 1, 1988, the Company established a Phantom Stock Plan for key employees. The plan allows for granting the rights to purchase up to 1,500 unit rights at the book value of the outstanding Common Stock at the date of

grant. On a pre-stock split basis as of April 30, 1997 and 1998, 310 and 297 units were outstanding, respectively. These units are fully vested and entitle employees, upon termination of employment, to receive their interest in cash based on the equivalent book value of the Common Stock.

In fiscal 1992, the Company established a Stock Right Plan under which rights are granted to employees selected by a committee of the Board of Directors. These rights are fully vested after two years and entitle the holder to rights substantially identical to the common shares, excluding voting rights. As of April 30, 1997 and 1998, 104 units were outstanding on a pre-stock split basis.

Compensation expense is recognized based on the change, if any, in the book value of the Common Stock since the date of the grant. Compensation expense related to these plans amounted to $628, $514 and $270 in fiscal 1996, 1997 and 1998, respectively. Subsequent to year end, the Board of Directors and shareholders approved the termination of these plans and the conversion of the phantom stock units and stock rights to Common Stock.

The Stock Right Plan and Phantom Stock Plan were terminated and each participant within either the Stock Right Plan or Phantom Stock Plan was offered the opportunity to receive $11.15 per phantom unit or stock appreciation right or receive shares of the Common Stock at the book value of a share of Common Stock as of April 30, 1998, which was valued at approximately $2.79 per share after giving effect to the 4-to-1 stock split. The Company had 275,954 phantom units and 114,356 stock appreciation rights outstanding as of June 30, 1998, the effective date of the surrender, termination and cancellation of all the outstanding phantom units and stock appreciation rights of the Company. As a result of this transaction, mandatorily redeemable common stock was increased by $4,240 with a corresponding decrease in the deferred compensation liability.

The Common Stock issued upon termination of these plans is subject to the EPP book value repurchase agreements. These repurchase agreements will be amended to adopt the liquidity schedule upon consummation of an IPO. At that date, the Company will recognize compensation and benefits expense of approximately $13,200 for the excess of the fair market value of the shares over the book value price of the shares issued in the conversion.

7. EMPLOYEE PROFIT-SHARING AND BENEFIT PLANS

The Company has an Employee Tax Deferred Savings Plan that covers eligible employees in the United States. The Company's discretionary accrued contribution to this plan was $1,230, $1,768 and $2,400 for fiscal 1996, 1997 and 1998, respectively. The Company's non-U.S. employees are covered by a variety of pension plans that are applicable to the countries in which they work. The contributions for these plans are determined in accordance with the legal requirements in each country and generally are based on the employees' annual compensation.

8. DEFERRED COMPENSATION AND LIFE INSURANCE CONTRACTS

The Company has established several deferred compensation plans for officer/shareholder employees that provide defined benefit payments to participants based on the deferral of current compensation and subject to vesting and retirement or termination provisions.

The Enhanced Wealth Accumulation Plan (EWAP) was established in fiscal 1994. Certain vice presidents elect to participate in a "deferral unit" that requires the contribution of current compensation for an eight year period in return for defined benefit payments from the Company over a fifteen year period generally at retirement at age 65 or later. Participants may acquire additional "deferral units" every five years.

The Wealth Accumulation Plan (WAP) was replaced by the EWAP in fiscal 1994. Executives who did not choose to roll over their WAP units into the EWAP continue to be covered under the earlier version in which participants generally vest and commence receipt of benefit payments at retirement at age 65.

Participants in the Senior Executive Incentive Plan (SEIP) are elected for participation by the Company's Board of Directors. Generally, to be eligible the vice president must be participating in the EWAP. Participation in the SEIP requires the vice president to contribute a portion of their compensation during a four-year period, or in some cases make an after tax contribution, in return for a defined benefit paid by the Company generally over a fifteen year period at age 65, or retirement.

The Company's Worldwide Executive Benefit Plans (WEB) are designed to integrate with government sponsored benefits and provide a monthly benefit to vice presidents and shareholders upon retirement from the Company. Each year a plan participant accrues and is fully vested in one-twentieth of the targeted benefits expressed as a percentage set by the Company for that year. Upon retirement, a participant receives a monthly benefit payment equal to the sum of the percentages accrued over such participant's term of employment, up to a

maximum of 20 years, multiplied by the participant's highest average monthly salary during any 36 consecutive months in the final 72 months of active full-time employment.

Certain current and former employees also have individual deferred compensation arrangements with the Company which provide for payment of defined amounts over certain periods commencing at specified dates or events.

In 1998, certain employees elected to defer a portion of their compensation, amounting to approximately $2,500, into a new deferred compensation plan established by the Company. If the Company terminates this plan before April 30, 1999, the employees will receive their deferred compensation plus interest at the Company's bank borrowing rate, currently at 8%.

For financial accounting purposes, the Company estimates the present value of the future benefits payable as of the estimated payment commencement date. The Company also estimates the remaining number of years a participant will be employed by the Company. Then, each year during the period of estimated employment, the Company accrues a liability and recognizes expense for a portion of the future benefit using the "benefit/years of service" attribution method for the SEIP and EWAP plans and the "projected unit credit" method for the WEB plan.

In calculating the accrual for future benefit payments, management has made assumptions regarding employee turnover, participant vesting and the discount rate. Management periodically reevaluates all assumptions. If assumptions change in future reporting periods, the changes may impact the measurement and recognition of benefit liabilities and related compensation expense.

As of April 30, 1997 and 1998, the Company had unrecognized losses related to these deferred compensation plans of $4,421 and $7,747 due to changes in assumptions of the discount rate used for calculating the accruals for future benefits. The Company amortizes unrecognized losses over the average remaining service period of active participants. The discount rate used in 1997 and 1998 was 9.0% and 7.5%, respectively.

Following is a reconciliation of the benefit obligation for the Company's deferred compensation plans:

<TABLE>
<CAPTION>

	YEAR ENDED APRIL 30,	
	1997	1998
<S>	<C>	<C>
Benefit obligation at beginning of the year	$26,705	$30,149
Service cost	1,227	1,693
Interest cost	1,320	1,622
Plan participants' contributions	3,030	5,981
Recognized loss due to change in assumption	305	624
Benefits paid	(2,438)	(4,707)
Benefit obligation at end of fiscal year	$30,149	$35,362
Less: current portion of benefit obligation	(2,473)	(810)
Long-term benefit obligation at end of year	$27,676	$34,552

</TABLE>

The Company has purchased COLI contracts insuring participants and former participants. The gross CSV of these contracts of $53,570 and $67,747 is offset by outstanding policy loans of $32,278 and $37,638, on the accompanying consolidated balance sheets as of April 30, 1997 and 1998, respectively.

Death benefits payable under COLI contracts were $244,418 and $285,495 at April 30, 1997 and 1998, respectively. Management intends to use the future death benefits from these insurance contracts to fund the

deferred compensation arrangements; however, there may not be a direct correlation between the timing of the future cash receipts and disbursements under these arrangements. In addition, certain future death benefits are restricted for the purchase of certain shares of Common Stock, if any, upon the death of a shareholder. As of April 30, 1998, COLI contracts with a net cash surrender value of $24,500 and death benefits payable of $146,589 were held in trust for these purposes.

9. INCOME TAXES

The provision for income taxes is based on reported income before income taxes. Deferred income tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes, as measured by applying the currently enacted tax laws.

The provision (benefit) for domestic and foreign income taxes is comprised of the following components:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Current taxes:			
Federal	$ 921	$ 2,602	$ 2,953
State	381	991	1,022
Total	1,302	3,593	3,975
Deferred taxes:			
Federal	(3,766)	(2,133)	(3,458)
State	(996)	(713)	(1,154)
Total	(4,762)	(2,846)	(4,612)
Foreign taxes	6,748	5,911	7,324
Provision for income taxes	$ 3,288	$ 6,658	$ 6,687

</TABLE>

The domestic and foreign components of income (loss) from continuing operations before domestic and foreign income and other taxes were as follows:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Domestic	$(9,163)	$(2,534)	$(4,635)
Foreign	21,826	19,779	18,591
Total	$12,663	$17,245	$13,956

</TABLE>

The income tax provision stated as a percentage of pretax income was different than the amount computed using the U.S. statutory federal income tax rate for the reasons set forth in the following table:
<TABLE>

<CAPTION>

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998

<S>	<C>	<C>	<C>
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Foreign source dividend income	20.1	12.7	30.6
Foreign income tax credits utilized	(20.4)	(11.6)	(21.5)
Income subject to higher (lower) Foreign tax rates	(7.0)	(5.9)	5.9
COLI CSV increase, net	(3.6)	0.8	(5.4)
Other	1.9	7.6	3.3
Effective tax rate	26.0%	38.6%	47.9%

</TABLE>

The significant components of deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

	AS OF APRIL 30,	
	1997	1998
<S>	<C>	<C>
Deferred income tax assets (liabilities):		
Deferred compensation	$11,597	$14,652
Accrued operating expenses	1,964	3,172
Other accrued liabilities	(1,590)	(1,360)
Property and equipment	299	419
Other	(317)	(338)
Deferred income taxes	$11,953	$16,545

</TABLE>

Realization of the tax asset is dependent on the Company generating sufficient taxable income in future years as the deferred tax items become currently deductible for tax reporting purposes. Management believes that all of the deferred tax asset will be realizable. However, the amount of the deferred tax asset considered realizable could be reduced if the estimates of amounts and/or timing of future taxable income are revised.

10. COMMITMENTS AND CONTINGENCIES

The Company leases office premises and certain office equipment under leases expiring at various dates through 2010. Total rental expense for fiscal years 1996, 1997 and 1998 amounted to $9,033, $11,686 and $12,948, respectively. At April 30, 1998, minimum future commitments under noncancelable operating leases with lease terms in excess of one year were payable as follows: $11,066 in 1999, $10,357 in 2000, $9,813 in 2001, $8,708 in 2002, $5,910 in 2003 and $17,972 thereafter. As of April 30, 1998, the Company has outstanding standby letters of credit of $945 in connection with office leases.

The Company has a policy of requiring all its vice presidents to enter into a standard form of employment agreement which provides for an annual base salary and discretionary and incentive bonus payments. The Company also requires its vice presidents to agree in their employment contracts not to compete with the Company, both during the term of their employment with the Company, and also for a period of one to two years after their employment with the Company ends.

In January 1998, the Company agreed to be co-obligor with an officer-shareholder, on a $1,000 promissory note entered into for his home loan. The officer-shareholder has pledged all of his Common Stock to the Company as collateral. The Company also agreed to pay all of the interest on the note for a four year period ending January 15, 2002. These interest payments are included in compensation and benefits expense. (See Note 15).

In fiscal 1995, certain shareholders of the Company, at the request of the Company, agreed to have certain of their shares of Common Stock redeemed by the Company in a fixed redemption plan initiated by the Company. The redemption price included a contingent amount equal to the difference between a fixed amount plus 8.5% accrued interest and, in the event of an IPO, the public offering price per share of the Common Stock. Simultaneously with the redemption, certain holders of phantom units and stock appreciation rights agreed to terminate their phantom units and stock appreciation rights in return for payments corresponding to the fixed amount and an additional contingent amount. The contingent amount is payable if the Company consummates an extraordinary transaction, including a public offering of the Common Stock,

at any time before December 31, 2004 and the seller has not voluntarily terminated or been terminated for cause prior to the date of the extraordinary transaction.

The Company intends to use a portion of the net proceeds from an IPO to complete the redemption by the Company of certain shares of its mandatorily redeemable common and preferred stock and to pay existing obligations of the Company to former holders of phantom units and stock appreciation rights. Upon consummation of an IPO, each of the sellers has agreed to a negotiated discount from the contingent amount they were originally entitled to receive. Based on the mid-point of the IPO price range of $14.00, the discounted payment amounts will be approximately $4,500. These payments will result in compensation and benefits expense, which will be recorded upon consummation of the IPO.

11. LITIGATION

From time to time the Company has been and is involved in litigation incidental to its business. The Company is currently not a party to any litigation, which if resolved adversely against the Company, would in the opinion of the Company have a material adverse effect on the Company's business, financial position or results of operations.

12. DIVESTITURES

Effective February 29, 1996, the Company divested its 47% interest in Strategic Compensation Associates for a cash payment of $357 and notes receivable of $3,215. The notes are receivable in six equal annual installments with interest. Included in other income in fiscal 1996, is a gain of $516 recognized on this transaction. The outstanding balance of notes receivable at April 30, 1997 and 1998 was $2,781 and $2,308 respectively.

13. BUSINESS SEGMENT

The Company operates in one industry segment, retained executive search, on a global basis. For purposes of the geographic information below, Mexico is included in Latin America. In January 1998 the Company formed Futurestep as an 80 percent owned subsidiary (which is included in North America), to provide Internet-based retained recruitment services for middle management positions. Operating expenses and identifiable assets of Futurestep are not material in 1998. For the six months ended October 31, 1998, Futurestep reported net revenues and operating losses of $747 and $7,062, respectively. A summary of the company's operations by geographic area is presented below:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED APRIL 30,			SIX MONTHS ENDED OCTOBER 31,	
	1996	1997	1998	1997	1998
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
NET REVENUES:					
North America	$107,789	$130,437	$157,044	$ 69,851	$ 93,276
Europe	65,034	72,314	79,731	36,852	49,546
Asia/Pacific	28,870	32,544	32,887	18,100	15,808
Latin America	19,793	25,129	30,893	15,528	17,059
Total revenues	$221,486	$260,424	$300,555	$140,331	$175,689
OPERATING PROFIT:					
North America	7,892	13,711	10,660	4,190	911
Europe	1,246	(935)	382	186	1,510
Asia/Pacific	3,121	3,585	701	586	567
Latin America	4,087	4,204	6,447	3,362	4,360
Total operating profit	16,346	20,565	18,190	8,324	7,348
Interest expense	(3,683)	(3,320)	(4,234)	(1,740)	(2,582)
Income before income taxes and non-controlling shareholders' interest	$ 12,663	$ 17,245	$ 13,956	$ 6,584	$ 4,766

</TABLE>

<TABLE>
<CAPTION>

	AS OF APRIL 30,		
	1996	1997	1998
<S>	<C>	<C>	<C>
IDENTIFIABLE ASSETS:			
North America	$ 42,770	$ 42,498	$ 66,680
Europe	33,524	42,300	40,600
Asia/Pacific	22,955	25,444	18,529
Latin America	8,057	10,606	16,400
Corporate	19,035	27,557	34,162
Total	$126,341	$148,405	$176,371

</TABLE>

The Company's clients were not concentrated in any specific geographic region and no single client accounted for a significant amount of the Company's revenues during fiscal 1996, 1997 or 1998 or the six months ended October 31, 1998.

14. STOCK SPLIT

Subsequent to April 30, 1998, the Company's Board of Directors authorized, and the shareholders approved, the filing of an amendment of the Company's existing Articles of Incorporation to increase the Company's

authorized capital stock and effect a 4 to 1 split of the Common Stock. The Company intends to file the amendment immediately after the registration statement relating to the IPO is declared effective. The financial statements have been retroactively restated for the effects of this transaction.

15. SUBSEQUENT EVENTS

In December 1998, Michael D. Boxberger resigned from his positions as President, Chief Executive Officer, Director and a member of the Office of the Chief Executive of the Company. Mr. Boxberger and the Company have entered into a General Release and Settlement Agreement under which Mr. Boxberger will receive approximately $1,300 payable over a 12-month period. In addition, he will remain on the Company's payroll until the earlier to occur of December 3, 1999 or commencement of new employment. While on the Company's payroll, Mr. Boxberger will continue to receive reimbursement for reasonable expenses, including office and secretarial support as well as medical and other benefits.

At the time of his resignation, Mr. Boxberger owned 393,256 shares of Common Stock. The Company will repurchase 228,088 of those shares at book value pursuant to a Stock Repurchase Agreement between Mr. Boxberger and the Company. Mr. Boxberger may retain the remaining 165,168 shares with the right to sell such shares in accordance with the Liquidity Schedule. (See Note 4). The excess of the fair market over the book value of approximately $1,400 will be recognized as a charge to earnings in the third quarter of fiscal 1999.

Mr. Boxberger has loans outstanding with the Company which, as of December 3, 1998, amounted to an aggregate principal amount of $100. Such loans will be repaid by Mr. Boxberger in full by October 31, 1999. In addition, Mr. Boxberger and the Company are co-obligors on a bank loan in the principal amount of $1,000. The bank loan is secured by shares of Common Stock owned by Mr. Boxberger. The Company will reimburse Mr. Boxberger for interest on the bank loan until the earlier of the sale of Mr. Boxberger's home or December 3, 1999. After December 3, 1999, Mr. Boxberger shall pay all principal and interest due under such bank loan and shall repay or refinance the bank loan on or prior to the earlier of the sale of his home or November 30, 2000.

The Company is currently evaluating its worldwide operations. The results of this analysis could result in a one time charge to earnings of approximately $6 million to $9 million in the third quarter of fiscal 1999 comprised primarily of costs related to office closures and staff downsizing. The effect on future earnings of modifications, if any, to the existing stock repurchase agreements under the Company's executive participation programs has not yet been determined. However, the effect of any modifications to such agreements

would be a non-cash charge. See "Management--Executive Participation Programs--Executive Participation Program."

In July 1998, the Company's Board of Directors unanimously approved a proposed IPO of its common stock. The completion of the IPO is subject to filing an effective registration statement with the Securities and Exchange Commission, the compliance by the Company with applicable state securities laws and favorable market conditions for an offering of the Common Stock.

In June 1998, the Company entered into a trademark license and promotion agreement with Dow Jones & Company that established an alliance between Futurestep and The Wall Street Journal. The alliance, which has an initial term through June 2001 with options for renewal, provides the Company with preferred advertising rates and requires the purchase of a minimum amount of print and on-line advertising. For each company and candidate referred to Futurestep by The Wall Street Journal, Futurestep is obligated to pay to Dow Jones & Company a small percentage of its fee. Dow Jones & Company, the Company and Futurestep have agreed not to promote competing services during the term of the agreement.

Effective May 1, 1998, the Company acquired Didier Vuchot & Associates in France for approximately $6,000 in cash, notes and mandatorily redeemable stock of a subsidiary of the Company. The stock of the

subsidiary is exchangeable for Common Stock upon the achievement of certain performance targets over a four year period from the acquisition date. The difference between book value and fair market value has been recorded as a deferred compensation offset against shareholders' equity that will be amortized over the vesting period. All stock not so exchanged is mandatorily redeemable for a nominal amount at the end of the period. The acquisition was accounted for as a purchase. The fair market value of the net assets acquired was approximately $1,500. The excess of the cash and notes over this amount is related to employment contracts and is included in goodwill and other intangibles. The amount of the purchase price related to mandatorily redeemable stock of the subsidiary of $2,900 is contingent upon future performance and will be recognized as compensation expense as earned.

Effective June 1, 1998, the Company acquired all of the outstanding shares of two firms in Switzerland in a combined transaction for $3,600 payable in cash, notes and mandatorily redeemable Common Stock of the Company. The acquisition was accounted for as a purchase. The fair market value of the net assets acquired was approximately $594. The excess of cash and notes over this amount is related to employment contracts of approximately $1,400 that is contingent upon future performance that will be recognized as compensation expense as earned. The purchase price in excess of these amounts has been allocated to goodwill.

- ---

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<TABLE>
<CAPTION>

</TABLE>

UNTIL , 1999 (25 DAYS AFTER THE COMMENCEMENT OF THE OFFERING) ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN addition TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

- ---
- ---

[LOGO OF KORN/FERRY INTERNATIONAL]

12,500,000 Shares
Common Stock
(no par value)

PROSPECTUS

CREDIT SUISSE FIRST BOSTON

DONALDSON, LUFKIN & JENRETTE

PAINEWEBBER INCORPORATED

- ---

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>	<C>
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	$ *

</TABLE>
- ---
* 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 Company 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 Regulation D promulgated under Section 4(2) of the Securities Act, Rule 701 promulgated under Section 3(b) 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 Company's Executive Participation Program (the "EPP"), the Company 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 for which exemption from registration under the Securities Act is claimed under Regulation D promulgated under Section 4(2) of the Securities Act: 60,216 shares on September 1, 1995, November 15, 1995, January 15, 1996, each for an aggregate of $119,980, respectively; 108,756 shares on May 1, 1996 for an aggregate of

$245,789; 35,396 shares on July 1, 1996 for an aggregate of $79,995; and 15,384 shares on May 1, 1997 for an aggregate of $39,998.

During the three years preceding the filing of this Registration Statement, the following sales were made to officers pursuant to such annual offers for which exemption from registration under the Securities Act is claimed under Rule 701 promulgated under Section 3(b) of the Securities Act: 20,072 shares on October 6, 1995 for an aggregate of $39,993; 18,372 shares on January 1, 1996 for an aggregate of $36,606, 35,392 shares on May 1, 1996 for an aggregate of $79,986; 17,696 shares on April 1, 1997 for an aggregate of $39,993; 46,152 shares on May 1, 1997 for an aggregate of $119,995; and 15,384 shares on April 30, 1998 for an aggregate of $39,998.

During the three years preceding the filing of this Registration Statement, the following sales were made to officers pursuant to such annual offers for which exemption from registration under the Securities Act is claimed under Regulation S under the Securities Act: 99,840 shares on April 16, 1996 for an aggregate of $198,931; 97,496 shares on May 1, 1996 for an aggregate of $220,341; 61,940 shares on July 1, 1996 for an

aggregate of $139,984; 60,224 shares on November 1, 1996 for an aggregate of $119,996; 15,384 shares on May 1, 1997 for an aggregate of $39,998; 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 for an aggregate of $39,998; 15,384 shares on April 1, 1998 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 Company 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 which exemption from registration under the Securities Act is claimed under Regulation D promulgated under Section 4(2) of the Securities Act: For the fiscal quarter ended January 31, 1996, the Company sold an aggregate of 58,752 shares for an aggregate of $124,995. For the fiscal quarter ended April 30, 1996, the Company sold an aggregate of 57,012 shares for an aggregate of $124,999. For the fiscal quarter ended July 31, 1996, the Company sold an aggregate of 1,155,912 shares for an aggregate of $2,612,361. For the fiscal quarter ended October 31, 1996, the Company sold an aggregate of 127,928 shares for an aggregate of $299,991.

For the fiscal quarter ended January 1, 1997, the Company sold an aggregate of 61,728 shares for an aggregate of $149,999. For the fiscal quarter ended April 30, 1997, the Company sold an aggregate of 178,920 shares for an aggregate of $449,984. For the fiscal quarter ended July 31, 1997, the Company sold an aggregate of 423,072 shares for an aggregate of $1,099,987. For the fiscal quarter ended October 31, 1997, the Company sold an aggregate of 245,508 shares for an aggregate of $649,982.

For the fiscal quarter ended January 1, 1998, the Company sold an aggregate of 204,072 shares for an aggregate of $549,974. For the fiscal quarter ended April 30, 1998, the Company sold an aggregate of 200,728 shares for an aggregate of $549,995. For the fiscal quarter ended July 31, 1998, the Company sold an aggregate of 645,696 shares for an aggregate of $1,799,878.

The Company has made the following quarterly offers and sales for which exemption is claimed under Rule 701 promulgated under Section 3(b) of the Securities Act: For the fiscal quarter ended July 31, 1997, the Company sold an aggregate of 288,460 shares for an aggregate of $749,996. For the fiscal quarter ended April 30, 1998, the Company sold an aggregate of 27,372 shares for an aggregate of $74,999. For the fiscal quarter ended July 31, 1998, the Company sold an aggregate of 295,944 shares for an aggregate of $824,944.

