

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

FORM 10-K

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

For the fiscal year ended April 30, 2000

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

Commission File Number 001-14505

KORN/FERRY INTERNATIONAL
(Exact Name of Registrant as Specified in its Charter)

<TABLE>

<S>	Delaware	<C>	95-2623879
	(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)	

</TABLE>

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

(310) 556-8521
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>

<S>	Title of each class	<C>	Name of each exchange on which registered
	-----		-----
	Common Stock, no par value		New York Stock Exchange

</TABLE>

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The number of shares outstanding of our common stock as of July 28, 2000 was 37,553,418 shares. The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant on July 28, 2000 (assuming that the Registrant's only affiliates are its officers, directors and 10% or greater stockholders) was approximately \$1,147,829,985, based upon the closing market price of \$33.88 on that date of a share of common stock as reported on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders scheduled to be held on September 26, 2000 are incorporated by reference into Part III of this Form 10-K.

KORN/FERRY INTERNATIONAL

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PART I.

Item 1. Business

General

Korn/Ferry International, or KFY, is the world's leading and largest executive recruitment firm with the broadest global presence in the executive recruitment industry. We provide executive recruitment services exclusively on a retained basis and serve the global recruitment needs of our clients from middle to executive management. We opened our first office in Los Angeles in 1969, and today we have over 2,200 employees, including 498 executive recruitment and 97 Futurestep consultants, based in 77 cities across 41 countries. Our clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. We have established strong client loyalty; more than 82% of the executive recruitment assignments we performed in fiscal 2000 were on behalf of clients for whom we had conducted multiple assignments over the last three fiscal years. Almost half of the executive recruitment assignments we performed in fiscal 2000 were for board level, chief executive and other senior executive positions.

In anticipation of the fundamental transformation of the marketplace, the combined impact of advanced technology and the Internet and in response to clients' demand for middle-management recruitment services, we introduced Futurestep in May 1998. Futurestep combines our search expertise with exclusive candidate assessment tools and the reach of the Internet to

accelerate the recruitment of candidates for middle-management positions. In March 1999, we completed our roll-out of Futurestep in the United States with the addition of the Midwest and Southwest regions to Futurestep's East and West Coast operations. We launched Futurestep's international roll-out in the United Kingdom and Canada in the first quarter of fiscal 2000; in ten additional European countries, New Zealand and Australia in the second fiscal quarter; and in Japan, Hong Kong and Singapore in the third fiscal quarter. In the fourth fiscal quarter, we completed the integration of the executive search and selection business of PA Consulting Group (ESS business of PA) acquired in January 2000 with 17 offices in Europe and Asia/Pacific. Through April 2000, more than 666,000 candidates worldwide have completed a detailed on-line profile with Futurestep.

Executive Recruitment Industry

The executive recruitment industry is separated into two distinct markets: retained recruitment firms and contingency search firms.

Retained recruitment firms, like KFY, generally concentrate on searches for positions with annual compensation of \$150,000 or more. The large global retained recruitment firms 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 recruitment 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 recruitment firms, contingency search firms are compensated only when a position is filled. Accordingly, revenue generated by a contingency search firm typically is more volatile than revenue generated by a retained recruitment firm. For this reason, contingency search firms often cannot invest as many resources as retained recruitment 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.

Industry Trends

We believe that a number of favorable trends will contribute to the growth of the executive recruitment industry.

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

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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.

Demand for Managers with Broader Qualifications--Our 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. We expect that the executive recruitment business will continue to grow as companies increasingly turn to executive recruitment firms to identify qualified executives.

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 KFY, 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 increasingly rely on experienced global executive recruitment firms to address their management recruitment needs. By hiring global executive recruitment firms, companies can expect to:

- . Access a diverse and highly qualified field of candidates on an as-needed basis
- . Reduce the costs required to maintain and train a recruiting department in a rapidly changing industry
- . Benefit from the most updated information on the industry and specific geographic markets

- . Access leading search technology software
- . Maintain management focus on strategic business issues

Use of Advanced Technology--Global systems and the ability to create comprehensive worldwide databases are fundamentally changing the search process and moving the emphasis of the recruitment 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 executive recruitment in the near future. At the same time, new barriers to entry into the executive recruitment industry are being created as these investments in information technology become critical to serve clients' needs globally.