The Company has made the following quarterly sales and offers for which exemption is claimed under Regulation S under the Securities Act: For the fiscal quarter ended July 31, 1996, the Company sold an aggregate of 633,816 shares for an aggregate of $1,432,424. For the fiscal quarter ended October 31, 1996, the Company sold an aggregate of 223,872 shares for an aggregate of $524,980.

For the fiscal quarter ended January 1, 1997, the Company sold an aggregate of 49,776 shares for an aggregate of $120,956. For the fiscal quarter ended April 30, 1997, the Company sold an aggregate of 208,816 shares for an aggregate of $525,172. For the fiscal quarter ended July 31, 1997, the Company sold an aggregate of 807,688 shares for an aggregate of $2,099,989. For the fiscal quarter ended October 31, 1997, the Company sold an aggregate of 84,984 shares for an aggregate of $224,995.

For the fiscal quarter ended January 1, 1998, the Company sold an aggregate

of 166,968 shares for an aggregate of $449,979. For the fiscal quarter ended April 30, 1998, the Company sold an aggregate of 538,316 shares for an aggregate of $1,474,986. For the fiscal quarter ended July 31, 1998, the Company sold an aggregate of 1,273,464 shares for an aggregate of $3,549,781.

Under the Company's Supplemental Equity Participation Program, the Company offered shares of Common Stock at a purchase price equal to the fair market value, appraised as of June 30, 1998, to certain employees

promoted to vice president and other persons hired as vice presidents of the Company between May 2, 1998 and the filing of this Registration Statement. On August 14, 1998, the Company sold an aggregate of (i) 81,984 shares for an aggregate of $899,979 for which exemption from registration under the Securities Act is claimed under Regulation D promulgated under Section 4(2) of the Securities Act and (ii) 27,328 shares for an aggregate of $299,993 for which exemption from registration under the Securities Act is claimed under Regulation S under the Securities Act.

Under the Company's Interim Equity Participation Plan, the Company intends to offer shares of Common Stock at a purchase price equal to the fair market value estimated by the Company as of December 31, 1998, to certain employees promoted to vice president and other persons hired as vice presidents of the Company after August 17, 1998. On December 31, 1998, the Company intends to sell approximately 364,300 shares for an aggregate of $4,000,000 for which exemption from registration under the Securities Act is claimed under Rule 701 promulgated under Section 3(b) of the Securities Act.

As of June 30, 1998, the Company issued 1,551,008 shares of Common Stock upon conversion of 387,752 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 105,672 shares of its Common Stock for an aggregate purchase price of $294,560 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.

On August 17, 1998, the Company sold 130,624 shares of its Common Stock to certain executives of DRF-DR-MIRO (AG) and BGO AG for an aggregate purchase price of $364,114 in connection with the Company's acquisition of such executives' firms in August 1998. Exemption from registration under the Securities Act for this issuance is claimed under Section 4(2) of the Securities Act.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) EXHIBITS.

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
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(1)	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

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
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
10.32	General Release and Settlement Agreement between the Company and Mr. Boxberger dated December 3, 1998
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
27.1	Financial Data Schedule

- --------

(1) Confidential treatment has been requested for a portion of this Exhibit.

** 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.

(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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 3 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 December 24, 1998.

KORN/FERRY INTERNATIONAL

By: *

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. 3 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>
* Richard M. Ferry	Chair of the Board	December 24, 1998
* Windle B. Priem	Chief Executive Officer, President and Director	December 24, 1998
* Elizabeth S.C.S. Murray	Chief Financial Officer and Executive Vice President	December 24, 1998
* Donald E. Jordan	Vice President of Finance (Principal Accounting Officer)	December 24, 1998
* Paul Buchanan-Barrow	Director	December 24, 1998
/s/ Peter L. Dunn Peter L. Dunn	Director	December 24, 1998
* Timothy K. Friar	Director	December 24, 1998

*	Director	December 24, 1998	
Sakie T. Fukushima			
*	Director	December 24, 1998	
Hans Jorda			
*	Director	December 24, 1998	
Scott E. Kingdom			

SIGNATURE	TITLE	DATE
*	Director	December 24, 1998
Young Kuan-Sing		
*	Director	December 24, 1998
Raimondo Nider		
*	Director	December 24, 1998
Manuel A. Papayanopulos		
*	Director	December 24, 1998
Michael A. Wellman		

*By: /s/ Peter L. Dunn
Peter L. Dunn
Attorney-in-Fact

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
Korn/Ferry International and Subsidiaries:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Korn/Ferry International and subsidiaries included in this registration statement and we expect to be in a position to issue our report thereon dated July 31, 1998. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule II--Korn/Ferry International Allowance for Doubtful Accounts is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Los Angeles, California
July 31, 1998

SCHEDULE II

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
(IN THOUSANDS)

	BALANCE AT BEGINNING	CHARGED TO COSTS AND	BALANCE AT END OF

	OF YEAR	EXPENSES	DEDUCTION	YEAR
<S>	<C>	<C>	<C>	<C>
YEAR ENDED APRIL 30:				
Allowance for Doubtful Accounts				
1998	$3,846	$2,427	$ (883)	$5,390
1997	3,341	2,196	(1,691)	3,846
1996	2,292	1,590	(541)	3,341

</TABLE>

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

INDEX TO EXHIBITS

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</TABLE>

(1) Confidential treatment has been requested for a portion of this Exhibit.

** Previously filed.

EXHIBIT 1.1

___ SHARES

KORN/FERRY INTERNATIONAL

COMMON STOCK, NO PAR VALUE

UNDERWRITING AGREEMENT

_____, 1999

CREDIT SUISSE FIRST BOSTON CORPORATION
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
PAINEWEBBER INCORPORATED
As Representatives of the Several Underwriters,
c/o Credit Suisse First Boston Corporation,
Eleven Madison Avenue,
New York, N.Y. 10010-3629.

Dear Sirs:

1. Introductory. Korn/Ferry International, a California corporation ("Company"), proposes to issue and sell _____ shares of its Common Stock, no par value ("Securities"), and the shareholders listed in Schedule A hereto ("Selling Shareholders") propose severally to sell an aggregate of _____ outstanding shares of the Securities (such _____ shares of Securities being hereinafter referred to as the "U.S. Firm Securities") to the several Underwriters named in Schedule B hereto ("Underwriters").

It is understood that the Company and the Selling Shareholders are concurrently entering into a Subscription Agreement, dated the date hereof ("Subscription Agreement"), with Credit Suisse First Boston (Europe) Limited ("CSFBL"), and the other managers named therein ("Managers") relating to the concurrent offering and sale of _____ shares of Securities ("International Firm Securities") outside the United States and Canada ("International Offering").

In addition, as set forth below the Company proposes to issue and sell (i) to the Underwriters, at the option of the Underwriters, an aggregate of not more than _____ additional shares of Securities ("U.S. Optional Securities") and (ii) to the Managers, at the option of the Managers, an aggregate of not more than _____ additional shares of Securities ("International Optional Securities"). The U.S. Firm Securities and the U.S. Optional Securities are hereinafter called the "U.S. Securities"; the International Firm Securities and the International Optional Securities are hereinafter called the "International Securities"; the U.S. Firm Securities and the International Firm Securities are hereinafter called the "Firm Securities"; the U.S. Optional Securities and the International Optional Securities are hereinafter called the "Optional Securities". The U.S. Securities and the International Securities are collectively referred to as the "Offered Securities". To provide for the coordination of their activities, the Underwriters and the Managers have entered into an Agreement Between U.S. Underwriters and Managers which permits them, among other things, to sell the Offered Securities to each other for purposes of resale.

The Company and the Selling Shareholders hereby agree with the several Underwriters as follows:

2. Representations and Warranties of the Company and the Selling Shareholders. (a) The Company represents and warrants to, and agrees with, the several Underwriters that:

(i) A registration statement (No. 333-61697) relating to the Offered Securities, including a form of prospectus relating to the U.S. Securities, has been filed with the Securities and Exchange Commission ("Commission") and either (i) has been declared effective under the Securities Act of 1933 ("Act") and is not proposed to be amended or (ii) is proposed to be amended by amendment or post-effective amendment. If such registration statement (the "initial registration statement") has been declared effective, either (A) an additional registration statement (the "additional registration statement") relating to the Offered Securities may have been filed with the Commission pursuant to Rule 462(b) ("Rule 462(b)") under the Act and, if so filed, has become effective upon filing pursuant to such Rule and the Offered Securities all have been duly registered under the Act pursuant to the initial registration statement and, if applicable, the additional registration statement or (B) such an additional registration statement is proposed to be filed with the Commission pursuant to Rule 462(b) and will become effective upon filing pursuant to such Rule and upon such filing the Offered Securities will all have been duly registered under the Act pursuant to the initial registration statement and such additional

registration statement. If the Company does not propose to amend the initial registration statement or if an additional registration statement has been filed and the Company does not propose to amend it, and if any post-effective amendment to either such registration statement has been filed with the Commission prior to the execution and delivery of this Agreement, the most recent amendment (if any) to each such registration statement has been declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c) ("Rule 462(c)") under the Act or, in the case of the additional registration statement, Rule 462(b). For purposes of this Agreement, "Effective Time" with respect to the initial registration statement or, if filed prior to the execution and delivery of this Agreement, the additional registration statement means (i) if the Company has advised the Representatives that it does not propose to amend such registration statement, the date and time as of which such registration statement, or the most recent post-effective amendment thereto (if any) filed prior to the execution and delivery of this Agreement, was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c), or (ii) if the Company has advised the Representatives that it proposes to file an amendment or post-effective amendment to such registration statement, the date and time as of which such registration statement, as amended by such amendment or post-effective amendment, as the case may be, is declared effective by the Commission. If an additional registration statement has not been filed prior to the execution and delivery of this Agreement but the Company has advised the Representatives that it proposes to file one, "Effective Time" with respect to such additional registration statement means the date and time as of which such registration statement is filed and becomes effective pursuant to Rule 462(b). "Effective Date" with respect to the initial registration statement or the additional registration statement (if any) means the date of the Effective Time thereof. The initial registration statement, as amended at its Effective Time, including all information contained in the additional registration statement (if any) and deemed to be a part of the initial registration statement as of the Effective Time of the additional registration statement pursuant to the General Instructions of the Form on which it is filed and including all information (if any) deemed to be a part of the initial registration statement as of its Effective Time pursuant to Rule 430A(b) ("Rule 430A(b)") under the Act, is hereinafter referred to as the "Initial Registration Statement". The additional registration statement, as amended at its Effective Time, including the contents of the initial registration statement incorporated by reference therein and including all information (if any) deemed to be a part of the additional registration statement as of its Effective Time pursuant to Rule 430A(b), is hereinafter referred to as the "Additional Registration Statement". The Initial Registration Statement and the Additional Registration Statement are hereinafter referred to collectively as the "Registration Statements" and individually as a "Registration Statement". The form of prospectus relating to the U.S. Securities, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("Rule 424(b)") under the Act or

(if no such filing is required) as included in the Registration Statement, is hereinafter referred to as the "U.S. Prospectus", and the form of prospectus relating to the International Securities, which is identical to the U.S. Prospectus except for the outside front cover page, the inside front cover page, the outside back cover page and the text under the captions "Underwriting" and "Subscription and Sale" in the prospectus relating to the International Securities (copies of such pages and text having been heretofore delivered to CSFBL on behalf of the Managers), is hereinafter referred to as the "International Prospectus"; and the U.S. Prospectus and the International Prospectus are hereinafter collectively referred to as the "Prospectuses". No document has been or will be prepared or distributed in reliance on Rule 434 under the Act;

(ii) If the Effective Time of the Initial Registration Statement is prior to the execution and delivery of this Agreement: (i) on the Effective Date of the Initial Registration Statement, the Initial Registration Statement conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission ("Rules and Regulations") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) on the Effective Date of the Additional Registration Statement (if any), each Registration Statement conformed, or will conform, in all material respects to the requirements of the Act and the Rules and Regulations and did not include, or will not include, any untrue statement of a material fact and did not omit, or will not omit, to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (iii) on the date of this Agreement, the Initial Registration Statement and, if the Effective Time of the Additional Registration Statement is prior to the execution and delivery of this Agreement, the Additional Registration Statement each conforms, and at the time of filing of the U.S. Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Date of the Additional Registration Statement in which the

U.S. Prospectus is included, each Registration Statement and the U.S. Prospectus will conform, in all material respects to the requirements of the Act and the Rules and Regulations, and none of such documents, nor the International Prospectus, includes, or will include, any untrue statement of a material fact or omits, or will omit, to state any material fact required to be stated therein or necessary to make the statements therein not misleading. If the Effective Time of the Initial Registration Statement is subsequent to the execution and delivery of this Agreement: on the Effective Date of the Initial Registration Statement, the Initial Registration Statement and the U.S. Prospectus will conform in all material respects to the requirements of the Act and the Rules and Regulations, none of such documents, nor the International Prospectus, will include any untrue statement of a material fact or will omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and no Additional Registration Statement has been or will be filed. The two preceding sentences do not apply to statements in or omissions from a Registration Statement or either of the Prospectuses based upon written information furnished to the Company by any Underwriter through the Representatives or by any Manager through CSFBL specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 7(c) hereof;

(iii) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of California, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectuses; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not be reasonably expected to have a material adverse effect on the condition (financial or other), business, properties or results of operations of

the Company and the Subsidiaries (as defined below) taken as a whole or the transactions contemplated by this Agreement and the Subscription Agreement ("Material Adverse Effect");

(iv) Each significant subsidiary, as defined in Regulation S-X under the Act, of the Company, and Korn/Ferry International Futurestep, Inc. (collectively, the "Subsidiaries"), has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectuses; Korn/Ferry International Futurestep, Inc. is duly qualified to do business as a foreign corporation in good standing in the State of California; and each Subsidiary of the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not be reasonably expected to have a Material Adverse Effect; all of the issued and outstanding capital stock of each Subsidiary of the Company has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of each Subsidiary owned by the Company, directly or through the Subsidiaries, is owned free from liens, encumbrances and defects;

(v) The Offered Securities and all other outstanding shares of capital stock of the Company have been duly authorized; all outstanding shares of capital stock of the Company are, and, when the Offered Securities have been delivered and paid for in accordance with this Agreement and the Subscription Agreement on each Closing Date (as defined below), such Offered Securities will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectuses; and the shareholders of the Company have no preemptive rights with respect to the Securities;

(vi) Except as disclosed in the Prospectuses, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter or Manager for a brokerage commission, finder's fee or other like payment in connection with this offering;

(vii) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act;

(viii) The Offered Securities have been approved for listing on the New York Stock Exchange subject to notice of issuance;

(ix) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required to be obtained or made by the Company for the consummation of the transactions contemplated by this Agreement in connection with the sale of the Offered Securities, except such as have been obtained and made under the Act and such as may be required under state securities laws;

(x) The execution, delivery and performance of this Agreement and the Subscription Agreement and the issuance and sale of the Offered Securities to be issued and sold by the Company will not result in a material breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any rule, regulation or order of any governmental agency or body or

any court, domestic or foreign, having jurisdiction over the Company or any Subsidiary of the Company or any of their properties, or any agreement or instrument to which the Company or any such Subsidiary is a party or by which the Company or any such Subsidiary is bound or to which any of the properties of the Company or any such Subsidiary is subject, or the charter or by-laws of the Company or any such Subsidiary, and the Company has full power and authority to authorize, issue and sell the Offered Securities as contemplated by this Agreement and the Subscription Agreement, respectively;

(xi) This Agreement and the Subscription Agreement have been duly authorized, executed and delivered by the Company;

(xii) The Company owns no real properties. Except as disclosed in the Prospectuses, the Company and the Subsidiaries have good and marketable title to all properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them; and except as disclosed in the Prospectuses, the Company and the Subsidiaries hold any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or to be made thereof by them;

(xiii) The Company and the Subsidiaries possess all material certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them and have not received any notice of proceedings relating to the absence, revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or any of the Subsidiaries, would individually or in the aggregate be reasonably expected to have a Material Adverse Effect;

(xiv) No labor dispute with the employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is imminent that would reasonably be expected to have a Material Adverse Effect;

(xv) The Company and the Subsidiaries own, possess or can acquire on reasonable terms all material trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "intellectual property rights") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Company or any of the Subsidiaries, would individually or in the aggregate be reasonably expected to have a Material Adverse Effect;

(xvi) Except as disclosed in the Prospectuses, there are no pending actions, suits or proceedings against or affecting the Company, any of the Subsidiaries or any of their respective properties that, if determined adversely to the Company or any of the Subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of the Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings are, to the Company's knowledge, threatened or contemplated;

(xvii) The financial statements included in each Registration Statement and the Prospectuses present fairly the financial position of the Company and its consolidated Subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial

statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis; and the assumptions used in preparing the pro forma financial statements

included in each Registration Statement and the Prospectuses provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts;

(xviii) Except as disclosed in the Prospectuses, since the date of the latest audited financial statements included in the Prospectuses there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and the Subsidiaries taken as a whole, and, except as disclosed in or contemplated by the Prospectuses, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock; and

(xix) The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectuses, will not be an "investment company" as defined in the Investment Company Act of 1940.

(b) Each Selling Shareholder severally represents and warrants to, and agrees with, the several Underwriters that:

(i) Such Selling Shareholder has and on the First Closing Date hereinafter mentioned will have full right, capacity, power and authority to enter into this Agreement, the Subscription Agreement and the Custody Agreement and to sell, assign, transfer and deliver the Offered Securities to be delivered by such Selling Shareholder on such Closing Date;

(ii) A Power of Attorney and a Custody Agreement have been duly executed and delivered by such Selling Shareholder and each constitutes a valid and binding agreement of such Selling Shareholder in accordance with its terms;

(iii) Such Selling Shareholder is and on the First Closing Date hereinafter mentioned will be the owner of the Offered Securities to be delivered by or on behalf of such Selling Shareholder on such Closing Date, and upon delivery in the State of New York of such Offered Securities to the Underwriters and Managers, registration of certificates for the Offered Securities in the names of or for the accounts of the Underwriters and Managers, and payment therefor in accordance with the terms of this Agreement and the Subscription Agreement, the Underwriters and Managers will each become the owners of their respective percentages of such Offered Securities, free of any "adverse claim" (as defined in the New York UCC), assuming that the Underwriters or Managers do not have notice of any adverse claim to the Offered Securities;

(iv) The execution, delivery and performance of the Custody Agreement, this Agreement and the Subscription Agreement and the consummation of the transactions therein and herein contemplated will not result in a breach or violation of any of the terms and provisions of, or constitute a default under any law, rule or regulation or order of any governmental agency or body or any court having jurisdiction over such Selling Shareholder or any of his properties, or any agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder is bound or to which any of the properties of such Selling Shareholder is subject or, require any consent, approval or authorization to be obtained or filing, registration or declaration

to be made by or on behalf of such Selling Shareholder which has not been obtained or made, provided that no representation is made as to the Act or state securities laws; and

(v) At the Effective Time of the Initial Registration Statement and of any Additional Registration Statement, and on the date of this Agreement, to the best knowledge of such Selling Stockholder without independent investigation, each such Registration Statement, the U.S. prospectus, and the International Prospectus did not, do not and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

3. Purchase, Sale and Delivery of Offered Securities. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company and each Selling Shareholder agree, severally and not jointly, to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company and each Selling Shareholder, at a purchase price of U.S.$_____ per share, that number of U.S. Firm Securities (rounded up or down, as determined by Credit Suisse First Boston Corporation ("CSFBC") in its discretion, in order to avoid fractions) obtained by multiplying _____ U.S. Firm Securities in the case of

the Company and the number of U.S. Firm Securities set forth opposite the name of such Selling Shareholder in Schedule A hereto, in the case of a Selling Shareholder, in each case by a fraction the numerator of which is the number of U.S. Firm Securities set forth opposite the name of such Underwriter in Schedule B hereto and the denominator of which is the total number of U.S. Firm Securities.

Certificates in negotiable form for the Offered Securities to be sold by the Selling Shareholders hereunder have been placed in custody, for delivery under this Agreement, under Custody Agreements made with the Company, as custodian ("Custodian"). Each Selling Shareholder agrees that the shares represented by the certificates held in custody for the Selling Shareholders under such Custody Agreements are subject to the interests of the Underwriters hereunder, that the arrangements made by the Selling Shareholders for such custody are to that extent irrevocable, and that the obligations of the Selling Shareholders hereunder shall not be terminated by operation of law, whether by the death of any individual Selling Shareholder or the occurrence of any other event, or in the case of a trust, by the death of any trustee or trustees or the termination of such trust. If any individual Selling Shareholder or any such trustee or trustees should die, or if any other such event should occur, of if any of such trusts should terminate, before the delivery of the Offered Securities hereunder, certificates for such Offered Securities shall be delivered by the Custodian in accordance with the terms and conditions of this Agreement as if such death or other event of termination had not occurred, regardless of whether or not the Custodian shall have received notice of such death or other event or termination.

The Company and the Custodian will deliver the U.S. Firm Securities to the Representatives for the accounts of the Underwriters, against payment of the purchase price in Federal (same day) funds by official bank check or checks or wire transfer to an account at a bank acceptable to CSFBC drawn to the order of CSFBC at the office of Sullivan & Cromwell, 1888 Century Park East, Los Angeles, California, at 7:00 A.M., California time, on _____, or at such other time not later than seven full business days thereafter as CSFBC and the Company determine, such time being herein referred to as the "First Closing Date". For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the U.S. Offering and the International Offering. The certificates for the U.S. Firm Securities so to be delivered will be in definitive form, in such denominations and registered in such names as CSFBC requests and will be made available for checking and packaging at the above office of Sullivan & Cromwell at least 24 hours prior to the First Closing Date.

In addition, upon written notice from CSFBC given to the Company from time to time not more than 30 days subsequent to the date of the U.S. Prospectus, the Underwriters may purchase all or less than all of the U.S. Optional Securities at the purchase price per Security to be paid for the U.S. Firm Securities. The Company agrees to sell to the Underwriters the number of U.S. Optional Securities specified in such notice and the Underwriters agree, severally and not jointly, to purchase such U.S. Optional Securities. The U.S. Optional Securities to be purchased by the Underwriters on any Optional Closing Date shall be in the same proportion to all the Optional Securities to be purchased by the Underwriters and the Managers on such Optional Closing Date as the U.S. Firm Securities bear to all the Firm Securities. Such U.S. Optional Securities shall be purchased from the Company for the account of each Underwriter in the same proportion as the number of U.S. Firm Securities set forth opposite such Underwriter's name bears to the total number of U.S. Firm Securities (subject to adjustment by CSFBC to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the U.S. Firm Securities. No Optional Securities shall be sold or delivered unless the U.S. Firm Securities and the International Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by CSFBC on behalf of Underwriters and the Managers to the Company.

Each time for the delivery of and payment for the U.S. Optional Securities, being herein referred to as an "Optional Closing Date", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "Closing Date"), shall be determined by CSFBC but shall be not later than five full business days after written notice of election to purchase Optional Securities is given. The Company will deliver the U.S. Optional Securities being purchased on each Optional Closing Date to the Representatives for the accounts of the several Underwriters, against payment of the purchase price therefor in Federal (same day) funds by official bank check or checks or wire transfer to an account at a bank acceptable to CSFBC drawn to the order of CSFBC, at the office of Sullivan & Cromwell. The certificates for the U.S. Optional Securities being purchased on each Optional Closing Date will be in definitive form, in such denominations and registered in such names as CSFBC requests upon reasonable notice prior to such Optional Closing Date and

will be made available for checking and packaging at the office of CSFBC at a reasonable time in advance of such Optional Closing Date.

4. Offering by Underwriters. It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the U.S. Prospectus.

5. Certain Agreements of the Company and the Selling Shareholders. The Company agrees with the several Underwriters and the Selling Shareholders that:

(a) If the Effective Time of the Initial Registration Statement is prior to the execution and delivery of this Agreement, the Company will file with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by CSFBC, subparagraph (4)) of Rule 424(b) not later than the earlier of (A) the second business day following the execution and delivery of this Agreement or (B) the fifteenth business day after the Effective Date of the Initial Registration Statement.

The Company will advise CSFBC promptly of any such filing pursuant to Rule 424(b). If the Effective Time of the Initial Registration Statement is prior to the execution and delivery of this Agreement and an additional registration statement is necessary to register a portion of the Offered Securities under the Act but the Effective Time thereof has not occurred as of such execution and delivery, the Company will file the additional registration statement or, if filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b)

on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Prospectuses are printed and distributed to any Underwriter or Manager, or will make such filing at such later date as shall have been consented to by CSFBC.

(b) The Company will advise CSFBC promptly of any proposal to amend or supplement the initial or any additional registration statement as filed or the related prospectus or the Initial Registration Statement, the Additional Registration Statement (if any) or either of the Prospectuses and will not effect such amendment or supplementation without CSFBC's prior consent; and the Company will also advise CSFBC promptly of the effectiveness of each Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement) and of any amendment or supplementation of a Registration Statement or either of the Prospectuses and of the institution by the Commission of any stop order proceedings in respect of a Registration Statement and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer, any event occurs as a result of which either of both of the Prospectuses as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend either or both of the Prospectuses to comply with the Act, the Company will promptly notify CSFBC of such event and will promptly prepare and, in the case of the U.S. Prospectus, file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither CSFBC's consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6.

(d) As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the Effective Date of the Initial Registration Statement (or, if later, the Effective Date of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act. For the purpose of the preceding sentence, "Availability Date" means the 45th day after the end of the fourth fiscal quarter following the fiscal quarter that includes such Effective Date, except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "Availability Date" means the 90th day after the end of such fourth fiscal quarter.

(e) The Company will furnish to the Representatives copies of each Registration Statement (one of which will be signed and will include all exhibits), each preliminary prospectus relating to the U.S. Securities, and, so long as a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer, the U.S. Prospectus and all amendments and supplements to such documents, in each case in such quantities as CSFBC requests. The U.S.

Prospectus shall be so furnished on or prior to 3:00 P.M., New York time, on the business day following the later of the execution and delivery of this Agreement or the Effective Time of the Initial Registration Statement. All other such documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) The Company will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions in the United States as CSFBC designates and will continue such qualifications in effect so long as required for the distribution.

(g) During the period of five years hereafter, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to shareholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Securities Exchange Act of 1934 or mailed to shareholders, and (ii) from time to time, such other information concerning the Company as CSFBC may reasonably request.

(h) For a period of 180 days after the date of the initial public offering of the Offered Securities, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to, any additional shares of its Securities or securities convertible into or exchangeable or exercisable for any shares of its Securities, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of CSFBC, except (i) grants of stock options pursuant to the terms of the Company's Performance Award Plan, and issuances of Securities pursuant to the exercise of such options or the exercise of any other employee stock options outstanding on the date hereof, and (ii) offers, sales or issuances of its Securities in connection with (a) acquisition transactions not involving a public offering, (b) conversion of the Company's outstanding phantom units and stock rights and (c) administration of the Company's 401(k) plan and the Company's equity participation programs and supplemental equity participation programs.

(i) The Company agrees with the several Underwriters and the Selling Shareholders that the Company will pay all expenses incident to the performance of the obligations of the Company and the Selling Shareholders, as the case may be, under this Agreement, and will reimburse the Underwriters (if and to the extent incurred by them) for any filing fees and other expenses (including fees and disbursements of counsel) incurred by them in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions in the United States as CSFBC designates and the printing of memoranda relating thereto, for the filing fee incidental to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. of the Offered Securities, for any travel expenses of the Company's officers and employees and any other expenses of the Company in connection with attending or hosting meetings with prospective purchasers of the Offered Securities, and for expenses incurred in distributing preliminary prospectuses and the Prospectuses (including any amendments and supplements thereto) to the Underwriters, provided that each Selling Shareholder severally agrees to pay any transfer taxes on the sale by such Selling Shareholder of Offered Securities to the Underwriters.

(j) Each Selling Shareholder agrees to deliver to CSFBC, attention: Transactions Advisory Group, on or prior to the First Closing Date a properly completed and executed United States Treasury Department Form W-9 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

(k) Each Selling Shareholder agrees, for a period of 180 days after the date of the initial public offering of the Offered Securities, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any additional shares of the Securities of the Company or securities convertible into or exchangeable or exercisable for any shares of Securities, other than

to the Company, or publicly disclose the intention to make any such offer, sale, pledge or disposition without the prior written consent of CSFBC.

6. Conditions of the Obligations of the Underwriters. The obligations of the several Underwriters to purchase and pay for the U.S. Firm Securities on the First Closing Date and the U.S. Optional Securities to be purchased on each Optional Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Shareholders herein, to

the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company and the Selling Shareholders of their obligations hereunder and to the following additional conditions precedent:

(a) The Representatives shall have received a letter, dated the date of delivery thereof (which, if the Effective Time of the Initial Registration Statement is prior to the execution and delivery of this Agreement, shall be on or prior to the date of this Agreement or, if the Effective Time of the Initial Registration Statement is subsequent to the execution and delivery of this Agreement, shall be prior to the filing of the amendment or post-effective amendment to the registration statement to be filed shortly prior to such Effective Time), of Arthur Andersen LLP, confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

(i) in their opinion the financial statements and schedules examined by them and included in the Registration Statements comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, Interim Financial Information, on the unaudited financial statements included in the Registration Statements;

(iii) on the basis of a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements included in the Registration Statements do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements for them to be in conformity with generally accepted accounting principles;

(B) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of this Agreement, there was any change in the capital stock or any increase in short-term indebtedness or long-term debt of the Company and the Subsidiaries or, at the date of the latest available balance sheet read by such accountants, there was any decrease in consolidated net assets, as compared with amounts shown on the latest balance sheet included the Prospectuses; or

(C) for the period from the closing date of the latest income statement included in the Prospectuses to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year, in net fee revenue, operating income or in the total or per share amounts of consolidated net income;

except in all cases set forth in clauses (A) and (B) above for changes, increases or decreases which the Prospectuses disclose have occurred or may occur or which are described in such letter;

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Registration Statements (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and the Subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter;

(v) in their opinion, the Company's presentation of Management's Discussion and Analysis included in the Registration Statements includes, in all material respects, the required elements of the Rules and Regulations; the historical financial amounts included therein have been accurately derived, in all material respects, from the Company's financial statements; and the underlying

information, determinations, estimates and assumptions of the Company provide a reasonable basis for the disclosures contained therein; and

(vi) nothing came to their attention as a result of the procedures specified in their letter that caused them to believe that the unaudited pro forma condensed consolidated financial statements included in the Registration Statements do not comply as to form in all material respects with the applicable accounting requirements of rule 11-02 of Regulation S-X and that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements.

For purposes of this subsection, (i) if the Effective Time of the Initial Registration Statement is subsequent to the execution and delivery of this Agreement, "Registration Statements" shall mean the initial registration statement as proposed to be amended by the amendment or post-effective amendment to be filed shortly prior to its Effective Time, (ii) if the Effective Time of the Initial Registration Statement is prior to the execution and delivery of this Agreement but the Effective Time of the Additional Registration Statement is subsequent to such execution and delivery, "Registration Statements" shall mean the Initial Registration Statement and the additional registration statement as proposed to be filed or as proposed to be amended by the post-effective amendment to be filed shortly prior to its Effective Time, and (iii) "Prospectuses" shall mean the prospectus relating to the U.S. Securities included in the Registration Statements and the corresponding form of prospectus relating to the International Securities.

(b) If the Effective Time of the Initial Registration Statement is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or such later date as shall have been consented to

by CSFBC. If the Effective Time of the Additional Registration Statement (if any) is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or, if earlier, the time either Prospectus are printed and distributed to any Underwriter or Manager, or shall have occurred at such later date as shall have been consented to by CSFBC. If the Effective Time of the Initial Registration Statement is prior to the execution and delivery of this Agreement, the U.S. Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) of this Agreement. Prior to such Closing Date, no stop order suspending the effectiveness of a Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of any Selling Shareholder, the Company or the Representatives, shall be contemplated by the Commission.

(c) Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Company or the Subsidiaries which, in the judgment of a majority in interest of the Underwriters including the Representatives, is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the U.S. Securities; (ii) any suspension or significant limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (iii) any banking moratorium declared by U.S. Federal or New York authorities; or (iv) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of a majority in interest of the Underwriters including the Representatives, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the U.S. Securities.

(d) The Representatives shall have received an opinion, dated such Closing Date, of O'Melveny & Myers, L.L.P., counsel for the Company, to the effect that:

(i) The Company has been duly incorporated and is validly existing in good standing under the laws of the State of California, with corporate power and corporate authority to own its properties and conduct its business as described in the Prospectuses;

(ii) The Company has qualified as a foreign corporation to do business in the states identified by the Company in an Officer's Certificate, a copy of which will be delivered to the Representatives;

(iii) The outstanding shares of the Common Stock of the Company have been duly authorized by all necessary corporate action on the part of the Company and are validly issued, fully paid and nonassessable; and the holders of the Common Stock of the Company are not entitled to any preemptive right to subscribe to any additional shares of the Common Stock of the Company under the Company's Articles of Incorporation or Bylaws;

(iv) The Offered Securities delivered on such Closing Date have been duly authorized by all necessary corporate action on the part of the Company and, upon payment for and delivery of the Offered Securities in accordance with this Agreement and the

Subscription Agreement and the countersigning of the certificate or certificates representing the Offered Securities by a duly authorized signatory of the registrar for the Common Stock of the Company, the Offered Securities will be validly issued, fully paid and nonassessable;

(v) No order, consent, permit or approval of any California or Federal governmental authority is required on the part of the Company for the execution and delivery by the Company of, or the issuance and sale of the Offered Securities by the Company pursuant to the terms of, this Agreement or the Subscription Agreement, except such as have been obtained under the Act and such as may be required under applicable Blue Sky or state securities laws;

(vi) The execution and delivery by the Company of, and the issuance and sale of the Offered Securities by the Company pursuant to the terms of, this Agreement and the Subscription Agreement, do not violate any California or Federal statute, rule or regulation, except that such counsel need express no opinion regarding any federal securities laws or Blue Sky or state securities laws or Section 7 of this Agreement or Section 7 of the Subscription Agreement;

(vii) The execution and delivery by the Company of, and the issuance and sale of the Offered Securities by the Company pursuant to the terms of, this Agreement and the Subscription Agreement, do not (1) violate the Articles of Incorporation or Bylaws of the Company, or (2) violate, breach, or result in a default under, any existing obligation of or restriction on the Company under any other agreement listed as an exhibit to the Registration Statement;

(viii) The execution and delivery by the Company of this Agreement and the Subscription Agreement have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement and the Subscription Agreement have been duly executed and delivered by the Company;

(ix) The Initial Registration Statement and, if applicable, the Additional Registration Statement have been declared effective under the Act and, to such counsel's knowledge, no stop order suspending the effectiveness of the Initial Registration Statement or, if applicable, the Additional Registration Statement has been issued or threatened by the Commission;

(x) The Initial Registration Statement and, if applicable, the Additional Registration Statement, on their respective effective dates, appeared on their face to comply in all material respects with the requirements as to form for Registration Statements on Form S-1 under the Act and the Rules and Regulations in effect on the date of effectiveness, except that such counsel need express no opinion concerning the financial statements and other financial information contained therein;

(xi) Such counsel does not know of any contract or other document of a character required to be described in a Registration Statement or the Prospectuses or to be filed as an exhibit to the Initial Registration Statement or, if applicable, the Additional Registration Statement which was not described and filed as required; and

(xii) The statements in the Prospectuses under the caption "Description of Capital Stock," insofar as they summarize provisions of the Articles of Incorporation and Bylaws of the Company, fairly present the information required by Form S-1.

Such counsel shall state that in connection with such counsel's participation in conferences in connection with the preparation of the Initial Registration Statement and, if applicable, the Additional Registration Statement, and the Prospectuses, such counsel has not independently verified the accuracy, completeness or fairness of the

statements contained therein, and the limitations inherent in the examination made by such counsel and the knowledge available to such counsel are such that such counsel is unable to assume, and does not assume, any responsibility for such accuracy, completeness or fairness (except as otherwise specifically stated in paragraph (xii) above). However, such counsel shall state that on the basis of such counsel's review and participation in conferences in connection with the preparation of the Initial Registration Statement and, if applicable, the Additional Registration Statement and the Prospectuses and relying on such counsel's determination as to materiality to an extent upon opinions of officers and other representatives of the Company, such counsel does not believe that the Initial Registration Statement and, if applicable, the Additional Registration Statement, as of their respective effective dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and such counsel does not believe that the Prospectuses on the date of such opinion, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no opinion or belief as to the financial statements and other financial information contained in the Initial Registration Statement, the Additional Registration Statement, if any, or the Prospectuses.

(e) The Representatives shall have received an opinion, dated the first Closing Date, of Latham & Watkins, special counsel for the Selling Shareholders, to the effect that:

(i) Assuming that each Selling Shareholder (A) has the capacity, power and authority, as applicable, to execute, deliver and perform the Power of Attorney, the Custody Agreement and this Agreement, (B) as applicable, has duly authorized the execution, delivery and performance of the Power of Attorney, the Custody Agreement, and this Agreement, (C) has duly executed and delivered the Power of Attorney and the Custody Agreement, and (D) such execution, delivery and performance of the Power of Attorney, the Custody Agreement, and this Agreement do not violate any law, rule or regulation applicable to such Selling Shareholder, and do not require any consent, approval or authorization to be obtained or filing, registration or declaration to be made by or on behalf of such Selling Shareholder which has not been duly obtained or made, each of the Power of Attorney and Custody Agreement is a legally valid and binding obligation of such Selling Shareholder, enforceable in accordance with its terms, subject to (1) bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors, (2) laws governing the enforceability of agencies and obligations after death, (3) general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of a court before which any proceeding may therefore be brought, and (4) the unenforceability under certain circumstances under law or court decisions of provisions providing for the indemnification of or contribution to a party with respect to a liability where such indemnification or contribution is contrary to public policy; and this Agreement

has been duly executed and delivered by [Attorney-in-Fact] on behalf on the Selling Shareholders; and

(ii) Assuming that the representations of the Company herein and of the Selling Shareholders as to their ownership of the Offered Securities in Section 2(b) are correct, upon payment for such Offered Securities in accordance with the terms of this Agreement, delivery of such Offered Securities to DTC or its nominee ("DTC") in the State of New York, registration of such Offered Securities in the name of DTC, and registration of such Offered Securities to the account of the Underwriters in the records of DTC, the Underwriters will become the owners of such Offered Securities, free of any "adverse claim" (as defined in Section 8-101(a)(1) of the New York UCC), assuming that the Underwriters do not have notice of any adverse claim to such Offered Securities.

In rendering such opinion, such counsel may assume that the parties to this Agreement, the Power of Attorney and the Custody Agreement are duly organized and existing, have requisite capacity, power and authority to enter into and perform this Agreement, the Power of Attorney and the Custody Agreement, and that this Agreement, the Power of Attorney and the Custody Agreement have been duly authorized, executed and delivered by such parties and constitute their respective legally valid and binding obligations, and that such execution, delivery and performance does not violate any law, rule or regulation applicable to them or require any consent, approval or authorization to be obtained or filing, registration or declaration to be made by or on behalf of such persons which has not been obtained or

made.

(f) The Representatives shall have received from Sullivan & Cromwell, counsel for the Underwriters, such opinion or opinions, dated such Closing Date, with respect to the incorporation of the Company, the validity of the Offered Securities delivered on such Closing Date, the Registration Statements, the Prospectuses and other related matters as the Representatives may require, and the Selling Shareholders and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) The Representatives shall have received a certificate, dated such Closing Date, of the President, a Vice Chair or any Vice President and the Chief Financial Officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that: the representations and warranties of the Company in this Agreement are true and correct; the Company has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 111(a) or (b) under the Act, prior to the time either Prospectus was printed and distributed to any Underwriter or Manager; and, subsequent to the date of the most recent financial statements in the Prospectuses, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and the Subsidiaries taken as a whole except as set forth in or contemplated by the Prospectuses or as described in such certificate.

(h) The Representatives shall have received a certificate, dated such Closing Date, of each of the Selling Shareholders stating that the representations and warranties of such Selling Shareholder in this Agreement are true and correct and such Selling Shareholder has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date.

(i) The Representatives shall have received a letter, dated such Closing Date, of Arthur Andersen LLP, which meets the requirements of subsection (a) of this Section, except that the specified date referred to in such subsection will be a date not more than three business days prior to such Closing Date for the purposes of this subsection.

(j) On such Closing Date, the Managers shall have purchased the International Firm Securities or the International Optional Securities, as the case may be, pursuant to the Subscription Agreement.

The Company and the Selling Shareholders will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. CSFBC may in its sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

7. Indemnification and Contribution. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, either of the Prospectuses, or any amendment or supplement thereto, or any related preliminary prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (c) below; and provided, further, that the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased the Offered Securities

concerned in respect of any preliminary prospectus, or any amendment or supplement thereto, to the extent that both (i) the untrue statements or alleged untrue statements or omissions or alleged omissions of material fact contained in any preliminary prospectus or any amendment or supplement thereto were fully corrected in the Prospectuses or any amendments or supplements thereto and (ii) the fully corrected Prospectuses or amendments or supplements were required to be delivered by such Underwriter under the Act in connection with such purchase, were provided to such Underwriter by the Company prior to the time the written confirmation of the sale of the Offered Securities to such purchaser was sent and were not sent or given to such purchaser at or prior to the written confirmation of the sale of Offered Securities to such person.

(b) The Selling Shareholders, severally and not jointly, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or

actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, either of the Prospectuses, or any amendment or supplement thereto, or any related preliminary prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished by such Selling Shareholder to the Company specifically for use therein and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; it being understood and agreed that the only such information furnished by such shareholder consists of his name, address, number of shares beneficially owned and number of shares offered for sale. The indemnity agreement contained in this subsection (b) shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased the Offered Securities concerned in respect of any preliminary prospectus, or any amendment or supplement thereto, to the extent that both (i) the untrue statements or alleged untrue statements or omissions or alleged omissions of material fact contained in any preliminary prospectus or any amendment or supplement thereto were fully corrected in the Prospectuses or any amendments or supplements thereto and (ii) the fully corrected Prospectuses or amendments or supplements were required to be delivered by such Underwriter under the Act in connection with such purchase, were provided to such Underwriter by the Company prior to the time the written confirmation of the sale of the Offered Securities to such purchaser was sent and were not sent or given to such purchaser at or prior to the written confirmation of the sale of Offered Securities to such person.

(c) Each Underwriter will severally and not jointly indemnify and hold harmless the Company and each Selling Shareholder against any losses, claims, damages or liabilities to which the Company or such Selling Shareholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, either of the Prospectuses, or any amendment or supplement thereto, or any related preliminary prospectus, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company and each Selling Shareholder in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the U.S. Prospectus furnished on behalf of each Underwriter: the last paragraph at the bottom of the cover page concerning the terms of the offering by the Underwriters, the legend concerning over-allotments and stabilizing on the inside front cover page, the concession and reallowance figures appearing in the fifth paragraph under the caption "Underwriting" and the information contained in the seventeenth paragraph under the caption "Underwriting".

(d) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a), (b) or (c) above, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a), (b) or (c) above. In case any such action is brought against any indemnified party and it notifies an indemnifying party

of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that

it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action. No indemnified party shall, without the prior written consent of the indemnifying party, which consent will not be unreasonably withheld, effect any settlement of any pending or threatened action in respect of which any indemnified party seeks indemnification pursuant to this Section.

(e) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a), (b) or (c) above, but only in respect of matters that such party would otherwise be entitled to indemnify pursuant to such subsections, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholders on the one hand and the Underwriters on the other from the offering of the U.S. Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Shareholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Shareholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the U.S. Securities (before deducting expenses) received by the Company and the Selling Shareholders bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, the Selling Shareholders or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (e). Notwithstanding the provisions of this subsection (e), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the U.S. Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (e) to contribute are several in proportion to their respective underwriting obligations and not joint.

(f) The obligations of the Company and the Selling Shareholders under this Section shall be in addition to any liability which the Company and the Selling Shareholders may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and

conditions, to each director of the Company, to each officer of the Company who has signed a Registration Statement and to each person, if any, who controls the Company within the meaning of the Act.

8. Default of Underwriters. If any Underwriter or Underwriters default in their obligations to purchase U.S. Securities hereunder on either the First or any Optional Closing Date and the aggregate number of shares of U.S. Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase

does not exceed 10% of the total number of shares of U.S. Securities that the Underwriters are obligated to purchase on such Closing Date, CSFBC may make arrangements satisfactory to the Company and the Selling Shareholders for the purchase of such U.S. Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the U.S. Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of shares of U.S. Securities with respect to which such default or defaults occur exceeds 10% of the total number of shares of U.S. Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to CSFBC, the Company and the Selling Shareholders for the purchase of such U.S. Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter, the Company or the Selling Shareholders, except as provided in Section 9 (provided that if such default occurs with respect to U.S. Optional Securities after the First Closing Date, this Agreement will not terminate as to the U.S. Firm Securities or any U.S. Optional Securities purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers, of the Selling Shareholders and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Company, any Selling Shareholder, any Underwriter or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the U.S. Securities. If this Agreement is terminated pursuant to Section 8 or if for any reason the purchase of the U.S. Securities by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by them pursuant to Section 5 and the respective obligations of the Company, the Selling Shareholders, and the Underwriters pursuant to Section 7 shall remain in effect, and if any U.S. Securities have been purchased hereunder the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect. If the purchase of the U.S. Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 8 or the occurrence of any event specified in clause (ii), (iii), or (iv) of Section 6(c), the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the U.S. Securities.

10. Notices. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives, c/o Credit Suisse First Boston Corporation, Eleven Madison Avenue, New York, N.Y. 10010-3629, Attention: Investment Banking Department - Transactions Advisory Group, or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at 1800 Century Park East, Suite 900, Los Angeles, CA 90067, Attention: General Counsel, or, if sent to the Selling Shareholders or any of them, will be mailed, delivered or telegraphed and confirmed to [Attorney-in-Fact] at the Company, 1800 Century Park East, Suite 900, Los Angeles, CA 90067; provided, however, that any notice to an Underwriter pursuant to Section 7 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective personal representatives and successors and the officers and directors and controlling persons referred to in Section 7, and no other person will have any right or obligation hereunder.