Growth Strategy

Our objective is to expand our leadership position as a preferred global executive recruitment firm by providing clients with end-to-end human capital management solutions. The principal elements of our strategy include:

Leverage Leadership in Executive Recruitment

Our leadership in executive recruitment enables us to grow our business by increasing the number of recruitment assignments we handle for existing clients. We also believe that there are significant opportunities to develop new clients by aggressively marketing our proven global recruitment expertise. Through our ten specialty practice groups and broad global presence, we maintain an in-depth understanding of the market conditions and strategic and management issues facing clients. Annually, our regions, offices, individual consultants and specialty practice groups identify existing and prospective clients with substantial needs for executive search services. We assemble teams of search consultants based on geographic, industry and functional expertise to focus on these clients.

By leveraging our knowledge of the growing pool of local talent in each of the regions in which we operate, we are able to identify and place qualified candidates capable of operating effectively in the local culture. In addition, with the geographic expansion of Futurestep, we are leveraging our global network and search capabilities to meet the middle-management recruitment needs of existing and potential clients.

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Expand into the Middle-Management Market

In response to the growing client demand for middle-management recruitment, we expanded our services to address this market. With our strong executive client relationships, we are well positioned to meet clients' middle-management recruitment needs effectively and efficiently through Futurestep, our middle-management recruitment company. We maintain one of the largest, most diverse and technologically innovative global databases of highly qualified candidates across all levels of management, geography, industry and functional expertise. By moving aggressively into this segment of the market, we have strengthened our relationships with our existing clients, developed new clients and are positioned to gain a competitive advantage in marketing complementary services.

Add New Complementary Services

We continue to add new complementary services in response to specific client needs.

- . Our global management assessment practice is growing rapidly in Europe and we intend to expand this service to cover North America and Latin America in fiscal 2001.
- . In June 2000, we agreed to make a strategic investment in Webhire, Inc. (NasdaqNM:HIRE) the leading business services provider in the Internet recruiting market place. This strategic investment was undertaken in recognition of the increasing importance to clients of the corporate human resource application service provider and allows us to enhance and expand our Internet-based services.
- . In July 2000, we completed the acquisition of JobDirect, a leading online college recruitment company exclusively serving client requirements for college graduates and entry-level professionals. This acquisition will provide us not only the opportunity to develop relationships lasting throughout a candidate's career, from their first job through Chief Executive Officer, but also to serve our clients' needs in this important market.

Pursue Strategic Acquisitions

In fiscal 2000, we completed a total of ten acquisitions. In executive

recruitment, we completed four acquisitions in the United States, three in Canada, one in Germany and one in Australia. We also rapidly expanded the international footprint of Futurestep through the acquisition of the ESS business of PA, with offices in 17 countries in Europe and Asia/Pacific. In fiscal 1999, we completed the acquisition of two European executive recruitment firms with operations in France and Switzerland. We view strategic acquisitions as a key component of our long-term growth strategy and intend to pursue future strategic acquisition opportunities.

Reinforce Technological Focus

As the executive recruitment industry continues to grow and as more clients seek the assistance of recruitment companies to fill middle-management positions, an advanced technology infrastructure has become a critical element of the recruitment business. To increase the speed and quality of our service to clients and candidates around the world, we have invested more than \$43 million over the past three fiscal years to develop a state-of-the-art technology infrastructure for our executive recruitment business, including a worldwide network and Searcher, our proprietary executive recruitment software, and our proprietary assessment software for Futurestep. Our worldwide executive recruitment databases contain the profiles of over 1,500,000 executives and over 400,000 companies, and our Futurestep database contains over 666,000 registered candidates, allowing consultants to access a wide range of potential candidates globally. Our systems represent a strong competitive advantage, allowing our consultants to quickly obtain information and communicate effectively with each other.

Services

We address the global recruitment needs of our clients at all levels of management. We offer the following three primary services exclusively on a retained basis:

Executive Recruitment

Our executive recruitment services are typically used to fill executive-level positions, such as boards of directors, chief executive officers, chief financial officers and other senior executive officers. Once we are retained by a client to

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conduct an assignment, we assemble a team comprised of consultants with geographic, industry and functional expertise. Our search consultants serve as management advisors and work closely with the client in identifying, assessing and placing a qualified candidate. In fiscal 2000, we performed over 7,700 executive recruitment assignments.

We use a search methodology that has been developed through many years of experience in conducting executive recruitment. We emphasize 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 our proprietary databases and a number of key technology-based information sources, companies that are in related industries facing similar challenges and issues with 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. The client is then presented with up to five qualified candidates to interview. We conduct reference checks throughout the process, sometimes with the assistance of an independent third party.

Usually, the finalists for the position 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 executive-level assignment that we perform 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, we will repeat the assignment for no additional fee.

Middle-Management Recruitment

Our Futurestep subsidiary combines our extensive executive recruitment 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 recruitment professionals to interact with candidates and clients.

We recognize that the cost of lost 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 through communication enabled by technology, we 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, have been validated using 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. Clients complete a similar profile to determine company culture and the type of manager who will succeed in the open position. We believe 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 recruitment. To encourage candidates

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to register with Futurestep, we provide 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. Futurestep offers additional support to candidates through editorial content appearing on the Web sites of CNBC, Excite@Home and Industry Standard.

When we receive an assignment from a client, a preliminary list of candidates is selected from the Futurestep database and the most qualified are called by a Futurestep recruitment 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, a written report summarizing the candidates credentials, the results of the assessment profile, 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.

In June 1998, we entered into a three-year contract for an exclusive alliance with The Wall Street Journal, which provides Futurestep with reduced advertising rates, requires the purchase of a minimum amount of print and on-line advertising and permits the use of The Wall Street Journal name in connection with promotion of the Futurestep service. See "Notes to Consolidated Financial Statements, Note 13". The contract with The Wall Street Journal has an initial term through June 2001 with options for renewal and is the first of its kind in the executive recruitment industry. The Wall Street Journal is obligated under the contract to use reasonable commercial efforts to offer each employer which advertises positions in The Wall Street Journal the option of retaining Futurestep for services ranging from resume evaluation to complete management of the employer's recruitment process for the advertised positions. In addition, The Wall Street Journal must provide a direct link to Futurestep's website from The Wall Street Journal's careers website. The contract permits Futurestep to provide candidates registered with Futurestep access to career-management advice through direct links from Futurestep's website to The Wall Street Journal's website and obligates Futurestep to pay to The Wall Street Journal a minimal placement fee for each candidate placed by Futurestep that was referred by The Wall Street Journal. KFY, Futurestep and The Wall Street Journal have agreed not to promote competing services during the term of the contract.

Advertised Recruitment Services

Our advertised recruitment service uses print advertising in targeted publications to attract the most qualified candidates for management positions at all levels. Advertised recruitment is appropriate when clients seek numerous qualified candidates from a broad universe of industries. We introduced our advertised recruitment service in 1991, and currently offer this service in Europe, Asia/Pacific and Latin America. As Futurestep's

database grows internationally, we expect the speed and efficiency of the Futurestep service to result in a decline in advertised recruitment services.

At the beginning of each advertised recruitment 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.

Organization

Our two reportable business segments, executive recruitment and Futurestep, are operated separately. Executive recruitment is managed on a geographic basis through four regions: North America, Europe, Asia/Pacific and Latin America (including Mexico). Our industry specialty practices cross these geographies to provide in-depth knowledge of these verticals on a global basis. Futurestep is managed on a worldwide basis with operations in North America, Europe and Asia/Pacific. All of our 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 business segment with executive recruitment by region for fiscal 2000:

<TABLE>
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	Revenue (in millions)	Operating Profit (Loss) (in millions)	Number of Offices as of April 30, 2000	Number of Consultants as of April 30, 2000
<S>	<C>	<C>	<C>	<C>
Executive Recruitment:				
North America.....	\$271.3	\$ 52.8	23	253
Europe.....	112.0	13.0	27	150
Asia/Pacific.....	48.6	5.2	14	61
Latin America.....	30.5	7.7	9	34
Futurestep.....	38.3	(23.9)	31	97

</TABLE>

See "Notes to the Consolidated Financial Statements, Note 11" for business segment results for the past three fiscal years.

Executive Recruitment

North America--We opened our first office in Los Angeles in 1969, and currently have 23 offices throughout the United States and Canada. We completed seven acquisitions in fiscal 2000: four in the United States and three in Canada. The North America region has grown from \$103.6 million in revenue in fiscal 1996 to \$271.3 million in fiscal 2000. We have been ranked first in worldwide revenue among Hunt-Scanlon's top executive recruitment firms based in North America through fiscal 1999 and believe we currently generate the highest revenue of any executive recruitment firm. In fiscal 2000, we handled over 3,100 assignments in this region, with an average of 217 consultants.