12. Representation. The Representatives will act for the several Underwriters in connection with the transactions contemplated by this Agreement, and any action under this Agreement taken by the Representatives jointly or by CSFBC will be binding upon all the Underwriters. [Attorney-in-Fact] will act for the Selling Shareholders in connection with such transactions, and any action under or in respect of this Agreement taken by [Attorney-in-Fact] will be binding upon the Selling Shareholders.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

14. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit

or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement among the Selling Shareholders, the Company and the several Underwriters in accordance with its terms.

Very truly yours,

SELLING SHAREHOLDERS (set forth in Schedule A)

By_____
Attorney-in-Fact

KORN/FERRY INTERNATIONAL

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

By_____
Peter L. Dunn
Vice Chair and Corporate Secretary

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

CREDIT SUISSE FIRST BOSTON CORPORATION
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
PAINEWEBBER INCORPORATED

Acting on behalf of themselves and as the Representatives of the several Underwriters.

By CREDIT SUISSE FIRST BOSTON CORPORATION

By_____
[Insert title]

Common Stock | Common Stock

NUMBER | SHARES

NO PAR VALUE | NO PAR VALUE

[LOGO OF KORN/FERRY INTERNATIONAL]

INCORPORATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

THIS CERTIFICATE IS TRANSFERABLE IN CALIFORNIA OR NEW YORK, NEW YORK

COUNTERSIGNED AND REGISTERED: CHASEMELLON BANK SHAREHOLDER SERVICES L.L.C.

CUSIP 500643 20 0

BY

TRANSFER AGENT AND REGISTRAR

AUTHORIZED SIGNATURE

This certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

Korn/Ferry, International transferable in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid unless countersigned by the transfer agent and registered by the registrar.

Witness the seal of the corporation and the facsimile signatures of its duly authorized officers.

Dated:

[SEAL]

SECRETARY

CHIEF EXECUTIVE OFFICER AND PRESIDENT

KORN FERRY INTERNATIONAL

Upon request to the Secretary of the Corporation or the transfer agent for the Common Stock, the Corporation will furnish to any shareholder, without charge, a full statement of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, terms and conditions of redemption of the stock of each class that the Corporation is authorized to issue, the differences in the relative rights and preferences between the shares of each series of the Corporation's stock to the extent they have been set and the authority of the Board of Directors to set the relative rights and preferences of subsequent series of stock.

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

For Value received, hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

- ----------

_____

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE)

_____

_____Shares

of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____Attorney

to transfer the said shares on the books of the within named Corporation, with full power of substitution in the premises.

Dated:_____

_____

Signature

Signature
Guaranteed:_____

By_____
THE SIGNATURE(S) SHOULD BE GUARANTEED BY
AN ELIGIBLE GUARANTOR INSTITUTION, GENERALLY,
BANKS, STOCK BROKERS, SAVINGS INSTITUTIONS
AND CREDIT UNIONS WITH MEMBERSHIP IN AN
APPROVED SIGNATURE GUARANTEE PROGRAM.

EXHIBIT 5.1

[LETTERHEAD OF O'MELVENY & MYERS LLP]

December 22, 1998

Korn/Ferry International
1800 Century Park East, Suite 900
Los Angeles, California 90067

Re: REGISTRATION OF SHARES OF COMMON STOCK OF
KORN/FERRY INTERNATIONAL

Ladies and Gentlemen:

At your request, we have examined Amendment No. 3 to the Registration Statement (the "Registration Statement") on Form S-1 (File No. 333-61697) of Korn/Ferry International, a California corporation (the "Company"), in connection with the registration under the Securities Act of 1933 of shares of Common Stock, no par value, of the Company having an aggregate offering price of up to $201,250,000 (the "Shares"). Certain of the Shares are being offered by the Company (including the Shares subject to the underwriters' over-allotment option) and the Shares not being offered by the Company are being offered by certain shareholders of the Company. We are familiar with the proceedings taken by the Company in connection with the authorization, issuance and sale of the Shares.

Subject to certain proposed additional proceedings being taken as contemplated by the Registration Statement prior to the issuance and sale of the Shares being offered by the Company and the sale of the Shares being offered by certain shareholders of the Company, we are of the opinion that the Shares will be duly authorized by all necessary corporate action on the part of the Company and, upon payment for and delivery of the Shares as contemplated by the Registration Statement and the countersigning of the certificate or certificates representing the Shares by a duly authorized signatory of the registrar for the Company's Common Stock, the Shares will be validly issued, fully paid and non-assessable.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement and to the reference to this firm under the heading "Legal Matters" in the Prospectus constituting part of the Registration Statement.

Respectfully submitted,

/s/ O'MELVENY & MYERS LLP

EXHIBIT 10.1

FORM OF INDEMNITY AGREEMENT

This Indemnity Agreement ("Agreement") is made as of _____, 19__ by and between Korn/Ferry International, a California corporation ("Company"), and _____ ("Indemnitee"), a [director] [and] [officer] of the Company.

R E C I T A L S

A. The Indemnitee is currently serving [has agreed to serve] as a [director] [and] [officer] of the Company and in such capacity has rendered [will render] valuable services to the Company.

B. The Company has investigated the availability and sufficiency of liability insurance and California statutory indemnification provisions to provide its [directors] [and] [officers] with adequate protection against various legal risks and potential liabilities to which such individuals are subject due to their positions with the Company and has concluded that such insurance and statutory provisions may provide inadequate and unacceptable protection to certain individuals requested to serve as its [directors] [and] [officers].

C. In order to induce and encourage highly experienced and capable persons such as the Indemnitee [to continue] to serve as a [director] [and] [officer] of the Company, the Board of Directors has determined, after due consideration and investigation of the terms and provisions of this Agreement and the various other options available to the Company and the Indemnitee in lieu hereof, that this Agreement is not only reasonable and prudent but necessary to promote and ensure the best interests of the Company and its shareholders.

AGREEMENT

NOW, THEREFORE, in consideration of the [continued] services of the Indemnitee and in order to induce the Indemnitee [to continue] to serve as a [director] [and] [officer], the Company and the Indemnitee do hereby agree as follows:

1. DEFINITIONS. As used in this Agreement:

(a) The term "Proceeding" shall include any threatened, pending or completed action, suit or proceeding, formal or informal, whether brought in the name of the Company or otherwise and whether of a civil, criminal or administrative or investigative nature, against the Indemnitee by reason of the fact that the Indemnitee is or was a [director] [and] [officer] of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another enterprise, whether or not he [she] is serving in such capacity at the time any liability or Expense is incurred for which indemnification or reimbursement is to be provided under this Agreement.

(b) The term "Expenses" includes, without limitation, attorneys' fees, disbursements and retainers, accounting and witness fees, travel and deposition costs, expenses of investigations, judicial or administrative proceedings and appeals, amounts paid in settlement by or on behalf of Indemnitee, and any expenses of establishing a right to indemnification, pursuant to this Agreement or otherwise, including reasonable compensation for time spent by the Indemnitee in connection with the investigation, defense or appeal of a Proceeding or action for indemnification for which he [she] is not otherwise compensated by the Company or any third party. The term "Expenses" does not include the amount of judgments, fines, penalties or ERISA excise taxes actually levied against the Indemnitee.

2. AGREEMENT TO SERVE. The Indemnitee agrees [to continue] to serve as a [director] [and] [officer] of the Company [at the will of the Company] [under the terms of his [her]agreement with the Company] for so long as he [she] is duly elected or appointed or until such time as he [she] tenders his [her] resignation in writing or is removed as a [director] [and] [officer].

3. INDEMNIFICATION IN THIRD PARTY ACTIONS. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding (other than a Proceeding by or in the name of the Company to procure a judgment in its

favor), by reason of the fact that the Indemnitee is or was a [director] [and] [officer] of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another enterprise, against all Expenses, judgments, fines, penalties and ERISA excise taxes actually and reasonably incurred by the Indemnitee in connection with the defense or settlement of such a Proceeding, to the fullest extent permitted by California law and the Company's Amended and Restated Articles of Incorporation; provided that any settlement of a Proceeding be approved in writing by the Company.

4. INDEMNIFICATION IN PROCEEDINGS BY OR IN THE NAME OF THE COMPANY. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding by or in the name of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee was or is a [director] [and] [officer] of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another enterprise, against all Expenses, judgments, fines, penalties and ERISA excise taxes actually and reasonably incurred by the Indemnitee in connection with the defense or settlement of such a Proceeding, to the fullest extent permitted by California law and the Company's Amended and Restated Articles of Incorporation.

5. CONCLUSIVE PRESUMPTION REGARDING STANDARDS OF CONDUCT. The Indemnitee shall be conclusively presumed to have met the relevant standards of conduct, if any, as defined by California law, for indemnification pursuant to this Agreement, unless a determination is made that the Indemnitee has not met such standards (i) by the Board of Directors by a majority vote of a quorum thereof consisting of directors who

were not parties to the Proceeding for which a claim is made under this Agreement, (ii) by the shareholders of the Company by majority vote of a quorum thereof consisting of shareholders who are not parties to the Proceeding due to which a claim is made under this Agreement, (iii) in a written opinion by independent counsel, the selection of whom has been approved by the Indemnitee in writing, or (iv) by a court of competent jurisdiction.

6. INDEMNIFICATION OF EXPENSES OF SUCCESSFUL PARTY. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful in defense of any Proceeding or in defense of any claim, issue or matter therein, on the merits or otherwise, including the dismissal of a Proceeding without prejudice or the settlement of a Proceeding without an admission of liability, the Indemnitee shall be indemnified against all Expenses incurred in connection therewith to the fullest extent permitted by California law.

7. ADVANCES OF EXPENSES. The Expenses incurred by the Indemnitee in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Indemnitee to the fullest extent permitted by California law; provided that the Indemnitee shall undertake in writing to repay any advances if it is ultimately determined that the Indemnitee is not entitled to indemnification.

8. PARTIAL INDEMNIFICATION. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses, judgments, fines, penalties or ERISA excise taxes actually and reasonably incurred by him [her] in the investigation, defense, appeal or settlement of any Proceeding but not, however, for the total amount of his [her] Expenses, judgments, fines, penalties or ERISA excise taxes, the Company shall nevertheless indemnify the Indemnitee for the portion of Expenses, judgments, fines, penalties or ERISA excise taxes to which the Indemnitee is entitled.

9. INDEMNIFICATION PROCEDURE; DETERMINATION OF RIGHT TO INDEMNIFICATION.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof in writing. The omission to so notify the Company will relieve the Company of any liability which it may have to the Indemnitee under this Agreement but will not relieve the Company from any liability which it may have to

the Indemnitee otherwise than under this Agreement.

(b) If a claim for indemnification or advances under this Agreement is not paid by the Company within 30 days of receipt of written notice, the rights provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. The burden of proving by clear and convincing evidence that indemnification or advances are not appropriate shall be on the

Company. Neither the failure of the directors or shareholders of the Company or its independent legal counsel to have made a determination prior to the commencement of such action that indemnification or advances are proper in the circumstances because the Indemnitee has met the applicable standard of conduct, if any, nor an actual determination by the directors or shareholders of the Company or independent legal counsel that the Indemnitee has not met the applicable standard of conduct, shall be a defense to the action or create a presumption for the purpose of an action that the Indemnitee has not met the applicable standard of conduct.

(c) The Indemnitee's Expenses incurred in connection with any proceeding concerning his [her] right to indemnification or advances in whole or in part pursuant to this Agreement shall also be indemnified by the Company, regardless of the outcome of such action, suit or proceeding.

(d) With respect to any Proceeding for which indemnification is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense of a Proceeding, the Company will not be liable to the Indemnitee under this Agreement for any Expenses subsequently incurred by the Indemnitee in connection with the defense thereof, other than as provided below. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. The Indemnitee shall have the right to employ his [her] own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Indemnitee, unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a Proceeding, in each of which cases the fees and expenses of the Indemnitee's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee has concluded that there may be a conflict of interest between the Company and the Indemnitee.

10. LIMITATIONS ON INDEMNIFICATION. No payments pursuant to this Agreement shall be made by the Company:

(a) To indemnify or advance funds to the Indemnitee for Expenses with respect to Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or

law or otherwise as required under California law, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors finds it to be appropriate;

(b) To indemnify the Indemnitee for any Expenses, judgments, fines, penalties or ERISA excise taxes sustained in any Proceeding for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(c) To indemnify the Indemnitee for any Expenses, judgments, fines or penalties sustained in any Proceeding for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder and amendments thereto or similar provisions of any federal, state or local statutory law;

(d) If a court of competent jurisdiction finally determines that any indemnification hereunder is unlawful.

(e) To indemnify the Indemnitee for any Expenses based upon or attributable to the Indemnitee gaining in fact any personal profit or advantage to which he [she] was not legally entitled; and

(f) To indemnify the Indemnitee for any Expenses brought about or contributed to by the dishonesty of the Indemnitee seeking payment hereunder; however, notwithstanding the foregoing, the Indemnitee shall be protected under this Agreement to the fullest extent permitted under law as to any claims upon which suit may be brought against him [her] by reason of any alleged dishonesty on his [her] part, unless a judgement or other final adjudication thereof adverse to the Indemnitee shall establish that he [she] committed (i) acts of active and deliberate dishonesty (ii) with actual dishonest purpose and intent, which acts were material to the cause of action so adjudicated.

11. MAINTENANCE OF LIABILITY INSURANCE.

(a) The Company hereby covenants and agrees that, as long as the Indemnitee continues to serve as a [director] [and] [officer] of the Company and thereafter as long as the Indemnitee may be subject to any possible Proceeding, the Company, subject to subsection (c) below, shall promptly obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") in reasonable amounts from established and reputable insurers.

(b) In all D&O Insurance policies, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and

benefits as are accorded to the most favorably insured of the Company's directors [and officers].

(c) Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines, in its sole discretion, that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is so limited by exclusions that it provides an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company.

12. INDEMNIFICATION HEREUNDER NOT EXCLUSIVE. The indemnification provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under the Company's Amended and Restated Articles of Incorporation, the Company's Bylaws, any agreement, vote of shareholders, or disinterested directors of the Company, provision of California law, or otherwise, both as to action in his [her] official capacity and as to action in another capacity on behalf of the Company while holding such office.

13. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall inure to the benefit of the Indemnitee and his [her] heirs, executors, administrators and assigns, whether or not Indemnitee has ceased to be a director or officer, and the Company and its successors and assigns.

14. SEPARABILITY. Each and every paragraph, sentence, term and provision of this Agreement is separate and distinct so that if any paragraph, sentence, term or provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Agreement may be modified by a court of competent jurisdiction to preserve its validity and to provide the Indemnitee with the broadest possible indemnification permitted under California law.

15. SAVINGS CLAUSE. If this Agreement or any paragraph, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Indemnitee as to any Expenses, judgments, fines, penalties or ERISA excise taxes incurred with respect to any Proceeding to the full extent permitted by any applicable paragraph, sentence, term or provision of this Agreement that has not been invalidated or by any other applicable provision of

California law.

16. INTERPRETATION: GOVERNING LAW. This Agreement shall be construed as a whole and in accordance with its fair meaning. Headings are for convenience only and shall not be used in construing meaning. This Agreement shall be governed and interpreted in accordance with the laws of the State of California.

17. AMENDMENTS. No amendment, waiver, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by the party against whom enforcement is sought. The indemnification rights afforded to the Indemnitee hereby are contract rights and may not be diminished, eliminated or otherwise affected by amendments to the Company's Amended and Restated Articles of Incorporation, the Company's Bylaws or by other agreements, including directors' and officers' liability insurance policies.

18. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreements and shall become effective when one or more counterparts have been signed by each party and delivered to the other.

19. NOTICES. Any notice required to be given under this Agreement shall be directed to Korn/Ferry International, 1800 Century Park East, Suite 900, Los Angeles, California 90067, Attention: General Counsel, and to Indemnitee at _____ _____ or to such other address as either shall designate in writing.

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

INDEMNITEE

_____

KORN/FERRY INTERNATIONAL

By:_____

Its:_____

EXHIBIT 10.19

TRADEMARK LICENSE AND PROMOTION AGREEMENT

This is a TRADEMARK LICENSE AND PROMOTION AGREEMENT ("Agreement") entered into and effective as of June 8, 1998 (the "Effective Date") among DOW JONES & COMPANY, INC., a Delaware corporation ("Dow Jones"), KORN/FERRY INTERNATIONAL FUTURESTEP, INC., a Delaware corporation ("Futurestep"), and KORN/FERRY INTERNATIONAL, a California corporation ("KF").

Futurestep owns and will operate an online executive employment recruitment service accessible from the World Wide Web, currently located at http://www.futurestep.com, and further defined on Exhibit A (the "Futurestep Business"). Futurestep wants to license the right to use Dow Jones's trademark THE WALL STREET JOURNAL and other marks in connection with the promotion of the Futurestep Business, and Dow Jones wants to grant such license, subject to the terms and conditions set forth herein. Each of Dow Jones, Futurestep and KF also wants to commit to promote the other party's products and services, as set forth herein. Therefore, in consideration of the mutual promises set forth below, and intending to be legally bound hereby, Dow Jones, Futurestep and KF hereby agree as follows:

1. CERTAIN DEFINITIONS. As used in this Agreement, the following capitalized terms shall have the following meanings. Other terms are defined elsewhere in this Agreement.

(a) "Business Ad" shall mean: (1) during the first twelve months of the Initial Term, an advertisement promoting a product or service of the Futurestep Business; and (2) during the remainder of the Initial Term, an advertisement promoting a product or service of the Futurestep Business and/or the business of KF, as applicable, including advertisements for or by the KF Selection division. A "Business Ad" shall not include, among other things, a Selection Ad or a Recruitment Ad.

(b) "Business Tag Line" shall mean "Futurestep, a service of Korn/Ferry [International] and The Wall Street Journal", or such other statement mutually agreed to by all parties that includes a trade name, trademark, or other branding identifying both KF and Dow Jones or The Wall Street Journal as the source and origin of the Futurestep Business.

(c) "Business Web Site" shall mean the web site from which the Futurestep Business operates. As of the Effective Date, the URL for the Business Web Site was http://www.futurestep.com.

(d) "careers.wsj.com web site Business" shall mean the operation of a web site, currently located at http://careers.wsj.com, containing news, information and other content on career development, employment searching, employment consulting and similar human resources and work-related issues, including operation of an online database of available employment opportunities with third persons which individuals seeking employment can search electronically, a "networking database" (that is not an online database of job placement candidates or of resumes, and that is not a dating service database), and links to co-branded career counseling services and a database of executive recruitment companies.

(e) "Client" shall mean a customer or client of Futurestep or KF.

(f) "Dow Jones Business" shall mean the publication of business and financial news and information around the world, in media including print, electronic, radio, television, cable, satellite, video; software, and the Internet, including: The Wall Street Journal; The Wall Street Journal Europe; The Asian Wall Street Journal; The Wall Street Journal Americas; The Wall Street Journal Interactive Edition; Barrons's; Barron's Online; SmartMoney; SmartMoney Online; careers.wsj.com; National Business Employment Weekly; Dow Jones Newswires; Dow Jones Interactive; Far Eastern Economic Review;Far Eastern Economic Review Interactive; Dow Jones Indexes; Wall Street Journal Radio; Dow Jones Radio; CNBC Asia; CNBC Europe; business programming on CNBC; CNBC/Dow Jones Business Video; Ottaway Newspapers; America Economia; and Central European Economic Review.

(g) "Dow Jones Marks" shall mean, collectively, certain trademarks, service marks, trade names, logos, brands and other identifiers in which Dow

Jones claims proprietary rights related to its products or services, and which are licensed pursuant to, and subject to, certain terms and conditions set forth in this Agreement. A list of the Dow Jones Marks as of the Effective Date is set forth on Exhibit D.

(h) "KF Business" shall mean: (1) an online database of job placement candidates or of resumes from individuals seeking employment with third persons; (2) the providing of Selection Services either by KF or KF Selection; and/or (3) the furnishing of professional executive recruitment services.

(i) "NBEW" shall mean National Business Employment Weekly, a print publication published by Dow Jones focusing on employment issues.

(j) "Net Ad Revenue" shall mean the gross dollar amount received by Dow Jones in connection with the purchase and publication of an advertisement, minus any amounts or discounts paid or payable to advertising agencies, media placement agencies, or similar third persons purchasing such advertisement on behalf of another.

(k) "Recruitment Ad" shall mean an advertisement purchased by an employer directly from the publication or media source, without involvement of Futurestep or KF, publicizing the availability of one or more employment positions for that particular employer. A Recruitment Ad could be ordered and placed by either the employer directly, or an advertising or media placement agency working for the employer. A "Recruitment Ad" shall not include a "Selection Ad".

(l) "Registered Candidate" shall mean an individual who registers and completes the User Registration Page online at the Business Web Site.

(m) "Response Management Service" shall mean the providing of: (1) one or more of the products or services set forth on Exhibit C with respect to a Referred Response Management

Service Client; or (2) such other new or amended or different product or service, or combination of products and services, related to those products and services set forth on Exhibit C with respect to a Referred Response Management Service Client, as may be agreed upon in advance by Futurestep and Dow Jones.

The parties acknowledge that, when Futurestep or KF provides certain of the services set forth on Exhibit C in connection with a Selection Ad, Futurestep and KF generally refer to the provision of such services as "Selection Services", not "Response Management Services". * (a) in connection with Response Management Services provided by Futurestep or KF during the Term with respect to a particular Recruitment Ad for a Referred Response Management Service Client; and (b) in connection with Futurestep or KF providing any of the products or services set forth on Exhibit C (whether referred to by Futurestep or KF as "Selection Services" or "Response Management Services" or otherwise) to such Client. *

For purposes of Section 9(c), "Response Management Services" shall not include "Selection Services" or the provision of those products and services set forth on Exhibit C in connection with a Selection Ad.

(n) "Selection Ad": KF operates an advertised recruitment business currently known as "KF Selection", which is conducted in both print and electronic mediums. The term "Selection Ad" shall mean an advertisement paid for by a Client, designed to publicize the availability of one or more employment positions for one or more Clients for whom Futurestep or KF is providing professional recruitment services and/or Selection Services. A Selection Ad could be ordered and placed by either Futurestep or KF, or an advertising or media placement agency working for Futurestep or KF. A "Selection Ad" shall not include a "Recruitment Ad".

(o) "Selection Service" shall mean the providing of: (1) one or more of the products or services set forth on Exhibit C with respect to a Selection Ad; or (2) such other new or amended or different product or service, or combination of products or services, related to those products or services set forth on Exhibit C and the Futurestep Business with respect to a Selection Ad, as may be agreed upon in advance by Futurestep and Dow Jones.

(p) "User Registration Page" shall mean the web page, hosted by Futurestep, which potential Registered Candidates complete as a prerequisite to completing the questionnaires and/or other application forms online at the

Business Web Site.

(q) "WSJ" shall mean the Global, National, Eastern, Central (Midwest plus Southwest), and Western editions of the print newspaper The Wall Street Journal (or their successor editions).

* Confidential portions omitted and filed separately with the Commission

(r) "WSJIE" shall mean the basic, subscription-based edition of The Wall Street Journal Interactive Edition, currently located at http://wsj.com. "WSJIE" shall not include any "premium" or additional content available as part of or through the basic edition of The Wall Street Journal Interactive Edition for which there is an additional charge or fee, such as, for example, the Dow Jones Interactive Publications Library, or separately branded publications or areas accessed through The Wall Street Journal Interactive Edition, such as, for example, Barron's Online or SmartMoney Interactive.

2. TERM OF AGREEMENT. Unless terminated earlier pursuant to a term in Section 15 herein, the term of this Agreement shall commence on the Effective Date and shall expire on the third anniversary of the Effective Date (the "Initial Term"). Unless Dow Jones or Futurestep delivers written notice of nonrenewal of this Agreement to all other parties to this Agreement at least sixty (60) days prior to the end of the then-current term, this Agreement shall automatically renew for an additional one year term (each, a "Renewal Term"), upon the same terms and conditions as in effect as of the expiration of the previous term (except where a different term for a Renewal Term is set forth herein). The Initial Term and all Renewals Terms (if any) shall collectively be defined as the "Term".

3. TRADEMARK LICENSE.

(a) Grant of License. Subject to the terms and conditions of this Agreement, Dow Jones hereby grants to Futurestep a nontransferable, nonexclusive (except to the extent expressly set forth in this Agreement), worldwide right and license to use and refer to: (1) the mark THE WALL STREET JOURNAL as part of the Business Tag Line and in accordance with this Agreement, in order to indicate the source and origin of the Futurestep Business; and (2) the Dow Jones Marks solely in connection with the marketing and promotion of the Futurestep Business and in accordance with this Agreement, in order to indicate the source and origin of the Futurestep Business.

(b) Nonexclusive Grant. Subject only to the terms in Section 9(a), nothing in this Agreement shall be deemed to or interpreted or construed to restrict Dow Jones from licensing any one or more of the Dow Jones Marks to any other person at any time for any purpose.

(c) Reservation of Rights. All rights in or to any of the Dow Jones Marks not expressly granted to Futurestep herein are expressly reserved and retained by Dow Jones.

(d) Quality Control; Prior Approval of Materials and Relationships.

(1) Materials. Without first obtaining prior approval from Dow Jones's Relationship Manager (defined in Section 16(k)) of the manner and context in which the Dow Jones Marks are used, Futurestep shall not make, publish or distribute, or cooperate with any third person in making, publishing or distributing, any use of a Dow Jones Mark in connection with the Futurestep Business, the marketing or promotion of the Futurestep Business, or a public statement regarding the execution or performance of this Agreement (collectively, "Materials"). Materials shall include, without limitation, the Futurestep home page for the Business Web Site,

public announcements, press releases, advertising, and marketing and promotional materials (whether in print, electronic or other form or media). Materials shall not include (a) any Selection Ad; or (b) any verbal extemporaneous statements or comments, or verbal responses to questions from the press. Futurestep shall deliver Materials to Dow Jones's Relationship Manager for review of the manner

and context in which the Dow Jones Marks are used. If Dow Jones has not notified Futurestep in writing of its disapproval within five (5) days after Futurestep delivers samples of a particular item of Material, such Material shall be deemed approved. Dow Jones's Relationship Manager shall not arbitrarily and capriciously disapprove of the manner and context in which the Dow Jones Marks are used. If Dow Jones's Relationship Manager disapproves of the manner and context in which the Dow Jones Marks are used, he or she shall provide to Futurestep's and KF's Relationship Managers reasons, in writing, for the disapproval, and Dow Jones will use good faith efforts to resolve any disagreement with Futurestep regarding such disapproval.

(2) "Manner and Context". When used in this Agreement, the phrase
"manner and context in which the Dow Jones Marks are used" shall include, without limitation: (a) a review by Dow Jones of its legal and contractual ability to permit Futurestep to use the Dow Jones Mark(s) in such Material, or in connection with the business or agreement or arrangement being referred to in the Material; and (b) a review by Dow Jones of its business desire to have a Dow Jones Mark used in connection with the business or agreement or arrangement.

(3) Approval of Certain Associations with Certain Third Persons. In
part to enable Dow Jones to effectively exercise quality control over the products and services associated with the Dow Jones Marks, Futurestep will not, without the prior written consent from Dow Jones's Relationship Manager, enter into any contract, association, partnership, affiliation, or business relationship (each, an "Association") with any of the following third persons (other than Clients), in connection with or related to the Futurestep Business, pursuant to which any Dow Jones Mark is used or will be used: (1) third persons who directly compete with Dow Jones; (2) third persons who are in businesses from whom Dow Jones will not accept advertising, according to Dow Jones's then-current advertising policies; (3) third persons with whom Dow Jones was not legally or contractually able to permit one of the Dow Jones Marks to be associated with; (4) third persons with whom Dow Jones was then, or recently had been, involved in litigation or other legal dispute resolution proceeding; or (5) third persons who have a severe and well-known negative public reputation. Dow Jones shall not unreasonably withhold its written consent to any such proposed Association. If Dow Jones's Relationship Manager has not notified Futurestep and KF in writing of Dow Jones's disapproval within five (5) days after Futurestep's Relationship Manager provides reasonably detailed information regarding the overall nature of the proposed Association and identity of individuals or entities involved in such proposed Association, such proposed Association shall be deemed approved. If Dow Jones's Relationship Manager disapproves of the proposed Association, he or she shall provide to Futurestep's and KF's Relationship Managers reasons, in writing, for the disapproval, and Dow Jones will use good faith efforts to resolve any disagreement with Futurestep regarding such disapproval. Dow Jones will not arbitrarily or capriciously exercise the rights granted pursuant to this Section of the Agreement.

(4) Notice of Trademarks. Immediately following the first reference
to a Dow Jones Mark in any written or electronic Material, Futurestep shall include the trademark symbol (e.g., (R) or (TM)) for each Dow Jones Mark that Dow Jones indicates to Futurestep is appropriate. Unless impracticable due to space limitations, Futurestep and KF shall use the following notice (or such similar language as may be approved in advance in writing by Dow Jones) when referring to any of the Dow Jones Marks in any print Materials: [Insert Dow Jones Mark] is a trademark of Dow Jones & Company, Inc. and licensed to Futurestep for use for certain purposes.

(5) Goodwill. Futurestep shall use its best efforts to protect the
goodwill and reputation of Dow Jones, The Wall Street Journal, and the Dow Jones Marks, in connection with the use of the Dow Jones Marks under this Agreement. Futurestep and KF acknowledge and agree that the submission of Materials and information regarding proposed Associations for prior review and approval is a reasonable exercise of control by Dow Jones over the quality of the goods and services provided by the Futurestep Business.

(6) Additional Quality Control. Futurestep shall, at all times during
the Term, operate the Futurestep Business in accordance with the highest standards of professionalism and business practices, and operate the Futurestep Business in accordance with all applicable laws, rules and regulations. Futurestep shall not perform, or fail to perform, any act which, in Dow Jones's sole opinion, materially adversely reflects upon the business reputation of Futurestep or Dow Jones, or in any way diminishes or tarnishes the reputation of Dow Jones or any of the Dow Jones Marks. If at any time Dow Jones is of the opinion that Futurestep is not properly using any of the Dow Jones Marks in connection with the Futurestep Business, or that the standard of quality of any of the Futurestep Business's products or services does not conform with Dow Jones's standards for use of a Dow Jones Mark, Dow Jones shall deliver written

notice to Futurestep and KF to that effect. Upon receipt of such notice, Futurestep and KF shall forthwith correct the deficiencies noted to Dow Jones's reasonable satisfaction.

(e) Trademark Registration Filings. During the Term, Dow Jones shall apply for trademark registrations for the Dow Jones Marks only in such jurisdictions, if any, where Dow Jones, in its sole discretion, considers such filings appropriate. Futurestep and KF shall reasonably cooperate with Dow Jones, at Dow Jones's sole expense, in the maintenance of such rights and registrations and shall do such acts and execute such instruments as Dow Jones determines is reasonably necessary or appropriate for such purpose.

(f) Ownership of Marks and Goodwill. Futurestep and KF agree that the Dow Jones Marks and all intellectual property and other rights, registrations and entitlement thereto, together with all applications, registrations and filings with respect to any of the Dow Jones Marks and any renewals and extensions of any such applications, registration and filings, are and shall remain the sole and exclusive property of Dow Jones. Futurestep and KF acknowledge that each of the Dow Jones Marks is part of the business and goodwill of Dow Jones. Futurestep and KF recognize the great value of the reputation and goodwill associated with the Dow Jones Marks and acknowledge that such goodwill associated with the Dow Jones Marks belongs exclusively to Dow Jones, and that Dow Jones is the owner of all right, title and interest in and to the Dow

Jones Marks. Futurestep and KF shall never, either directly or indirectly, contest Dow Jones's exclusive ownership of any of the Dow Jones Marks. In the event that Dow Jones consents to, and Futurestep or KF uses any Dow Jones Marks in conjunction with Futurestep's and KF's own trademark(s), such resulting mark shall be owned jointly by Dow Jones, on the one hand, and KF and Futurestep, as applicable, on the other hand, and the use of such composite mark will remain subject to this Agreement as it relates to the Dow Jones Marks. With respect to any such composite mark: (1) neither Futurestep, KF nor Dow Jones shall register or apply for registration of such mark; (2) neither Futurestep, KF nor Dow Jones shall use such mark except in accordance with this Agreement; and (3) after termination or expiration of this Agreement, Dow Jones shall disclaim ownership rights in Futurestep's and/or KF's own trademark forming a part of such mark and shall assign to Futurestep and/or KF any rights in Futurestep's and/or KF's own trademark forming a part of such mark and the goodwill associated therewith that Dow Jones might have acquired during the Term; and (4) after termination or expiration of this Agreement, Futurestep and KF shall disclaim ownership rights in the Dow Jones Marks forming a part of such composite mark and shall assign to Dow Jones any rights in the Dow Jones Marks forming a part of such composite mark and goodwill associated therewith that Futurestep or KF might have acquired during the Term. Nothing in this Agreement grants Dow Jones any right, title or interest in the Futurestep Business.

(g) Alleged Infringements. In the event that Futurestep or KF has knowledge of any infringement or imitation of any of the Dow Jones Marks, or of any use by any person of a trademark similar to any of the Dow Jones Marks, it shall promptly notify Dow Jones. Dow Jones shall take such action as it deems advisable for the protection of rights in and to the Dow Jones Marks and, if requested to do so by Dow Jones, Futurestep and KF shall cooperate with Dow Jones in all respects, at Dow Jones's expense, including, without limitation, by being a plaintiff or co-plaintiff and, upon Dow Jones's reasonable request, by causing its officers to execute appropriate pleadings and other necessary documents. In no event, however, shall Dow Jones be required to take any action it deems inadvisable. Futurestep and KF shall have no right to take any action which would materially and adversely affect any of the Dow Jones Marks without Dow Jones's prior written approval.

(h) Use of Business Tag Line. During the Term, Futurestep shall use the Business Tag Line in all Materials, except: (1) in "tile" advertisements on the World Wide Web or other instances where space does not permit inclusion of the Business Tag Line; (2) when prohibited pursuant to a term in this Agreement; (3) on the outside of envelopes used in direct mail campaigns; and (4) when agreed otherwise by Dow Jones's Relationship Manager.

4. PRINT MEDIA ADVERTISING.

(a) WSJ and NBEW. Futurestep and KF shall, jointly and severally, pay Dow Jones *. The * Payment shall mean:

(1) * in Net Ad Revenues (the *

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*, in connection with Business Ads purchased and published in the WSJ and/or NBEW *;

(2) * in Net Ad Revenues (the *"), in connection with Business Ads published in the WSJ and/or NBEW *;

(3) * in Net Ad Revenues (the *"), in connection with Business Ads published in the WSJ and/or NBEW *; and

(4) * , a payment equal to *, plus the PPI Adjustment. The "PPI Adjustment"

shall mean an adjustment based upon the percentage increase in the United States Department of Labor Bureau of Labor Statistics Producer Price Index for Finished Goods (1982=100) or its successor index ("PPI"), for the immediately preceding twelve month period. (As an example only, if the PPI * equaled five percent (5%), *. If the PPI * equaled six percent (6%), *.

(b) Business Ads Only. Amounts spent for Selection Ads or Recruitment Ads shall not be counted when calculating whether Futurestep and KF fulfilled the * obligations set forth in Section 4(a).

(c) Reduced Advertising Rates; Subject to Rate Card Terms. In connection with Business Ads and Selection Ads published in the WSJ and/or NBEW during the Term, Dow Jones will bill Futurestep or KF, as applicable, at the rates set forth in Exhibit B. The purchase and publication of Business Ads and Selection Ads shall otherwise be subject to and governed by the terms set forth in the then-current applicable classified advertising rate card; provided, however, that in the event of a conflict between a term in this Agreement and in such rate card, the term in this Agreement shall govern such ad purchase and publication.

(d) Payment Terms *. Futurestep and KF will pay for the Business Ads and Selection Ads published in the WSJ and/or NBEW at the times set forth in the then-current classified advertising rate card. If Futurestep and KF purchase and pay for Business Ads published in the WSJ and/or NBEW *. (As an example only, if Futurestep and KF purchased and paid for * in Net Ad Revenues in connection with Business Ads *

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* in Net Ad Revenues in connection with Business Ads *

(e) Limited Exclusivity.

(1) During the Term, without obtaining Dow Jones's prior written consent, neither Futurestep nor KF shall, directly or indirectly, purchase or otherwise place a Business Ad for the Futurestep Business in any print newspaper, other than the WSJ, NBEW, or another print publication in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest.

(2) Notwithstanding Section 4(e)(1), Futurestep and/or KF shall be entitled to purchase or otherwise place Business Ads for the Futurestep Business in local, city or regional newspapers * the date on which the Futurestep Business is first "launched" in such locale city or region *. For purposes of this Section 4(e)(2), the Futurestep Business shall have been "launched" in a particular locale, city or region when local media (print or radio) has been used to advertise the Futurestep Business in such locale, city or region.

(3) This Section 4(e) shall not affect or limit the right of Futurestep and/or KF to purchase or otherwise place Business Ads in vertical newspaper publications designed for specific audiences (e.g., engineers, computer programmers, et cetera).

5. INTERNET ADVERTISING.

(a) "Tile Position" on careers.wsj.com; *.

*, Futurestep and KF shall, jointly and severally, pay Dow Jones a total of * in Net Ad Revenues *, in connection with Business Ads purchased and published during such month in the Tile Position Ad (as defined in Section 5(b)) of each web page of the careers.wsj.com site. Unless agreed otherwise by Futurestep and Dow Jones prior to the commencement of a Renewal Term, during each Renewal Term (if any), Futurestep and KF shall, jointly and severally, pay Dow Jones a total

*, plus the PPI Adjustment. (As an example only, if the PPI * equaled five percent(5%), *. If the PPI * equaled six percent (6%), *

(b) Exclusive Use of Tile Position Ad. During the Term, Futurestep and KF shall be entitled to the exclusive use of the Tile Position Ad on each page of the careers.wsj.com internet

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site, for Business Ads. The "Tile Position Ad" shall be defined as the "tile ad", * located in the left side navigation bar of each page of the careers.wsj.com internet site. The Tile Position Ad shall always be visible in its entirety on a full screen basis without the need for scrolling, shall be in the same position on each page of the careers.wsj.com internet site that contains the left column navigation bar, shall not rotate with any other ads, and shall have the capability of being both static and dynamic (e.g., flashing, changing, et cetera). The Tile Position Ad will link to the Intermediate Page (as defined below). During the Term, without Futurestep's prior consent, Dow Jones will not sell or otherwise place any other "tile ad" on a page of the careers.wsj.com site, that is: (1) purchased by or promotes a third person that competes with Futurestep, or that advertises a service that competes with the Futurestep Business; or (2) placed above the Tile Position Ad on the screen display. Nothing in this Agreement is intended to, or shall be construed or interpreted to, limit Dow Jones's ability to place "banner ads" or sponsorships on pages of the careers.wsj.com web site.

(c) Subject to Rate Card. In connection with Business Ads (other than the Tile Position Ad) and/or Selection Ads in careers.wsj.com during the Term, Dow Jones will charge Futurestep or KF, as applicable, * The purchase and publication of the Tile Position Ad, and any other Business Ads or Selection Ads by Futurestep or KF in careers.wsj.com, shall otherwise be subject to and governed by the terms set forth in the then-current applicable rate card for careers.wsj.com; provided, however, that in the event of a conflict between a term in this Agreement and such rate card, the term in this agreement shall govern such ad purchase and publication.

(d) Limited Exclusivity. During the Term, without obtaining Dow Jones's prior written consent, neither Futurestep nor KF shall, directly or indirectly, purchase a Business Ad for the Futurestep Business to appear on any other newspaper site or newspaper web page on the Internet, other than WSJIE, careers.wsj.com site, or another web site in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest.

6. ADDITIONAL PROMOTIONAL OBLIGATIONS.

(a) Promotion of Dow Jones Publications for Selection Ads. Futurestep and KF shall * cause Futurestep and KF Selection recruiting professionals to promote, where appropriate, the purchase by Clients of Selection Ads to be published in WSJ, NBEW, WSJIE careers.wsj.com, and other print, Internet, and forms of media in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest.

(b) * During the Term, Futurestep shall include * in all of its Business Ads for the Futurestep Business appearing in print media, unless agreed otherwise in advance by Dow Jones for a particular advertisement; provided, however, that the requirements of this Section 6(b) shall not apply * the date on which the Futurestep Business is first "launched" in such market. For purposes of this Section 6(b), "launched" shall have the same meaning as set forth in section 4(e)(2).

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(c) Links from careers.wsj.com to the Business Web Site. During the Term, Dow Jones shall include on the WSJIE home page a link to and description of careers.wsj.com as a free feature, which shall include a reference to and brief explanation of the Futurestep Business. During the Term, Dow Jones shall include on the careers.wsj.com front page a link, positioned near the JobSeek database logo or its successor, to an intermediate page, hosted on a Dow Jones server and co-branded with the careers.wsj.com and Futurestep trade names, which contains an explanation of the Futurestep Business prepared by Futurestep (the "Intermediate Page"). Dow Jones and Futurestep shall mutually agree upon the design of and text on this Intermediate Page. This Intermediate Page shall contain at least one link to the User Registration Page and at least one link to

return to careers.wsj.com.

(d) Links from the Business Web Site to Dow Jones Sites. During the Term, Futurestep shall include at least one link to the careers.wsj.com front page on each home page Futurestep creates or has created for each Registered Candidate, and at least one link to an editorial section within careers.wsj.com from each "table of contents" or navigation bar or index or directory or similar listing of areas on the Business Web Site. Each of the links referred to in the preceding sentence shall always be visible in its entirety on a full screen basis without the need for scrolling, and shall appear in the same position on each page of the Business Web Site where such link is required in the preceding sentence to be included. During the Term, Futurestep shall include a link to the WSJIE home page from each display of the "wsj.com" logo, "WSJ" logo, or the words "The Wall Street Journal" as part of the branding on the Business Web Site, and as part of the Business Tag Line when the Business Tag Line is displayed on the Business Web Site.

(e) Electronic Messages to Registered Candidates. Upon request by Dow Jones, not more often than once a week but at least once each three (3) months throughout the Term, Futurestep shall post an electronic message to each Registered Candidate's mailbox on the Business Web Site, containing promotions for WSJIE or articles from WSJIE and/or careers.wsj.com, unless Futurestep is prohibited by law from posting such electronic messages. In the event a particular Registered Candidate has indicated to Futurestep that he or she does not want to receive electronic messages, or sending such electronic message would violate applicable law, then Futurestep shall not be required to send or post such electronic messages to such Registered Candidates. Dow Jones shall be responsible for creating and delivering, in HTML format or other format mutually agreeable to Futurestep and Dow Jones, the content of the materials to be sent in such electronic messages. The content of the materials to be sent in such electronic messages shall be consistent with the standards of professionalism and business practices under which the Futurestep Business is operated and shall comply with all applicable laws, rules and regulations.

(f) Additional Promotions. Futurestep and Dow Jones shall use reasonable commercial efforts to agree upon additional joint promotional activities in connection with the Futurestep Business, including but not limited to the issuance of a joint press release following execution of this Agreement by all parties, and another joint press release upon the "re-launch"

of the Futurestep Business using the Business Tag Line. (Such press releases shall be subject to prior review and approval pursuant to Section 3(d)(1) of this Agreement.)

(g) Other Links.

(1) *

(2) *

(3) During the Term, Dow Jones shall not, directly or indirectly, through WSJIE or careers.wsj.com, include links from the WSJIE or careers.wsj.com web sites to: (a) other web sites that directly compete with the Futurestep Business or the KF Business; or (b) portions of other web sites owned or operated by, or branded with the name or trademark of, a third person that directly competes with the Futurestep Business or the KF Business. Nothing in this Agreement, including the foregoing sentence, shall restrict or limit Dow Jones from including links from the WSJIE or careers.wsj.com web sites: (y) embedded within news stories, "briefing books", or other news and editorial content published at the WSJIE or careers.wsj.com web sites; or (z) in connection with contractual obligations binding Dow Jones as of the Effective Date or the Career Development Services web site.

(4) Other than as set forth in this Section 6(g) of the Agreement, and other than the trademark license terms set forth in Section 3(d), nothing contained in this Agreement shall prevent or restrict any party to this Agreement who maintains a site on the Internet from having a link to one or more other sites on the Internet maintained by them or others. Nothing in this Section 6(g) shall prevent a party from accepting a web site advertisement that includes an embedded link to another web site.

7. RESPONSE MANAGEMENT SERVICE OBLIGATIONS.

(a) Promotion of Futurestep's Response Management Services. Dow Jones shall use reasonable commercial efforts to cause the appropriate Dow Jones

Classified Advertising salespeople to promote, where appropriate, Futurestep's Response Management Services to

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companies purchasing, and companies considering purchasing, Recruitment Ads in the WSJ. Dow Jones shall create and prepare, at its expense, print materials approved by Futurestep describing the Response Management Services, for distribution in connection with such promotion. Dow Jones shall refer all inquiries regarding the Response Management Services or other aspects of the Futurestep Business to Futurestep.

(b) Tracking and Response Management Service *.

(1) Futurestep and Dow Jones shall agree upon a system, to be operated by Futurestep at Futurestep's expense, to track the number and identities of companies referred by Dow Jones to Futurestep for potential purchase of Response Management Services with respect to a particular Recruitment Ad. A company referred by Dow Jones to Futurestep that actually purchases on or more of the Response Management Services during the Term with respect to a particular Recruitment Ad, shall be defined as a "Referred Response Management Service Client."

(2) Futurestep and KF, jointly and severally, shall pay Dow Jones *

(a) for Response Management Services provided by Futurestep or KF during the Term with respect to a particular Recruitment Ad; and

(b) in connection with Futurestep or KF providing any of the products or services set forth on Exhibit C (whether referred to by Futurestep or KF as "Selection Services" or "Response Management Services" or otherwise) to such Client, during the Term and within the twelve (12) month period after such Client was first referred from Dow Jones to Futurestep and became a Referred Response Management Service Client, in connection with any advertisement printed in the WSJ.

(3) For purposes of this Section 7(b), *.

(c) Customer Relationship with Futurestep. Futurestep shall be responsible for entering into all business and contractual relationships with Referred Response Management Service Clients. Dow Jones shall not be a party to, or be liable in connection with, any business or contractual relationship between a Referred Response Management Service Client and Futurestep. Neither Futurestep nor KF shall express or imply that Dow Jones is a party to, or liable for, any business or contractual relationship between a Referred Response Management Service Client and Futurestep.

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8. CANDIDATE PLACEMENT *.