Europe--We opened our first European office in London in 1972 and currently have 27 offices throughout 21 countries in the region. The region has grown from \$67.5 million in revenue in fiscal 1996 to \$112.0 million in fiscal 2000. We handled over 2,500 assignments in fiscal 2000 in this region, with an average of 130 consultants. In fiscal 2000 and 1999, we acquired businesses in Germany, France and Switzerland, enhancing our market position in these countries.

Asia/Pacific--We opened our first Asia/Pacific office in Tokyo in 1973, and have built a 14-office network throughout ten countries in the region. In June 1999, we completed the acquisition of the Australian business of Amrop International. The region has grown from \$28.2 million in revenue in fiscal 1996 to \$48.6 million in fiscal 2000. We handled over 1,100 assignments in fiscal 2000 in this region, with an average of 56 consultants. The latest Economist Intelligence Unit report on Executive Search in Asia and Australia describes us as the leading executive search firm in the region.

Latin America--We opened our first Latin American office in Brazil in 1974,

expanded our practice to Mexico through the 1977 acquisition of a 49% interest in Hazzard & Associates, and currently conduct operations in Mexico through three subsidiaries in which we hold a controlling minority interest. As of April 30, 2000, we operated a network of nine offices in seven countries covering the entire region. The region has grown from \$18.8 million in revenue in fiscal 1996 to \$30.5 million in fiscal 2000. We handled over 1,000 assignments in fiscal 2000 in this region, with an average of 34 consultants. According to the Economist Intelligence Unit's latest report on Executive Search in the Americas, we dominate the executive search market in Latin America.

Futurestep

We began operations in May 1998 in California and completed our United States rollout in late fiscal 1999. Our international rollout began with the United Kingdom and Canada in the first quarter of fiscal 2000. We opened offices in ten additional European countries, New Zealand and Australia in the second fiscal quarter and in Japan, Hong Kong and Singapore in the third fiscal quarter. In January 2000, we substantially completed our international rollout with the acquisition of the ESS business of PA with 17 offices in Europe and Asia/Pacific. Currently, we are expanding our Canadian operations to complement the acquisition of executive recruitment firms in Calgary, Toronto and Montreal in April 2000.

Industry Specialization

In 1970, we established executive recruitment specialty practices to serve specific industries and markets and have continued to expand the range of our 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 our 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. We plan to continue to expand our specialized expertise through internal development, strategic hiring in targeted growth areas and selected acquisitions. In fiscal 2000, the acquisition of Levy Kerson and Helstrom Turner significantly strengthened our retail practice and the acquisition of Pearson, Caldwell and Farnsworth enhanced our consistently strong financial services practice.

Percentage of Fiscal 2000 Assignments by Industry Specialization

<TABLE>

<S>	<C>
Advanced Technology.....	23%
Consumer Goods.....	18%
Industrial.....	16%
Financial Services/Investments.....	16%
Healthcare (Products and Providers).....	10%
Professional Services.....	6%
Entertainment & Media Practice.....	4%
Governmental and Not-for-profit.....	4%
Energy & Utilities.....	3%

</TABLE>

Client Base

Our clients are many of the world's largest and most prestigious public and private companies. Almost half of our executive recruitment assignments in fiscal 2000 were for board level, chief executive and other senior executive positions. In fiscal 2000, approximately 5.2% of our total revenue was derived from our top ten customers.

Functional Expertise

We have organized executive recruitment centers of functional expertise, made up of consultants who have extensive backgrounds in placing executives in certain functions, such as board of directors, chief executive officers and other senior executive and financial officers. Our board services practice, for example, was first established in 1972 to help clients assemble an effective, knowledgeable and cohesive boards 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 raising the standards required to identify and recruit directors with the needed skills. We have established significant expertise in this area and have 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. In fiscal 2000, we acquired Crist Partners, a premier senior executive and board level recruitment firm,

adding both a renown firm franchise and key new management to our Board services practice. Members of functional groups are located throughout our regions and across our specialty practice groups.

Percentage of Fiscal 2000 Assignments by Functional Expertise

<TABLE>
<S> <C>
Board Level/CEO/CFO/Senior Executive and General Management..... 49%
Marketing and Sales..... 22%
Finance and Control..... 8%
Manufacturing/Engineering/Research and Development/Technology..... 8%
Human Resources and Administration..... 7%
Information Systems..... 6%
</TABLE>

Competition

We are the leading and largest executive recruitment firm in the world. Other multinational executive recruitment firms include Egon Zehnder International, Heidrick & Struggles International, Inc., Russell Reynolds Associates, Spencer Stuart & Associates, and TMP Worldwide, Inc. These firms are our primary competitors, although we and each of these firms also compete against smaller firms that specialize in specific regional, industry or functional searches. We believe our brand name, global network, prestigious client list, strong specialty practices and quality of service are widely recognized worldwide.

We compete for executive recruitment business in four major geographic markets: North America, Europe, Asia/Pacific and Latin America. In North America, in addition to competition from other multinational executive recruitment firms, we face competition from boutique firms focusing on executive recruitment assignments in particular industries. In Europe, we compete primarily with the local offices of Egon Zehnder International and the European affiliate of Heidrick & Struggles International, Inc., in addition to local firms specializing in their regions. In the Asia/Pacific region, most of our competition is provided by five executive recruitment firms, including Egon Zehnder International and Russell Reynolds Associates. In Latin America, we compete principally with Egon Zehnder International, although other executive recruitment firms have recently expanded into the region.

As a result of new market conditions affecting the executive recruitment industry, such as globalization and the increased use of advanced technology, we believe our services are less susceptible to being characterized as fungible than the services of our competitors. However, there can be no assurance that prospective clients will perceive the advantages of our services and resources, and as competition increases among large executive recruitment firms, prospective clients may increasingly view executive recruitment services as fungible.

The executive recruitment industry is comprised of approximately 4,000 retained and contingency recruitment firms. According to Kennedy Information, the top ten recruitment firms represent only 11% of the industry. To date there have been few barriers to entry in the executive recruitment 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. We believe that the industry will continue to experience consolidation. New competitors, such as technology-oriented companies, will be drawn to the executive recruitment business by the growing worldwide demand for qualified management employees and the ability to leverage their existing technology to enter the market.

Professional Staff and Employees

Executive Recruitment

As of April 30, 2000, we had approximately 1,837 executive recruitment employees consisting of 318 vice presidents, 180 principals, 288 senior associates and associates, 313 researchers, 155 corporate professionals and 583 administrative and support staff. We have not been a party to a collective bargaining agreement and consider our relations with our employees to be good.

Senior associates, associates and researchers support the efforts of our vice presidents and principals with candidate sourcing and identification, but do not generally lead an assignment. We have training and professional development programs and a high rate of internal promotions. 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 develop repeat business, and the ability to help build effective teams. In addition, we have a program of recruiting experienced professionals into our firm.

We believe the high caliber, extensive experience and motivation of our professionals are critical factors to our success. We further believe we have been able to attract and retain some of the most productive consultants in the industry as a result of our reputation, history of broad distribution of consultant equity ownership and our performance-based compensation program.

Futurestep

Futurestep employed 97 consultants at the end of fiscal 2000. As the breadth and depth of the Futurestep database continues to grow, we expect our proprietary assessment software to significantly increase the productivity of consultants in this business segment relative to executive recruitment.

Item 2. Properties

Our corporate office is located in Los Angeles, California. We lease all 104 of our executive recruitment and Futurestep offices located in North America, Europe, Asia/Pacific and Latin America. As of April 30, 2000, we leased an aggregate of approximately 695,000 square feet of office space. The leases generally are for terms of one to ten years and contain customary terms and conditions. We believe that our facilities are adequate for our current needs and we do not anticipate any difficulty replacing such facilities or locating additional facilities to accommodate any future growth.

Item 3. Legal Proceedings

From time to time, we are involved in litigation both as plaintiff and defendant, relating to claims arising out of our operations. As of the date of this report, we are not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on our business, financial condition or results of operations.

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

No matters were submitted to a vote of security holders during the last quarter of fiscal 2000.

Executive Officers

<TABLE>
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Name	Age	Position
Richard M. Ferry.....	62	Chair of the Board
Windle B. Priem.....	62	Chief Executive Officer and President
Peter L. Dunn.....	55	Vice Chair, Corporate Secretary and General Counsel
Elizabeth S.C.S. Murray.....	44	Chief Financial Officer, Treasurer and Executive Vice President
Gary C. Hourihan.....	51	Executive Vice President--Organizational Development
Michael D. Bekins.....	45	Chief Operating Officer and Executive Vice President (As of May 1, 2000)

</TABLE>

Our executive officers serve at the discretion of our Board of Directors. There is no family relationship between any executive officer or director. The following information sets forth the business experience for at least the past five years for each of our executive officers as of April 30, 2000.