(a) Registration System. Futurestep shall develop and implement an online system at the Business Web Site by which all individuals interested in being considered for employment must complete an online application form or forms (the "Registration System"). The Registration System shall include the User Registration Page. Futurestep shall develop and implement the Registration System at its own expense and in accordance with this Agreement. In order to protect the Dow Jones Marks, Dow Jones shall have the right to review and approve the operation of the Registration System prior to its implementation, and prior to implementation of any significant revision. Dow Jones will not unreasonably withhold or delay its approval of the Registration System. By executing this Agreement, Dow Jones is deemed to have approved the Registration System as it exists immediately prior to the date and time of such execution by Dow Jones. If Futurestep does not receive from Dow Jones written disapproval of any Registration System revisions within five (5) days after receiving written notice from Futurestep requesting such approval, then Dow Jones shall be deemed to have approved such revisions.

(b) Tracking Obligations.

(1) Tracking Registered Candidates Using the Registration System. Futurestep shall design the User Registration Page so that every potential Registered Candidate must respond to the following question (or a substantially similar question approved in advance by Dow Jones): "Where did you hear about Futurestep?" (the "Question"). During the first twelve months of the Initial

Term, Futurestep shall list The Wall Street Journal in the top position in the list of sources/answers to the Question. Beginning after the end of the first twelve months of the Initial Term and continuing until the end of the Term, Futurestep shall list The Wall Street Journal in the second position in the list of sources/answers to the Question ("radio" will be listed in the top position).

(2) Tracking Individuals Linking From the Intermediate Page.

Futurestep also shall track the number of individuals coming to the Business Web Site or the User Registration Page from a link from careers.wsj.com, the Intermediate Page, or other web site (not including an embedded link in a Futurestep or KF advertisement in such other web site) in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest, and the identity of such individuals who become Registered Candidates. Dow Jones will notify Futurestep at least ten (10) days in advance of adding a link to the Business Web Site from a new Dow Jones web site, in order to enable Futurestep to take steps necessary to track these individuals.

(c) *

(1) *

(a) (i) who indicated The Wall Street Journal when answering the Question in the User Registration Page; or

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(ii) who became a Registered Candidate directly as a result of the links from careers.wsj.com, the Intermediate Page, or other web site (not including an embedded link in a Futurestep or KF advertisement in such other web site) in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest; and
---

(b) that Futurestep or KF * the date such Registered Candidate first completed the User Registration Page.

(2) *

(a) (i) who indicated The Wall Street Journal when answering the Question in the User Registration Page; or

(ii) who became a Registered Candidate directly as a result of the links from careers.wsj.com, the Intermediate Page, or other web site (not including an embedded link in a Futurestep or KF advertisement in such other web site) in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest; and
---

(b) that Futurestep or KF * after the date such Registered Candidate first completed the User Registration Page.

(d) Continuation of Tracking from the Question. Futurestep shall continue to list The Wall Street Journal as a possible answer to the Question, and maintain the Question within the Registration System and User Registration Page:

(1) for at least six (6) months after the termination of this Agreement, if this Agreement is terminated prior to the end of one (1) year after the Effective Date;

(2) for at least nine (9) months after the termination of this Agreement, if this Agreement is terminated at least one (1) year after, but prior to the end of two (2) years after, the Effective Date; and

(3) for at least twelve (12) months after the termination or expiration of this Agreement, if this Agreement is terminated or expires at least two (2) years after the Effective Date.

*

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9. LIMITATIONS ON OTHER BUSINESS ACTIVITIES.

(a) Use of Mark to Promote Competing Business. During the Term, and for one year following the expiration or termination of this Agreement for any

reason, except for contractual obligations binding Dow Jones as of the Effective Date and except for the careers.wsj.com web site Business, WSJIE, and NBEW, Dow Jones will not, directly or indirectly, promote or offer or use any of the Dow Jones Marks, or license any of the Dow Jones Marks for use, to promote or offer a product or service that directly or indirectly competes with the Futurestep Business and/or the KF Business, including without limitation Futurestep's and KF's Response Management Services and KF Selection. During the Term, and for one year following the expiration or termination of this Agreement for any reason, Dow Jones will not, directly or indirectly (except for its Ottaway Newspapers subsidiary), promote, use or offer any Response Management Services, or services substantially similar to and competitive with Response Management Services, whether or not utilizing or in conjunction with the use of one or more of the Dow Jones Marks, other than Futurestep's or KF's Response Management Services (except for its Ottaway Newspapers subsidiary); provided, however, that Dow Jones may list other advertising agencies that may also happen to offer Response Management Services, or services substantially similar to and competitive with Response Management Services, in response to inquiries from potential and actual advertisers. Notwithstanding the foregoing sentences or anything in this Agreement to the contrary, Dow Jones may accept and publish advertisements in any media from any third person or service, including, without limitation, a third person or service that competes with Futurestep or KF or is similar to the Futurestep Business, including but not limited to the Response Management Services. Nothing in this Agreement shall limit or restrict Dow Jones's ability to report news and information regarding Futurestep, KF, or any third person.

(b) No Resume Database. During the Term, Dow Jones will not create or operate, itself or in partnership or association with a third person, an online database of job placement candidates or of resumes from individuals seeking employment with third persons. Notwithstanding the foregoing sentence or anything in this Agreement to the contrary, Dow Jones may create and operate, or retain a third person to create and/or operate on its behalf, an online database of job placement candidates, or of resumes from individuals who have submitted employment inquiries or resumes to Dow Jones or its affiliates, seeking employment with Dow Jones or its affiliates. Notwithstanding anything in this Agreement to the contrary, Dow Jones may create and operate, or retain a third person to create and/operate on its behalf, an online database of information from Dow Jones customers and visitors to Dow Jones web sites, where the principal purpose of such database is not the listing of names of individuals seeking employment and where such database is not marketed or promoted as such.

(c) Response Management Services. During the Term, unless agreed otherwise in advance by Dow Jones's Relationship Manager for a particular potential Client, Futurestep and KF shall provide Response Management Services solely to Clients who also purchase a Recruitment Ad published in the WSJ or other print publication in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest, or published in WSJIE or careers.wsj.com. During the Term, unless agreed otherwise in advance by Dow Jones's Relationship Manager for a particular potential Client, neither Futurestep nor KF shall provide

Response Management Services to any third person in connection with a Recruitment Ad which was not published in the WSJ or other print publication in which Dow Jones owns, directly or indirectly, a fifty percent (50%) or greater interest, or published in WSJIE or careers.wsj.com.

For purposes of this Section 9(c), "Response Management Services" shall not include "Selection Services" or the provision of those products and services set forth on Exhibit C in connection with a Selection Ad.

(d) No Online Job Database; Definition of "KF Database". During the Term, except for the KF Database (as defined below), neither Futurestep nor KF will create or operate, itself or in partnership or association with a third person, an online database of available employment opportunities with third persons, which individuals seeking employment can search electronically. During the Term, except for the KF Database (as defined below), neither Futurestep nor KF will create or operate, itself or in partnership or association with a third person, a web site that competes with the careers.wsj.com web site Business as it is then being published and which contains features and functions similar to those available at that time on careers.wsj.com. "KF Database" shall mean an online database of available employment opportunities with third persons who have retained Futurestep and/or KF to provide search, recruitment, or selection services for such third persons, but does not contain any listings or employment opportunities from third persons who have not retained Futurestep or KF to provide either search, recruitment, or selection services for such third persons.

(e) No Content Branded with a Competitor's Brand. During the Term, without Dow Jones's prior consent, which consent will not be unreasonably withheld, Futurestep shall not include on any web page within the Business Web Site

business or financial news or information branded or identified with the name or trademark of a competitor of Dow Jones in the business of providing business and financial news and information.

(f) No Promotion Using a Competitor's Brand. During the Term, and for one year following the expiration or termination of this Agreement for any reason, neither Futurestep nor KF shall, directly or indirectly, operate or promote the Futurestep Business, or a business substantially similar to the Futurestep Business, using the name or trademark or logo of a third person or entity which competes with WSJ, NBEW, WSJIE, or the careers.wsj.com web site Business.

10. PAYMENT AND REPORTING TERMS; TAXES.

(a) *

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*

(b) Each Party to Bear Its Expenses. Except as expressly set forth otherwise in this Agreement, each party shall bear all of its respective costs and expenses in connection with the execution and performance of this Agreement and the grant of licenses herein.

(c) Maintenance and Inspection of Records. Futurestep shall maintain complete and accurate books and records, in accordance with generally accepted accounting practices, of all matters related to its compliance with its obligations hereunder ("Records"). Dow Jones shall have the right itself, or through its authorized representatives, upon at least ten (10) business days' prior written notice, to inspect the Records during the other party's normal business hours, but no more often than once during each calendar year. If any such inspection reveals an underpayment of more than five percent (5%) related to the time period under inspection, the reasonable costs and expenses to conduct such inspection shall be paid by the underpaying party, and the underpaying party shall pay the amount of such underpayment within thirty (30) days. All information disclosed or obtained in the course of conducting any such inspection shall be deemed Confidential Information of the party whose Records are being inspected, and used solely for the purpose of verifying compliance with the terms of this Agreement. If Dow Jones elects to have an authorized representative conduct its inspection of Records, the other party may require such authorized representative to execute and deliver a confidentiality agreement reasonably acceptable to the party whose Records are being inspected.

(d) U.S. Dollars. All amounts set forth herein are in U.S. Dollars and shall be paid in U.S. Dollars.

11. WARRANTIES.

(a) By Dow Jones. Dow Jones hereby represents and warrants to Futurestep that:

(1) Dow Jones has the authority required to enter into this Agreement according to its terms, and that the execution, delivery, and performance of this Agreement will not, with or without the giving of notice or the passage of time, or both, violate any provision of law, rule or regulation to which Dow Jones is subject, or conflict with or result in a breach or default under any agreement or other instrument to which Dow Jones is a party or by which Dow Jones may be bound; and

(2) Dow Jones has and will maintain during the Term all necessary legal rights to grant the license to use the Dow Jones Marks as set forth in this Agreement.

(b) By Futurestep. Futurestep hereby represents and warrants to Dow Jones that:

* Confidential portions omitted and filed separately with the Commission

(1) Futurestep has the authority required to enter into this Agreement according to its terms, and that the execution, delivery, and performance of this Agreement will not, with or without the giving of notice or the passage of time, or both, violate any provision of law, rule or regulation to which Futurestep is subject, or conflict with or result in a breach or

default under any agreement or other instrument to which Futurestep is a party or by which Futurestep may be bound; and

(2) Futurestep is a corporation duly formed and in valid existence, and will remain throughout the Term a corporation in good standing, under the laws of the State of Delaware;

(3) Futurestep or KF has conducted an intellectual property search to determine whether its use of the trade name and mark Futurestep is likely to cause confusion or otherwise infringe on a third person's trademark, trade name, trade dress, or other intellectual property rights; and

(4) to the best of Futuresteps's knowledge, its use of the trade name and mark Futurestep does not, and will not during the Term, infringe upon the trademark, trade name, trade dress, or other intellectual property rights of a third person.

(c) By KF. KF hereby represents and warrants to Dow Jones that:

(1) KF has the authority required to enter into this Agreement according to its terms, and that the execution, delivery, and performance of this Agreement will not, with or without the giving of notice or the passage of time, or both, violate any provision of law, rule or regulation to which KF is subject, or conflict with or result in a breach or default under any agreement or other instrument to which KF is a party or by which KF may be bound; and

(2) to the best of KF's knowledge and ability, Futurestep's use of the trade name and mark Futurestep does not, and will not during the Term, infringe upon the trademark, trade name, trade dress, or other intellectual property rights of a third person.

(d) Disclaimer of Other Warranties. EXCEPT FOR THE WARRANTIES SET FORTH IN THIS SECTION 11, NO PARTY TO THIS AGREEMENT MAKES ANY OTHER REPRESENTATION OR WARRANTY TO ANOTHER PARTY TO THIS AGREEMENT IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND EXPRESSLY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER FUTURESTEP NOR KF HAS MADE OR WILL MAKE OR HAS AUTHORIZED ANYONE ELSE TO MAKE ANY REPRESENTATIONS, WARRANTIES, PROMISES OR GUARANTIES, EXPRESS OR IMPLIED, RELATING TO THE FUTURESTEP BUSINESS OR ITS PROSPECTS OR ANY PROJECTIONS OR PLANS RELATING TO THE FUTURESTEP BUSINESS.

12. INDEMNIFICATION.

(a) By Futurestep and KF. Futurestep and KF, jointly and severally, shall indemnify and hold harmless Dow Jones and its affiliates, and their respective officers, directors, members, employees, and agents (collectively, the "Dow Jones Indemnified Persons"), against any and all judgments, damages, liabilities, costs, expenses, and losses of any kind (including, but not limited to, reasonable attorneys' and experts' fees) (collectively, "Losses") that arise out of or relate to any claim, cause of action, demand or proceeding by a third person (each, a "Claim") arising out of or related to or in connection with: (1) the Futurestep Business (including, but not limited to, a Claim regarding Response Management Services or by Referred Response Management Service Clients or Registered Candidates); or (2) a breach or alleged breach by Futurestep or KF of any representation or warranty or covenant set forth in this Agreement. Dow Jones must promptly notify Futurestep and KF in writing of any such Claim, but the failure to do so shall not relieve Futurestep and KF of any obligation or liability hereunder except to the extent Futurestep and KF have been materially prejudiced therefrom. Futurestep or KF may elect, by written notice to Dow Jones within ten (10) days after receiving notice of such Claim, to assume the defense thereof with counsel reasonably acceptable to Dow Jones and/or the Dow Jones Indemnified Person(s). If Futurestep or KF does not so elect to assume such defense, then Dow Jones and/or the Dow Jones Indemnified Person(s) shall retain its own counsel to defend such Claim, at the expense of Futurestep and KF, jointly and severally. If Futurestep or KF disputes its respective indemnity obligation with respect to such Claim, or if Dow Jones or the Dow Jones Indemnified Person(s) reasonably believes that there are conflicts of interest between Futurestep and/or KF (on the one hand) and Dow Jones and/or the Dow Jones Indemnified Person(s) (on the other hand), or that additional defenses are available to Dow Jones and/or the Dow Jones Indemnified Person(s) with respect to such defense, then Dow Jones and/or the Dow Jones Indemnified Person(s) may retain its own counsel to defend such Claim, at its own expense (unless ultimately determined that Futurestep or KF did have an indemnity obligation with respect to such Claim). Futurestep and KF shall reimburse Dow Jones and the Dow Jones Indemnified Person(s) for their respective costs and expenses incurred under this Section 12(a) if and to the extent such costs and expenses constitute Losses that arise out of or relate to a Claim for which they are entitled to be

indemnified by Futurestep or KF under this Section 12(a). Dow Jones and the Dow Jones Indemnified Person(s) shall have the right, at their own respective expense, to participate in the defense of any Claim against which it is indemnified hereunder and for which Futurestep or KF has assumed the defense; provided, however, that Dow Jones and the Dow Jones Indemnified Person(s) shall have no right to control the defense, consent to judgment, or agree to settle any such Claim without the prior written consent of the party that has assumed the defense of such Claim, unless Dow Jones or such Dow Jones Indemnified Person(s) waive their respective rights to indemnity hereunder. In defending such Claim, Futurestep and KF shall not, without Dow Jones's prior written consent, consent to entry of any judgment or enter into any settlement which: (x) does not include, as an unconditional term, the grant by the claimant to Dow Jones and the Dow Jones Indemnified Person(s) of a release of all liabilities in respect of such Claim; or (y) otherwise adversely affects the rights of Dow Jones or the Dow Jones Indemnified Person(s).

(b) By Dow Jones. Dow Jones shall indemnify and hold harmless Futurestep and KF and their respective affiliates, officers, directors, members, employees, and agents (collectively, the "Futurestep Indemnified Persons"), against any and all Losses that arise out of or relate to any Claim arising out of or related to or in connection with a breach or alleged breach by Dow Jones of any representation or warranty or covenant set forth in this Agreement. Futurestep and/or KF must promptly notify Dow Jones in writing of any such Claim, but the failure to do so shall not relieve Dow Jones of any obligation or liability hereunder except to the extent Dow Jones has been materially prejudiced therefrom. Dow Jones may elect, by written notice to Futurestep and KF within ten (10) days after receiving notice of such Claim, to assume the defense thereof with counsel reasonably acceptable to Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim), and/or the Futurestep Indemnified Person(s). If Dow Jones does not so elect to assume such defense, then Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) or the Futurestep Indemnified Person(s) shall retain its own counsel to defend such Claim, at Dow Jones's expense. If Dow Jones disputes its indemnity obligation with respect to such Claim, or if Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) or the Futurestep Indemnified Person(s) reasonably believes that there are conflicts of interest between Dow Jones (on the one hand) and Futurestep and/or KF and/or the Futurestep Indemnified Person(s) (on the other hand), or that additional defenses are available to Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) or the Futurestep Indemnified Person(s) with respect to such defense, then Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s) may retain its own counsel to defend such Claim, at its own expense (unless ultimately determined that Dow Jones did have an indemnity obligation with respect to such Claim). Dow Jones shall reimburse Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s) for their respective costs and expenses incurred under this Section 12(b) if and to the extent such costs and expenses constitute Losses that arise out of or relate to a Claim for which they are entitled to be indemnified by Dow Jones under this Section 12(b). Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s) shall have the right, at their own respective expense, to participate in the defense of any Claim against which it is indemnified hereunder and for which Dow Jones has assumed the defense; provided, however, that Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s) shall have no right to control the defense, consent to judgment, or agree to settle any such Claim without the prior written consent of Dow Jones, unless Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s) waive their respective rights to indemnity hereunder. In defending such Claim, Dow Jones shall not, without the prior written consent of Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim), consent to entry of any judgment or enter into any settlement which: (x) does not include, as an unconditional term, the grant by the claimant to Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s) of a release of all liabilities in respect of such Claim; or (y) otherwise adversely affects the rights of Futurestep (if the subject of the Claim) and/or KF (if the subject of the Claim) and the Futurestep Indemnified Person(s).

(c) No Third Party Beneficiaries. The terms set forth in Section 12 are solely for the benefit of Dow Jones, Futurestep, and KF, and are not intended to, and do not, create any rights or causes of actions on behalf of any third person, or any intended or implied third party beneficiaries.

13. CONFIDENTIAL INFORMATION.

(a) General Obligations. The parties understand and agree that in the performance of this Agreement each party may have access to private or confidential information of the other party, including, but not limited to, trade secrets, marketing and business plans, technical information, customer identities, candidates identities, projections, customer lists, lists of advertisers, and product and service pricing, which is designated as confidential by the disclosing party in writing or which the receiving party knew or should have known was confidential (collectively, "Confidential Information"). Both parties agree that the terms of this Agreement, including without limitation its financial terms, shall be deemed Confidential Information owned by the other party. Each party agrees that: (a) all Confidential Information shall remain the exclusive property of the owner; (b) it shall maintain, and shall use prudent methods to cause its employees and agents to maintain, the confidentiality and secrecy of the Confidential Information; (c) it shall not, and shall use prudent methods to ensure that its employees and agents do not, copy, publish, disclose to others or use (other than pursuant to the terms hereof) the Confidential Information; and (d) it shall return or destroy all copies of Confidential Information upon request of the other party. Notwithstanding the foregoing, Confidential Information shall not include any information to the extent it (i) is or becomes a part of the public domain through no act or omission on the part of the receiving party, (ii) is disclosed to a third person by the disclosing party without restriction on such third person, (iii) is in the receiving party's possession, without actual or constructive knowledge of an obligation of confidentiality with respect thereto, at or prior to the time of disclosure under or in connection with this Agreement, whether received prior to or after the date of this Agreement, (iv) is disclosed to the receiving party by a third person having no obligation of confidentiality with respect thereto, (v) is independently developed by the receiving party without reference to the disclosing party's Confidential Information, (vi) is released from confidential treatment by written consent of the disclosing party, or (vii) is required to be disclosed by law, provided the receiving party gives sufficient notice to the disclosing party in advance of such disclosure to enable the disclosing party to seek legal recourse to prevent such disclosure.

(b) Customer Identities. The fact than an individual subscribes to or uses WSJIE or careers.wsj.com or WSJ or NBEW or any other Dow Jones publication or service, or that a company has purchased an advertisement that has not yet been published in a Dow Jones publication or service, shall be deemed Dow Jones's Confidential Information. The fact that an individual or company uses any of Futurestep's or KF's products or services, or uses any of Futurestep's or KF's business products or services, shall be deemed Futurestep's or KF's, as applicable, Confidential Information.

14. INSURANCE. Futurestep, at its own expense, shall procure and maintain during the Term policies of insurance customary for employment search companies and companies doing

business using the Internet, which shall include at a minimum Errors and Omissions Liability insurance with a combined single limit of not less than $10,000,000 per occurrence. Dow Jones shall be named as an additional insured on all such policies of insurance.

15. TERMINATION AND EFFECT OF TERMINATION.

(a) Uncured Breach. (1) If Futurestep or KF shall breach any material provision contained in this Agreement, and such breach is not cured within thirty (30) days after receiving written notice of such breach from Dow Jones, then Dow Jones may deliver a second written notice to Futurestep and KF terminating this Agreement, in which event this Agreement, and the license and rights granted hereunder, shall terminate on the date specified in such second notice.

(2) If Dow Jones shall breach any material provision contained in this Agreement, and such breach is not cured within thirty (30) days after receiving written notice of such breach from Futurestep or KF, then Futurestep or KF (as the case may be) may deliver a second written notice to Dow Jones terminating this Agreement, in which event this Agreement, and the license and rights granted hereunder, shall terminate on the date specified in such second notice.

(3) Each party shall inform the other parties of breaches of immaterial provisions of which such party becomes aware, but a breach of an immaterial provision shall not give rise to a right to terminate the Agreement.

(b) Series of Cured Breaches of Material Term. (1) If Futurestep or KF

shall materially breach a term in Sections 3(d)(1), 3(d)(3), 3(d)(6), 3(h), 4(d), 4(e)(1), 5(d), 6(g), 9(c), 9(d), 9(e), 9(f), or 10(a) three (3) or more times during a six (6) month period, regardless of whether each breach of such provision was cured within the time period specified in this Agreement, then Dow Jones may deliver written notice to the parties terminating this Agreement, in which event this Agreement, and the license and rights granted hereunder, shall terminate on the date specified in such second notice.

(2) If Dow Jones shall materially breach a term in Sections 5(b), 6(g), 9(a) or 9(b) three (3) or more times, regardless of whether each breach of such provision was cured within the time period specified in this Agreement, then Futurestep or KF may deliver written notice to the parties terminating this Agreement, in which event this Agreement, and the license and rights granted hereunder, shall terminate on the date specified in such second notice.

(c) Change in Control. If there is a direct or indirect change in the effective control of Futurestep or KF, or if Futurestep or KF merges into or is acquired by any person (other than a merger of Futurestep into or with KF), or if Futurestep or KF sells or transfers the Futurestep Business or all or substantially all of the assets of the Futurestep Business (other than a sale by Futurestep to KF) (each, a "Futurestep Change in Control"), then Futurestep or KF (as the case may be) shall give prompt written notice thereof to Dow Jones, and Dow Jones at its option may, within thirty (30) days after receipt of such written notice, terminate this Agreement, and the licenses and rights hereunder, immediately, by delivering written notice to Futurestep

and KF. Notwithstanding anything contained herein to the contrary: (1) the consummation of an initial public offering of its debt or equity securities by Futurestep or KF or the issuance from time to time thereafter of debt or equity securities pursuant to an effective registration statement filed with the Securities and Exchange Commission shall not be deemed a Futurestep Change in Control within the meaning of this Section 15(c), regardless of the number or identity of the purchasers of such securities or the concentration of the debt and equity securities of Futurestep or KF thereafter; and (2) the issuance of equity and/or debt securities by Futurestep and/or KF in transactions not involving public offerings or distributions shall not constitute a Futurestep Change of Control within the meaning of this Section 15(c) so long as such issuances do not result in a change in the effective control of Futurestep or KF.