Richard M. Ferry, founder of Korn/Ferry International, has been Chair of the Board since 1991 and is a member of the Office of the Chief Executive. Mr. Ferry served as Chief Executive Officer of Korn/Ferry International from May 1991 to April 1997.

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

Peter L. Dunn has been Vice Chair since 1997 and is a member of the Office of the Chief Executive. Since March 2000, he has been the acting Chief Executive Officer of Futurestep. He has been a Director of Korn/Ferry International since 1992 and serves as our General Counsel and Corporate Secretary. Mr. Dunn joined Korn/Ferry International in 1980.

Elizabeth S.C.S. Murray has been the Executive Vice President, Chief Financial Officer and Treasurer since July 1998 and is a member of the Office of the Chief Executive. In January 1998, she joined Korn/Ferry International 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.

Gary C. Hourihan has been Executive Vice President--Organizational Development since January 1999 and is responsible for all human resource functions. Prior to joining Korn/Ferry International, he was the co-founder, Chairman, and Chief Executive Officer of SCA Consulting, L.L.C., one of the leading executive compensation consulting firms in the United States, where he was employed from November 1984 until joining Korn/Ferry International.

In May 2000, the Board of Directors elected Michael D. Bekins to the position of Chief Operating Officer and Executive Vice President. He was most recently President of the European region and, previously served as President of the Asia/Pacific region. He joined Korn/Ferry International in September 1980 as a senior associate and was promoted to Vice President in May 1992.

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PART II.

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Our common stock is listed on the New York Stock Exchange under the symbol "KFY." The following table sets forth, the high and low sales price per share of the common stock for the periods indicated, as reported on the New York Stock Exchange:

<TABLE>
<CAPTION>

Fiscal Year Ended April 30, 2000 -----	High	Low
<S>	<C>	<C>
First Quarter.....	\$17.00	\$11.75
Second Quarter.....	\$25.25	\$12.50
Third Quarter.....	\$39.00	\$20.75
Fourth Quarter.....	\$44.13	\$21.38
Fiscal Year Ended April 30, 1999 -----		
Fourth Quarter.....	\$14.63	\$11.00

</TABLE>

On July 28, 2000, the last reported sales price on the New York Stock Exchange for the common stock was \$33.88 per share and there were approximately 3,570 shareholders of record of the common stock.

We have not paid any dividends since April 30, 1996 and do not intend to pay any cash dividends in the foreseeable future, but instead intend to retain future earnings to finance our operations and growth of the business. Future dividend policy will depend on our earnings, capital requirements, financial condition and other factors considered relevant by our board of directors.

On February 17, 1999, we completed our initial public offering under a Registration Statement on Form S-1 effective February 10, 1999 (Securities and Exchange Commission file number 333-61697) covering 11.8 million shares of common stock at \$14.00 per share, of which approximately 10.0 million shares were offered by KFY and approximately 1.8 million shares were offered by other selling shareholders. Net proceeds from the offering (after deducting underwriting discounts and other expenses payable by us were approximately \$124.3 million to us and \$24.4 million to the selling shareholders. We also received approximately \$3.0 million from the repayment by certain selling shareholders of loans we had made to those selling shareholders. In fiscal 1999, we used \$14.4 million of the net proceeds to repay our term loan and all outstanding indebtedness under our credit facilities, \$27.1 million to complete the redemption of certain shares of our capital stock, primarily shares owned by certain shareholders under the terms of a 1994 stock redemption agreement, and the outstanding shares of Series A and B preferred stock and \$4.3 million to pay existing obligations to former holders of phantom units and stock appreciation rights. In fiscal 2000, we used the remaining proceeds of \$81.5 million for acquisitions, the expansion of Futurestep, and continued development of technology, information systems and infrastructure.