(d) Insolvency. In the event that any party shall be adjudged insolvent or bankrupt, or upon the institution of any proceedings by it seeking relief, reorganization or arrangement under any laws relating to insolvency, or if an involuntary petition in bankruptcy is filed against such party and said petition is not discharged within thirty (30) days after such filing, or upon any assignment for the benefit of its creditors, or upon the appointment of a receiver, liquidator or trustee of any of its assets, or upon the liquidation, dissolution or winding up of its business (an "Event of Bankruptcy"), then the party affected by any such Event of Bankruptcy shall immediately give notice thereof to the other parties, and either of the other parties at its option may terminate this Agreement, and the licenses and rights granted hereunder, upon written notice.

(e) The Wall Street Journal. Any party to this Agreement may terminate the Agreement, and the licenses and rights granted hereunder, by delivering written notice of termination to all other parties to the Agreement, if Dow Jones ceases publication of the print edition of The Wall Street Journal for general circulation within the United States, or if Dow Jones ceases to own fifty percent (50%) or greater interest in The Wall Street Journal. Nothing in this Agreement is intended to, or shall be interpreted or construed to, restrict Dow Jones's ability to cease publication of, or alter the format, content, circulation or distribution of, any of its publications, products or services.

(f) *

*

* Confidential portions omitted and filed separately with the Commission

(g) Termination After End of First Year but During First Three Years. Futurestep may terminate this Agreement, and the licenses and rights hereunder, for any or no reason, by delivering written notice of termination to all other parties to the Agreement, at any time after the end of the first year of the Initial Term, but prior to the end of the third year of the Initial Term.

(h) Effect of Termination on Payment Obligations.

(1) *
---

(2) *

(a) *

(b) *

*

* Confidential portions omitted and filed separately with the Commission

*

(3) *

(a) *

(b) *

(4) *

*

* Confidential portions omitted and filed separately with the Commission

*

(i) Effect of Termination on Other Obligations. Upon the expiration or termination of this Agreement for any reason, the license and rights regarding the Dow Jones Marks shall terminate immediately, and Futurestep shall immediately stop all use of the Dow Jones Marks. Notwithstanding the foregoing sentence, Futurestep may continue to use the Dow Jones Marks solely in connection with Materials that cannot be cancelled or altered because of printing or production deadlines (e.g., ads already scheduled to run in the WSJ or NBEW). In addition, upon expiration or termination of this Agreement for any reason, each party, at its expense, shall either destroy or return to the other party within (5) days all copies of another party's Confidential Information.

(j) Nonsolicitation. During the term of this Agreement and for one year after the expiration or termination of this Agreement for any reason:

(1) Without Futurestep's or KF's (as the case may be) prior consent, Dow Jones will not solicit for employment or employ any Futurestep or KF employee who Dow Jones knew or should have known worked in a material capacity with the performance of Futurestep's or KF's obligations pursuant to this Agreement; and

(2) Without Dow Jones's prior consent, neither Futurestep nor KF will solicit for employment or employ any Dow Jones employee who Futurestep of KF (as the case may be) knew or should have known worked in a material capacity in connection with the performance of Dow Jones's obligations pursuant to this Agreement.

For purposes of this Section of the Agreement, "worked in a material capacity" shall not include secretaries and other administrative personnel, attorneys, and accountants, among other individuals, but shall include advertising sales personnel and executives, among other individuals. For purposes of this Section of the Agreement, placing advertisements soliciting employees, which ads are not targeted specifically to the employees of another party hereto, shall not constitute solicitation for employment. As a party's sole and exclusive remedy for any breach of any term of this Section of the Agreement, the nonbreaching party shall be entitled to receive a payment from the breaching party equal to *. The parties agree that the sole and exclusive remedy and amount of damages set forth in the preceding sentence is reasonable in light of the anticipated or actual harm cause by the breach, the difficulties of proof of loss, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy.

* Confidential portions omitted and filed separately with the Commission

16. MISCELLANEOUS TERMS.

(a) Business Responsibilities. Except as specifically set forth otherwise in this Agreement, Futurestep shall be responsible for all aspects of the Futurestep Business, including, without limitation: operation of the Futurestep Business; accounts payable and accounts receivable; taxes; employment issues for individuals performing work for the Futurestep Business; and insuring the Futurestep Business.

(b) Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(c) Assignment; Amendment. Except for a transfer or assignment of this Agreement in connection with a merger of Futurestep into or with KF, an acquisition by KF of Futurestep, the Futurestep Business or all or substantially all of the assets of Futurestep, neither this Agreement, the license granted herein, nor any of the rights or obligations hereunder, shall be assigned or transferred, whether by operation of law or otherwise, without the prior written consent of all other parties hereto. Any purported assignment or transfer in violation of the first sentence of this Section 16(c) shall be void. This Agreement and all of its rights and obligations shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may be amended only by a written instrument executed by the party or parties to be bound thereby.

(d) Specific Performance. The parties hereto acknowledge and agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, and other equitable relief, in addition to any other remedy at law or in equity, except for those terms where a sole and exclusive remedy is expressly set forth herein.

(e) Notices. All notices, consents, approvals, requests, claims, demands and other communications hereunder (collectively, "Notices") shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by telecopy, by reliable overnight courier service, or by registered or certified mail (postage prepaid, return receipt requested) to the respective Relationship Manager(s) at the addresses on the signature page of this Agreement (or at such other address for a party as shall be specified in a Notice given in accordance with this Section).

(f) Governing Law. This Agreement, the license, and all rights and obligations hereunder, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed wholly in New York, without

regard to any principles of conflict of law. It is the intent of the parties that the substantive law of the State of New York govern this Agreement.

(g) Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

(h) Survival. (1) The terms in the following Sections of this Agreement shall survive its expiration or termination for any reason: Sections 3(f), 7(c), 8(c), 8(d), 9(a), 9(f), 10(b), 10(c), 11(d), 15(h), 15(i), 15(j), and all of Sections 1, 12, 13, and 16. (2) All causes of action for breach of the terms in the following Sections of this Agreement shall survive its expiration or termination for any reason for the applicable statute of limitations: Sections 3(f), 7(c), 8(c), 8(d), 9(a), 9(f), 10(b), 10(c), 11(d), 15(h), 15(i), 15(j), and all of Sections 1, 12, 13, and 16.

(i) Waiver. Failure or delay by any party to enforce compliance with any term or condition of this Agreement shall not constitute a waiver of such term or condition. All waivers hereunder must be in writing and executed by an

authorized representative on behalf of the party against whom such waiver is asserted. A waiver of a breach or a term under this Agreement shall not be deemed a waiver or any other or subsequent breach, or a waiver of any other term.

(j) Headings. Section headings are for the convenience of the parties and shall not affect the meaning, construction or interpretation of the text of this Agreement.

(k) Relationship Managers. Each party shall designate one individual as that party's Relationship Manager, with the authority to make decisions and legally bind such party regarding the matters set forth in this Agreement. The Relationship Managers shall be the first and principal contact for each party for matters arising in connection with this Agreement, unless a Relationship Manager has designated another individual at its employer to serve as the first and principal contact for a particular matter (e.g., one individual for issues regarding print WSJ ads, and a different individual for issues regarding careers.wsj.com ads).

(l) Costs and Expenses. If any party brings an action against another party to enforce rights under this Agreement, the prevailing party shall be entitled to recover its reasonable costs and expenses incurred in connection with such action and all appeals of such action, including, without limitation, reasonable attorneys' fees and costs.

(m) Text References to Material Breaches. A statement in this Agreement that a breach of a particular term shall be deemed a material breach of this Agreement does not mean or imply that a breach of any other particular term does not constitute a material breach of this Agreement.

(n) KF Selection. Unless expressly set forth otherwise in this Agreement, references to "KF" include, without limitation, its KF Selection division or business.

(o) Mutual Amendment of Business Definitions. The parties anticipate that, during the Term, the categories of business conducted by the Futurestep Business, KF Business, careers.wsj.com web site Business, and Dow Jones Business will change. In part to enable parties to determine what activities might compete with another party's business in ways restricted by this Agreement, each party will need to inform the other parties regarding bona fide changes to their respective businesses. Therefore, upon the occurrence of a bona fide change to the actual operation of the Futurestep Business, KF Business, careers.wsj.com web site Business, or the Dow Jones Business, the applicable party to this Agreement owning such business may propose an amendment to the applicable respective definition of such business, and such proposed amendment shall be adopted if mutually agreed upon by the other parties to this Agreement, which agreement shall not be unreasonably withheld or delayed.

(p) Integration. This Agreement (including, without limitation, the Exhibits attached hereto, which are expressly incorporated into this Agreement by this reference) is the final and entire agreement of the parties on the subject matter herein, and supersedes all previous oral and written understandings, negotiations, letters, writings, and agreements on the subject matter herein.

IN WITNESS WHEREOF, Dow Jones, Futurestep, and KF have caused each of its respective authorized representatives to execute this Agreement, as of the Effective Date.

DOW JONES
DOW JONES & COMPANY, INC.

By: /s/ Michael J. Wilson
Print Name: Michael J. Wilson
Title: Director of The Wall Street Journal Classified Advertising

FUTURESTEP
KORN/FERRY INTERNATIONAL FUTURESTEP, INC.

By: /s/ Man Jit Singh
Print Name: Man Jit Singh
Title: President & CEO

KF
KORN/FERRY INTERNATIONAL

By: /s/ Peter L. Dunn

Print Name: Peter L. Dunn
Title: Vice Chairman

Initial Addresses for Notices:

DOW JONES & COMPANY, INC.

Mr. Michael Wilson
Director of Wall Street Journal
Classified Advertising
Dow Jones & Company, Inc.
1155 Avenue of the Americas
New York, NY 10036
Phone: 212-597-5619
Fax: 212-597-5866

With a copy to:
Robert F. Firestone, Esq.
Dow Jones & Company, Inc.
U.S. Highway One at Ridge Road
Princeton, NJ 08852
Phone: 609-520-4094
Fax: 609-520-4021

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.

Korn/Ferry International Futurestep Inc.
13743 Ventura Blvd., Suite 350
Sherman Oaks, CA 91423
Attn.: Mr. Man Jit Singh, President
Phone: 818-380-2993
Fax: 818-981-9956

KORN/FERRY INTERNATIONAL
1800 Century Park East, Suite 900
Los Angeles, CA 90067
Attn.: Mr. Peter Dunn, Vice Chairman
Phone: 310-843-4101
Fax: 310-553-8640

With a copy to:
Michael C. Cohen, Esq.
Morrison & Foerster LLP
555 West Fifth Street, Suite 3500
Los Angeles, CA 90013
Phone: 213-892-5404
Fax: 213-892-5454

EXHIBIT 10.25

PRELIMINARY DRAFT

ADDITIONAL REDEMPTION AGREEMENT

This Additional Redemption Agreement (the "Agreement") is made as of December __, 1998 by and between KORN/FERRY INTERNATIONAL, a California corporation (the "Company") and RICHARD M. FERRY ("Ferry").

R E C I T A L S

WHEREAS, pursuant to certain Purchase Agreements between the Company and certain shareholders of the Company (the "Sellers") dated as of December 31, 1994 and January __, 1995 (collectively, the "1994 Purchase Agreement"), the Sellers agreed to have certain shares of the Company's common stock, no par value (the "Common Stock"), redeemed by the Company in an integrated fixed redemption plan initiated by the Company that required the redemption of a portion of the holdings of any shareholder whose aggregate ownership of securities exceeded a certain level of equity ownership in the Company (the "Redemption").

WHEREAS, pursuant to the Redemption, 304,223 shares of Common Stock owned by Ferry were redeemed by the Company (the "Redeemed Stock");

WHEREAS, the redemption price consisted of (i) a fixed amount of $7.29 per share (the "Fixed Redemption Amount"), (ii) a contingent additional amount (the "Additional Redemption Amount") payable if the Company engaged in any extraordinary transaction, such as a public offering of the Common Stock of the Company at any time prior to December 31, 2004 (an "Initial Public Offering") and (iii) one share of Series A Preferred Stock for each 100 shares of Common Stock redeemed;

WHEREAS, the Fixed Redemption Amount resulted in a total payment of $2,217,785.60, with $369,484.77 paid in cash and the balance of $1,848,300.90 paid in the form of a promissory note in the principal amount of $1,826,124.72 (the "Fixed Redemption Promissory Note") and $22,176.18 in the form of 3,042 shares of Series A Preferred Stock @ $7.29 per share;

WHEREAS, in the event of an Initial Public Offering, the Additional Redemption Amount per share was defined in the 1994 Purchase Agreement to be an amount equal to the amount Ferry would have received in an Initial Public Offering had the Redeemed Stock not been redeemed in the Redemption, reduced by the Fixed Redemption Amount plus 8.5% per annum accrued interest;

WHEREAS, because the Company's current balance of cash and cash equivalents is not sufficient to pay the aggregate Additional Redemption Amount and therefore a substantial amount of the proceeds from the Initial Public Offering would have been required to pay the total aggregate Additional Redemption Amount rather than providing new capital for the Company, each Seller has agreed with the Company to reduce the Additional Redemption Amount otherwise required to be paid to such Seller by 30.25% (the "Negotiated Adjustment Percentage");

PRELIMINARY DRAFT

WHEREAS, the Company and Ferry desire to enter into this Agreement to reduce the Additional Redemption Amount otherwise required to be paid to Ferry by the Negotiated Adjustment Percentage;

WHEREAS, concurrent with the transactions contemplated in this Agreement and as part of the Redemption, all shares of Series A Preferred Stock issued pursuant to the 1994 Purchase Agreement will be retired in an amount equal to $7.29 per share of Series A Preferred Stock (the "Preferred Stock Amount"); and

WHEREAS, upon completion of the transactions contemplated in this Agreement and the retirement of all shares of Series A Preferred Stock, all obligations of the Company and Ferry in respect of the Redemption will have been satisfied.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Company and Ferry hereby agree as follows:

SECTION 1

PAYMENT; MUTUAL RELEASE

1.1 PAYMENT. Subject to the terms and conditions contained herein, the Company agrees to pay Ferry at the time and manner set forth in Section 4

the sum of (i) the outstanding balance of the Fixed Redemption Promissory Note at the Closing (as defined in Section 4.1) plus all accrued and unpaid interest thereon; (ii) the Preferred Stock Amount and (iii) an amount equal to the product of 304,223 times the difference between (a) the initial price of the shares of Common Stock sold by the Underwriters to the public in the Initial Public Offering (the "Initial Offering Price") times 0.6975 and (b) the Fixed Redemption Amount plus 8.5% per annum accrued interest since _____ 1995, the date of the Redemption (collectively, the "Payment Amount") as payment in full of (x) the Fixed Redemption Promissory Note, (y) the retirement of the Series A Preferred Stock; and (z) the Additional Redemption Amount owed to Ferry under the 1994 Purchase Agreement. The Company shall pay Ferry the Preferred Stock Amount upon the retirement of the Series A Preferred Stock.

1.2 MUTUAL RELEASE. Subject to the terms and conditions contained herein, at the Closing each of Ferry and the Company agree to execute a mutual release, in the form attached hereto as Exhibit A (the "Mutual Release").

SECTION 2

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Ferry as follows:

2.1 ORGANIZATION AND POWERS. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own and operate its properties and assets, to carry on its business as presently conducted and as now proposed to be conducted and to enter into this Agreement and carry out the transactions contemplated hereby.

2.2 AUTHORIZATION AND BINDING OBLIGATION. The execution, delivery and performance of this Agreement, including, but not limited to, the payment of the Payment Amount, have been duly authorized by all necessary corporate action on the part of the Company. This Agreement is the legally valid and binding obligation of the Company, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

2.3 COMPLIANCE WITH OTHER INSTRUMENTS. The Company is not in violation of any term of its Articles of Incorporation or Bylaws, or in any material respect of any term or provision of any material mortgage, indebtedness, indenture, contract, agreement, instrument, judgment or decree, and, to the best of its knowledge, is not in violation of any order, statute, rule or regulation applicable to the Company where such violation would materially and adversely affect the Company. The execution, delivery and performance of and compliance with this Agreement, and the payment of the Payment Amount, have not resulted and will not result in any violation of, or conflict with, or constitute a default under, the Company's Articles of Incorporation or Bylaws or any of its material agreements nor result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any material portion of the properties or assets of the Company.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF FERRY

Ferry hereby represents and warrants to the Company as follows:

3.1 EXPERIENCE. Ferry, through his authorized representative or otherwise, has experience in evaluating the fairness of the Negotiated Adjustment Percentage to the Additional Redemption Amount and the terms of this Agreement, and is capable of evaluating

the merits and risks of this Agreement and has the capacity to protect his own interest in entering into this Agreement with the Company.

3.2 AUTHORIZATION AND BINDING OBLIGATION. Ferry is duly authorized to execute, deliver and perform this Agreement. This Agreement is the legally valid and binding obligation of Ferry, enforceable against him in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency,

reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

3.3 COMPLIANCE WITH OTHER INSTRUMENTS. The execution of this Agreement by Ferry does not, and the performance by Ferry of his obligations hereunder will not, constitute a violation of, conflict with or result in a default under, any contract, commitment, agreement, understanding, arrangement or restriction of any kind to which Ferry is bound.

3.4 NO PRIOR TRANSFER. Ferry has not transferred, assigned or pledged all, or any part, of his rights under the 1994 Purchase Agreement, and the release by Ferry of his rights under the 1994 Purchase Agreement will constitute a full and complete release of any right owed under the 1994 Purchase Agreement, subject to Section 1546 of the California Civil Code.

3.5 REVIEW OF APPRAISALS. Ferry has reviewed the appraisals of the fair market value of the Common Stock of the Company as of April 30, 1998 and June 30, 1998 prepared by Houlihan Lokey Howard & Zukin.

SECTION 4

CLOSING

4.1 CLOSING. The closing of the transaction contemplated in Section 1 of this Agreement (the "Closing") will take place at the offices of _____, 9:00 a.m. two business days after the consummation of the Initial Public Offering.

4.2 PAYMENT BY WIRE TRANSFER. At the Closing, the Company will pay the Payment Amount by wire transfer to Ferry's account.

4.3 DELIVERY OF EXECUTED RELEASE. At the Closing, Ferry will deliver to the Company an executed copy of the Release, in the form attached as Exhibit A.

SECTION 5

CONDITIONS PRECEDENT TO CLOSING

5.1 CONDITIONS PRECEDENT TO CLOSING. The obligations of the Company and Ferry under this Agreement will be subject to the fulfillment of each and all of the following conditions at or before the Closing, each of which is individually deemed material.

5.2 REPRESENTATIONS AND WARRANTIES. The representations and warranties made by the Company and Ferry will be true and correct on and as of the Closing to the same extent and with the same effect as if made on and as of the Closing.

5.3 CONSUMMATION OF INITIAL PUBLIC OFFERING. The Initial Public Offering of the Common Stock of the Company will have been consummated.

SECTION 6

TERMINATION

6.1 TERMINATION. If the Closing does not occur on or before September 1, 1999, this Agreement will terminate.

SECTION 7

MISCELLANEOUS

7.1 GOVERNING LAW. This Agreement will be governed and construed in all respects in accordance with the laws of the State of California.

7.2 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

7.3 ENTIRE AGREEMENT; AMENDMENT. This Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

7.4 NOTICES, ETC. All notices and other communications required or permitted hereunder will be in writing and will be mailed by registered or certified mail, postage prepaid, or otherwise delivered by messenger, addressed to the address set forth on the signature page hereto, or at such other address as a party shall have furnished the other party by notice given in the above manner.

Each such notice or other communication will for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail, at the earlier of its receipt or ten (10) business days after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid.

7.5 EXPENSES. Each party hereto will bear all expenses it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement or the Articles, the prevailing party will be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.6 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties, each of which will be enforceable against the party actually executing such counterpart, and all of which together will constitute one instrument.

7.7 SEVERABILITY. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

7.8 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not considered in construing or interpreting this Agreement.

7.9 LEGAL COUNSEL. In entering into this Agreement, the parties represent that they have relied upon the advice of their respective attorneys, who are attorneys of their own choice, and that the terms of this Agreement have been completely read and explained to them by their attorneys, and that those terms are fully understood and voluntarily accepted by them.

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

"COMPANY"
KORN/FERRY INTERNATIONAL

By:_____
Name: Elizabeth S.C.S. Murray
Title: Chief Financial Officer
and Executive Vice President
Notice Address: Korn/Ferry International
1800 Century Park East
Suite 900
Los Angeles, CA 90067

"FERRY"
RICHARD M. FERRY

_____

Name: Richard M. Ferry
Notice Address: c/o Korn/Ferry International
1800 Century Park East
Suite 900
Los Angeles, CA 90067

EXHIBIT 10.32

GENERAL RELEASE AND SETTLEMENT AGREEMENT

This General Release and Settlement Agreement ("Agreement") is entered into effective as of the third day of December, 1998 by and between Korn/Ferry International, a California corporation (which, together with all of its subsidiaries and affiliates, is referred to as "Employer"), and Michael D. Boxberger ("Employee") with reference to the following facts:

A. Employee has been employed by Employer since 1986 and has been Employer's Chief Executive Officer since May, 1997.

B. Except as specifically provided for in this Agreement, Employee and Employer have agreed to sever all relationships between themselves.

C. The parties desire to resolve and settle finally, fully and completely all claims and disputes that exist between them in accordance with the terms and conditions of this Agreement.

IN CONSIDERATION OF THE RECITALS AND PROMISES SET FORTH IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

1. Resignation. Effective as of December 3, 1998 (the "Resignation Date"), Employee resigns as an officer and director of Employer, and Employer confirms that it has accepted this resignation.

2. Return of Property. Employee hereby acknowledges and confirms to Employer that, within ten (10) days after the Resignation Date, he will return to Employer all books, records, documents, manuals, lists, computer programs, computer data, credit cards and other property in his possession or under his management and control which belong to Employer, and any other books, records, documents, manuals, lists and computer programs or data relating to Employer's business that were used by Employee during the course and scope of his employment by Employer. Employee shall be permitted to retain and use any computers owned by Employer which are in Employee's residence (but not any computer programs or data relating to Employer's business or other Employer information, all of which shall be returned or deleted to Employer's satisfaction), and shall return such computers to Employer on the earliest to occur of (a) Employee's commencement of employment by anyone other than Employer, (b) December 3, 1999, or (c) Employee's relocation from Los Angeles, California. Employee shall, at a time mutually agreeable to Employer and Employee, cause the removal of his personal items from his office, including, without limitation, an oriental screen in the conference room, an oriental table in the conference room, an oriental rug in his office, and the pictures on the walls of his office. Upon presentation of a reasonably itemized bill, Employer will reimburse Employee for the reasonable costs incurred by Employee in removing his personal items from Employer's offices.

3. Communications Concerning Resignation: Confidentiality: Non-Disparagement.

3.1 Communications. If any inquiries by third parties are made of Employer or Employee with respect to the reasons for Employee's departure from Employer, each agree that it or he will respond consistent with the draft of the press release (the "Press Release") which is attached hereto and is hereby incorporated as Exhibit A.

3.2 Agreement to Keep Terms Confidential. Employer and Employee agree to keep the provisions of this Agreement confidential and not to discuss or disclose them to any other person, firm, organization or entity for any reason, at any time, without the prior written consent of the other party, unless otherwise required by law or legal process. Upon inquiry, either may state that Employee's reasons for leaving are those described in Section 3.1 above. Notwithstanding the foregoing, Employer may disseminate the Press Release to the news media; the parties may discuss this Agreement with, or disclose it to, their respective attorneys or accountants; Employer may disclose the Agreement to, or discuss it with, its shareholders as the same may be necessary or appropriate, and may make such disclosures which are necessary or appropriate under any applicable securities laws; and Employee may disclose the Agreement to, or discuss it with, his spouse.

3.3 Non-Disparagement. For a period of two (2) years following

the Resignation Date: Except for communications among its shareholders, Employer agrees that it will not disparage, ridicule or criticize Employee, or discuss or describe Employee in negative terms; and Employee agrees that he will not disparage, ridicule or criticize Employer or any of its employees, officers or directors, or discuss or describe any of them in negative terms.

3.4 Employer's Obligations Only Bind Senior Officers. All references to "Employer" in Section 3.1, 3.2 and 3.3, and to Employer's obligations to refrain from the conduct described in such subsections, refer only to the Employer's regional heads, the members of Employer's Board of Directors and its office of the Chief Executive Officer.

3.5 Liquidated Damages. The parties acknowledge that a breach by either of them of any of the provisions of this Section 3 will cause substantial harm to the non-breaching party. The parties believe that the damages resulting from a breach would be extremely difficult or impracticable to determine. Because of the difficulty in determining the damages resulting from a breach, the parties agree that, in the event of such a breach, the breaching party will pay to the non-breaching party the sum of Fifteen Thousand Dollars ($15,000), as liquidated damages, for each separate breach of any of the obligations described in Section 3, which the parties believe is a reasonable estimation of the damages that will be suffered as a result of each breach.

4. Employee Will Not Seek Re-Employment. Employee agrees that he will not seek re-employment with Employer.

5. Proprietary Information. Employee agrees that he will not use, reveal, divulge or make known to any person, firm or corporation, and shall maintain as confidential, all privileged, proprietary and/or secret information, communications, knowledge or data relating to the business of Employer. Employee recognizes and acknowledges that all such

information, communications, knowledge or data is a valuable and unique asset of Employer and, accordingly, he will not discuss or divulge any such information, communications, knowledge or data to any person, firm, partnership, corporation or organization other than Employer, except as may otherwise be required by law. Employee further agrees that if he is contacted by any governmental agency or is served with any subpoena relating to or arising out of Employer's business, his employment by Employer, or work he did while employed by Employer, he will immediately contact Employer and provide it with a copy of any subpoena or written communication relating to such contact.

6. Purchase of Stock.

6.1 Representations by Employee. Employee represents and warrants to Employer that:

(a) Employee is the lawful owner of ninety-eight thousand three hundred fourteen (98,314) shares (the "Employee Shares") of the common stock of Employer, free and clear of any liens, claims or encumbrances, except the lien created pursuant to the "Mortgage Loan Agreements" (as described below);

(b) Employee can, without obtaining the consent of any other person and without breaching any agreement to which Employee is a party, transfer the Employee Shares as provided for in this Agreement; and

(c) Other than the Employee Shares, Employee does not own any other shares, rights to purchase shares, or any interest convertible into shares, of Employer.

6.2 Purchase and Sale.

(a) Employer and Employee acknowledge and agree that the retention and disposition of the Employee Shares are governed by an undated Stock Repurchase Agreement (the "Repurchase Agreement") between Employer and Employee. Pursuant to the Repurchase Agreement, Employer has custody of the original certificates evidencing the Employee Shares and will continue to retain such custody. Employer and Employee further agree that, except as specifically set forth in this Agreement to the contrary, the terms and provisions of the Repurchase Agreement shall remain in full force and effect.

(b) Within ten (10) days after the execution and delivery of this Agreement, Employer shall purchase, and Employee shall sell, fifty-seven thousand twenty-two (57,022) of the Employee Shares (the "Purchased Shares") for

a purchase price (the "Purchase Price") equal to the number of Purchased Shares, multiplied by Eleven Dollars and Fifteen Cents ($11.15), for a total payment equal to Six Hundred Thirty-Five Thousand Seven Hundred Ninety-Five Dollars and Thirty Cents ($635,795.30). Subject to Section 6.2(f) below, the Purchase Price shall be paid in cash concurrent with the purchase, at which time Employee will deliver to Employer an Assignment Separate from Certificate, evidencing the Purchased Shares, duly endorsed in blank by Employee, and Employer will cancel the certificate(s) in its possession which represent the Purchased Shares. Employee acknowledges that Employer is contemplating a sale of its shares in an underwritten public offering pursuant to the Securities Act of 1933, as amended (an "IPO"). Employee acknowledges that, even though the Purchased

Shares may be worth more than the Purchase Price following an IPO (if there is one), the Purchase Price is a fair and equitable price for the Purchased Shares.

(c) If, by December 3, 1999, there has not been an IPO, then, by March 3, 2000, Employer will purchase Employee's remaining shares (the "Retained Shares") (i.e, 41,292 shares) for a purchase price (the "Retained Purchase Price") equal to the number of the Retained Shares, multiplied by Employer's "Book Value" (as that term is used in the Repurchase Agreement). Subject to Section 6.2(f) below, the Retained Purchase Price shall be paid concurrent with the purchase, at which time Employee shall deliver to Employer an Assignment Separate From Certificate, evidencing the Retained Shares, duly endorsed in blank by Employee, and Employer will cancel the certificates in its possession which represent the Retained Shares.

(d) Following the Resignation Date, or, if there is an IPO by December 3, 1999, then only through the fourth anniversary of the IPO, Employee agrees that he will not sell, transfer, pledge or hypothecate any of the Retained Shares, except pursuant to the Repurchase Agreement or Sections 6.2(c) or 6.2(e) of this Agreement.

(e) If there is an IPO by December 3, 1999, then, following such IPO, but subject to applicable securities laws and regulations, Employee may direct Employer to sell the following percentage of the Retained Shares:

(i) Ten percent (10%) concurrent with the IPO:

(ii) Twenty percent (20%) on the second anniversary of the IPO;

(iii) Twenty percent (20%) on the third anniversary of the IPO; and

(iv) Any of the remaining Retained Shares on or after the fourth anniversary of the IPO.

(f) Until such time as the "Mortgage Note" (as described below) has been repaid in full, the proceeds from the sale of any of the Employee Shares sold pursuant to Sections 6.2(b), (c) or (e) above (whether sold to Employer or otherwise) shall be deposited by Employer in a segregated, interest bearing bank account (the "Share Account") as additional security for the repayment of the Mortgage Note and Employee's other obligations under and pursuant to the Mortgage Loan Agreements. Following the complete repayment of the Mortgage Note and discharge of Employee's obligations under and pursuant to the Mortgage Loan Agreements, the remaining balance in the Share Account shall be paid to Employee.

(g) If requested by Employer, the certificate(s) evidencing the Retained Shares shall be imprinted with a legend reflecting the prohibitions described in this Section 6.2.

7. UNPAID LEAVE; SEVERANCE AND OTHER BENEFITS. Employee shall be on unpaid leave until December 3, 1999. As a severance payment and as further consideration for

Employee's representations, covenants and obligations under and pursuant to this Agreement, Employer agrees to pay to Employee and on Employee's behalf the following amounts:

7.1 Cash Payments. A total severance payment in an amount equal to One Million Two Hundred Thousand Dollars ($1,200,000), less any required payroll deductions or withholding, payable One Hundred Thousand Dollars ($100,000), less any required payroll deductions and withholding, within ten (10) days after the execution and delivery of this Agreement, and Fifty Thousand Dollars ($50,000), less any required payroll deductions and withholding bi-monthly, on Employer's regular payroll dates, with the first Fifty Thousand Dollar ($50,000) payment being due on January 15, 1999 and the last such payment being due on the last day of November, 1999.

7.2 Insurance. Employer shall (a) continue to provide and pay for medical insurance for Employee and his immediate family under the medical insurance policy then in effect (as it may change from time to time), and (b) allow Employee to continue to participate in Employer's executive medical reimbursement program, in each case in the same manner and amounts as prior to the Resignation Date, in all cases until the earlier of (i) such date that Employee commences employment by someone other than Employer, or (ii) December 3, 1999.

7.3 Relocation Allowance. Upon the request of Employee, Employer will reimburse Employee for the reasonable costs which Employee incurs on or before December 1, 1999 in relocating from Los Angeles, California to Texas, Illinois, or any other location selected by Employee so long as the relocation is not for employment purposes. As used herein, reasonable costs include one way economy air fare for Employee and his immediate family and the cost of moving Employee's household furnishings by a commercial moving company charging competitive rates. In order to obtain the reimbursement provided for herein, Employee shall be required to submit receipts to Employer which itemize in reasonable detail the costs for which Employee seeks reimbursement. In no event shall Employer be required to reimburse Employee for more than Fifty Thousand Dollars ($50,000).

7.4 Office, Secretarial and Travel Expenses. Employer shall reimburse Employee, in accordance with Employer's regular policies, for all expenses incurred by Employee on behalf of Employer prior to the Resignation Date. Employer shall also reimburse Employee for the reasonable office, secretarial support, use of computers in his residence, business and travel expenses (to pursue other employment, including, without limitation, travel expenses of Employee's spouse directly related to Employee's pursuit of other employment) which Employee incurs until the earlier of (a) such date that Employee commences employment by someone other than Employer, or (b) December 3, 1999. The aggregate of all such expenses (other than those referred to in the first sentence of this Section 7.4) shall not exceed Ten Thousand Dollars ($10,000) per month in any one month, Thirty Thousand Dollars ($30,000) in any consecutive six (6) month period or Fifty-One Thousand Seven Hundred Dollars ($51,700) in the aggregate. In order to obtain the reimbursement provided for herein, Employee shall be required to submit receipts to Employer which itemize in reasonable detail the costs for which Employee seeks reimbursement.

7.5 Advisor Fees. Employer shall reimburse Employee for the legal and advisory fees Employee incurs in connection with the negotiation and preparation of this

Agreement, up to a maximum of $20,000, upon the presentation of bills by Employee to Employer.

7.6 Reimbursement for Certain Club Dues. Employer shall reimburse Employee for Employee's club dues for Max McGraw Wildlife Foundation, California Club and Chicago Club until the earlier of December 3, 1999 or Employee's commencement of employment by someone other than Employer.

7.7 Notification of Re-Employment. Employee agrees to immediately notify Employer of Employee's employment by someone other than Employer if Employee commences such other employment prior to December 3, 1999.

8. Non-Solicitation. Employee agrees that, during the two (2) year period following the Resignation Date, he will not, directly or indirectly, solicit or encourage any of Employer's employees to terminate his or her employment with Employer; provided, however, that Employee shall have no liability to Employer if any employee of Employer approaches a future employer of Employee and asks to be considered as a candidate for employment or is hired by such employer without any direct or indirect solicitation or encouragement from Employee. Employee acknowledges that the non-solicitation obligation set forth in this Section 8 is a material and integral part of this Agreement. Employee further acknowledges that if he breaches his non-solicitation obligations under this Section 8, Employer may, in addition to any other remedies which it may have, elect to stop making severance payments to, and providing benefits for, Employee.

9. BENEFIT PLANS. Employee is currently a beneficiary or participant of or in the benefits and plans (the "Benefits") which are described on the attached and incorporated Schedule 1. Employee's rights and obligations with respect to the Benefits shall be governed by the agreements and documents granting and describing the Benefits.

10. Repayment of Loans.

10.1 Mortgage Loan. Employer and Employee are Co-Obligors with respect to a Promissory Note dated January 28, 1998 in the principal amount of One Million Dollars ($1,000,000), payable to 1st Business Bank (which, together with the Addendum to Promissory Note, is referred to as the "Mortgage Note"). Employer and Employee are also the parties to related agreements, entitled Funding, Indemnification and Contribution Agreement (the "Funding Agreement") and Stock Pledge Agreement (the "Pledge Agreement"), each dated January 28, 1998 (which, together with the Mortgage Note and the Funding Agreement, are referred to as the "Mortgage Loan Agreements"). Employer and Employee acknowledge and agree that the Mortgage Loan Agreements remain in full force and effect and are unaffected by this Agreement, except:

(a) Promptly upon receipt of proof of payment by Employee, Employer shall reimburse Employee for the interest due and paid (and shall gross up such reimbursement to cover any taxes payable by Employee in connection with such reimbursement) with respect to the Mortgage Note through the earlier of the sale of the residence (the "Residence") located at 621 Stone Canyon Road, Los Angeles, CA 90077, or December 3, 1999; Employee shall pay all interest and principal payments due thereafter and

shall repay or refinance (without Employer's guaranty or co-obligation) the Mortgage Note in full on or prior to the earlier of the sale of the Residence or November 30, 2000.

(b) Employer shall release from the lien imposed by the Pledge Agreement's sufficient number of Employee's Shares to permit Employee to sell such shares as otherwise permitted by this Agreement.

10.2 Other Loans to Employee. Employee acknowledges that he is indebted to Employer for the aggregate sum of Ninety-Nine Thousand Nine Hundred Eighty-Nine Dollars ($99,989) principal, plus, in the case of the promissory note dated June 30, 1998 (the "June 30 Note"), interest as provided in such note, which debt is evidenced by three separate Promissory Notes signed by Employee as of June 22, 1992, in the amount of Seven Thousand Five Hundred Dollars ($7,500); as of November 2, 1992 in the amount of Seven Thousand Dollars ($7,000); and as of June 30, 1998 in the amount of Seventy-Six Thousand Four Hundred Eighty-Nine Dollars ($76,489), and an additional obligation in the amount of Nine Thousand Dollars ($9,000) which was incurred in April, 1997 for the purpose of paying the initiation fee for membership in the California Club. Employee agrees to repay the aforesaid amounts on the earlier of an IPO or October 31, 1999.

11. Proxy. Concurrent with his execution and delivery of this Agreement to Employer, Employee will execute and deliver to Employer a Voting Proxy covering the Retained Shares in the form of the Voting Proxy attached hereto and hereby incorporated as Exhibit B

12. Release of Claims.

12.1 Release by Employee. Except for the obligations set forth in this Agreement, Employee, on behalf of himself and his representatives, successors and assigns, completely releases and forever discharges Employer and each of its predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, parent companies, divisions, subsidiaries, affiliates (and agents, directors, officers, employees, representatives and attorneys of such companies), and all persons acting by, through, under or in concert with any of them (collectively, referred to as "Employer Releasees"), from any and all demands, charges, complaints, liabilities, obligations, promises, agreements, damages, suits, costs, losses, debts and expenses (including attorney's fees and costs actually incurred) of any nature, known or unknown (collectively, "Claims"), which Employee now has, or which Employee at any time had, or which Employee at any time may have, against each or any of the Employer Releasees, arising out of or related to any act, omission, or other thing which existed or occurred on or before the date of Employee's signing of this Agreement. The Claims released under this Agreement include, but are not limited to, any rights arising out of any alleged violations of any contract or covenant, any tort, any legal restriction on the right of the Employer Releasees or any of them to terminate employees, and any federal, state or other governmental statute or regulation, including, without limitation: (1) the Age Discrimination in Employment Act (age discrimination in employment, including discrimination against individuals forty (40) years of age or over); (2) Title VII of the Civil Rights Act of 1964 (race, color, religion,

sex and national origin discrimination); (3) the Americans With Disabilities Act (discrimination against individuals with disabilities); (4) the California Fair Employment and Housing Act (discrimination, including race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex or age discrimination); (5) any

Claim for salary, bonus, expense reimbursement, accrued vacation and accrued sick leave; and (6) any Claim that the sale of the Employee Shares was for inadequate or unfair consideration.

12.2 Release by Employer. Except for (a) the obligations set forth in this Agreement and (b) any Claims based upon either Employee's criminal conduct or actions by Employee outside the course or scope of his employment, Employer, on behalf of its representatives, successors, assigns and affiliates, completely releases and forever discharges Employee, from any and all Claims which Employer now has, or which Employer at any time had, or which Employer at any time may have had against Employee, arising out of or related to any act, omission, or other thing which existed or occurred on or before the date of Employer's signing of this Agreement.

12.3 Release of Unknown Claims. Employee and Employer waive and relinquish any and all rights or benefits which he or it may now have under the provisions of Section 1542 of the California Civil Code, which provide as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Notwithstanding the provisions of Section 1542, Employee and Employer expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all Claims which he and it do not know of or suspect to exist in his or its favor at the time of signing this Agreement, and that this Agreement contemplates the release of any such Claims.

12.4 Release Not Affected by Later Discovery. Employee and Employer acknowledge that he or it may hereafter discover Claims or facts in addition to or different from those which he or it now know or believe to exist with respect to the subject matter of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement. Nevertheless, Employee and Employer waive any right, Claim or cause of action that might arise as a result of such different or additional Claims or facts. Employee and Employer acknowledge that he and it understand the significance and consequence of such a release and specific waiver of Section 1542. Employee and Employer further waive and relinquish all other statutes, rights, remedies and benefits of all other jurisdictions, state or federal, which are of the same or similar import or effect as Section 1542 of the California Civil Code.

12.5 No Litigation. Employee and Employer confirm that he and it have not and will not file any charge, Claim, suit or action against any of the Employer Releasees or Employee with any court of law or before any federal, state, or administrative agency based on the matters released in this Agreement. If any court of law, federal, state or administrative agency assumes jurisdiction of any such charge, Claim, suit or action on behalf of Employee or Employer, Employee or Employer, as applicable, will direct that agency or court to withdraw from or dismiss the matter with prejudice.

12.6 No Admission of Liability. This settlement shall not be deemed or construed as an admission of any fact, liability or responsibility at any time for any purpose.

12.7 No Prior Sale of Any Claim. Employee and Employer represent and warrant that he and it have not sold, assigned, transferred, conveyed, encumbered, or otherwise disposed of any of the Claims purportedly released by him or it pursuant to this Agreement, nor any recovery, settlement or portion thereof to which he or it might be entitled, with respect to the matters released hereunder, to a person or entity not a party to this Agreement.

13. No Reliance on Representations. Each party represents and warrants to the other that in executing this Agreement they do not rely and have not relied upon any representation or statement made by the other party or by the other party's agents or attorneys with regard to the subject matter, basis or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement.

14. Right of Offset. Employer shall be permitted to offset the amount of any claims it may have against, or amounts owed by, Employee pursuant to this Agreement against any amounts owed by Employer to Employee pursuant to this Agreement.

15. Miscellaneous Provisions.

15.1 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. No representation, promise, inducement or statement of intention has been made by any of the parties hereto not embodied in this Agreement or in the documents referred to herein, and no party shall be bound by, or be liable for, any alleged representation, promise, inducement or statements of intention not set forth or referred to herein.

15.2 Governing Law, Jurisdiction and Venue. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to the conflict or choice of law provisions thereof.

15.3 Binding Effect. All of the terms, covenants, representations, warranties and conditions herein shall be binding upon, and inure to the benefit of, and be including but not limited to, successor corporations.

15.4 Waiver. This Agreement may not be amended, modified, superseded or canceled, 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 be 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.

15.5 Construction. The captions and headings contained herein are for convenient reference only, and shall not in any way affect the meaning or interpretation of this Agreement. All references in this Agreement to a "person" mean and refer to natural persons, partnerships, corporations, trusts, associations, governmental agencies and any other entity of any kind whatsoever. Notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty in this Agreement shall not be constructed against either party based upon authorship of any of the provisions hereof.

15.6 Counterparts and Facsimile Signatures. This Agreement may be executed by facsimile signature and executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

15.7 Attorneys' Fees. In the event that any party shall bring an action in connection with the performance, breach or interpretation of this Agreement, or any action related to the transaction 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 discretion of the court or other tribunal having jurisdiction of such action.

15.8 Severability. In the event that any provision hereof is 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.

15.9 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.

15.10 Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be conclusively deemed to have been duly given (1) when hand delivered to the other party, or (2) when received, if sent by telex or facsimile at the address and number set forth below (provided, however, that notices given by facsimile shall not be effective unless either (a) a duplicate copy of such facsimile notice is promptly given by depositing same in a United States post office with first-class postage prepaid and addressed to the parties as set forth below, or (b) the receiving party delivers a written confirmation of receipt for such notice either by facsimile or any other method permitted under this subparagraph; additionally, any notice given by telex or facsimile shall be deemed received on the next business day if such notice is received after 5:00 p.m. (recipient's time) or on a nonbusiness day; or (3) three (3) business days after the same have been deposited in a United States post office with first-class or certified mail, return receipt, postage prepaid and addressed to the parties as set forth below; or (4) the next business

day after same have been deposited with a national overnight delivery service reasonably approved by the parties (Federal Express and DHL WorldWide Express being deemed approved by the parties), postage prepaid, addressed to the parties as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

To: Employer
Korn/Ferry International
1800 Century Park East, Suite 900
Los Angeles, California 90067
Attn: General Counsel

To: Employee
Michael D. Boxberger
621 Stone Canyon Road
Los Angeles, California 90077

15.11 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.

15.12 Time. Time is of the essence in this Agreement.

15.13 Parties in Interest. Nothing in this Agreement, whether 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.

15.14 Assignment. Neither party shall, voluntarily or by operation of law, assign, hypothecate, give, transfer, mortgage, sublet, license or otherwise transfer or encumber all or any part of its rights, duties or other interest in this Agreement, or the proceeds thereof (collectively, "Assignment"), without the other party's prior written consent, which

consent shall not be unreasonably withheld or delayed. Any attempt to make an Assignment in violation of this provision shall be a material default under this Agreement, and any Assignment in violation of this provision shall be null and void.

EMPLOYEE:

DATE:_____, 1998 /s/ Michael D. Boxberger

Michael D. Boxberger

EMPLOYER:

DATE:_____, 1998 KORN/FERRY INTERNATIONAL

By: /s/ Richard M. Ferry

Its: Chairman

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports (and to all references to our Firm) included in or made a part of this registration statement.

/s/ Arthur Andersen LLP

Los Angeles, California

December 22, 1998

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, Windle B. Priem, as Chief Executive Officer, President and a member of the Board of Directors of Korn/Ferry International ("the Registrant"), hereby constitutes and appoints Peter L. Dunn and Elizabeth S.C.S. Murray, and each of them, as lawful attorneys-in-fact and agent for the undersigned (with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned officer and director), to sign and file with the Securities and Exchange Commission under the Securities Act of 1933, as amended, any and all amendments, supplements and exhibits to the Registrant's Registration Statement (Registration No. 333-61697) (the "Registration Statement"), including post-effective amendments and any and all applications or other documents in connection with inclusion of the Registrant's Common Stock on the New York Stock Exchange, and any and all documents required to be filed with any state securities regulating board or commission pertaining to the Registration Statement or securities covered thereby, hereby granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in order to effectuate the same as fully and to all intents and purposes as each of the undersigned might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or any of their substitutes, may do or cause to be done by virtue hereof.

Dated: December 22, 1998

/s/ Windle B. Priem

Windle B. Priem
Chief Executive Officer, President and
Director

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