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Item 6. Selected Financial Data

The following selected financial data are qualified by reference to, and should be read in conjunction with, our "Audited Consolidated Financial Statements and Related Notes" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Form 10-K report. The selected statement of operations data set forth below for the fiscal years ended April 30, 2000, 1999 and 1998 and the selected balance sheet data as of April 30, 2000 and 1999 are derived from our consolidated financial statements, audited by Arthur Andersen LLP, appearing elsewhere in this Form 10-K report. The selected statement of operations data

set forth below for the fiscal years ended April 30, 1997 and 1996 and the balance sheet data as of April 30, 1998, 1997 and 1996 are derived from consolidated financial statements and notes thereto, audited by Arthur Andersen LLP, which are not included in this Form 10-K report.

<TABLE>
<CAPTION>

	Fiscal Year Ended April 30,				
	2000	1999	1998	1997	1996
	(in thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Selected Statement of Operations Data:					
Revenue.....	\$500,743	\$356,075	\$300,954	\$259,067	\$218,069
Compensation and benefits....	298,908	226,568	197,790	166,854	140,721
General and administrative expenses.....	147,030	94,860	87,797	74,153	63,774
Non-recurring charges (1).....		89,202			
Operating profit (loss).....	54,805	(54,555)	15,367	18,060	13,574
Interest and other income (expense).....	2,966	(285)	(1,411)	(815)	(911)
Income (loss) before provision for income taxes and non-controlling shareholders' interest.....	57,771	(54,840)	13,956	17,245	12,663
Provision for income taxes....	24,126	9,026	6,687	6,658	3,288
Non-controlling shareholders' interest.....	2,834	2,560	2,025	1,588	1,579
Net income (loss).....	\$ 30,811	\$ (66,426)	\$ 5,244	\$ 8,999	\$ 7,796
Net income (loss) per share:					
Basic.....	\$ 0.85	\$ (2.37)	\$ 0.24	\$ 0.42	\$ 0.38
Diluted.....	0.82	(2.37)	0.23	0.40	0.36
Weighted average common shares outstanding:					
Basic.....	36,086	28,086	21,885	21,382	20,390
Diluted.....	37,680	28,086	23,839	23,481	23,019
Other Data:					
Revenue by business segment:					
Executive recruitment:					
North America.....	\$271,313	\$185,525	\$154,903	\$125,767	\$103,558
Europe.....	112,045	101,515	81,543	74,891	67,504
Asia/Pacific.....	48,603	35,024	34,411	33,547	28,168
Latin America.....	30,488	29,673	30,097	24,862	18,839
Futurestep.....	38,294	4,338			
Number of offices (at period end).....	104	71	71	66	62
Number of consultants (at period end).....	595	425	404	334	299
Number of assignments.....	9,089	6,771	5,879	4,774	4,113
Selected Balance Sheet Data:					
Cash and cash equivalents....	\$ 86,975	\$113,741	\$ 32,358	\$ 25,298	\$ 26,640
Marketable securities, current.....	59,978	21,839			
Working capital.....	83,048	117,922	26,573	20,051	22,006
Total assets.....	475,994	304,124	176,371	148,405	126,341
Total long-term debt.....	16,916	2,360	6,151	3,206	3,922
Total shareholders' equity and mandatorily redeemable stock.....	\$231,224	\$172,686	\$ 58,754	\$ 50,812	\$ 43,075

</TABLE>

(1) We recognized a non-recurring compensation and benefits expense of \$89.2 million in fiscal 1999, at the completion of the initial public offering, comprised of (a) \$49.3 million representing the difference between the issuance price of the shares issued by us in the period beginning twelve months before the initial filing date of the Registration Statement relating to the initial public offering and the fair market value of the shares at the date of grant, (b) \$25.7 million from the completion of the redemption by us of certain shares of our capital stock, primarily the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement, and (c) \$4.3 million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. We also recognized non-recurring charges of \$7.3 million related to costs, primarily severance and benefits expense, incurred to achieve operating efficiencies in fiscal 1999 and \$2.6 million related to the resignation of the former President and Chief Executive

Officer.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This Annual Report on Form 10-K may contain certain statements that we believe are, or may be considered to be, "forward-looking" statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "foresee", "may", "will", "estimates", "potential", "continue" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. All of these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statement. The principal risk factors that could cause actual performance and future actions to differ materially from the forward-looking statements include, but are not limited to, dependence on attracting and retaining qualified executive recruitment consultants, portability of client relationships, local political or economic developments in or affecting countries where we have operations, ability to manage growth, restrictions imposed by off-limits agreements, competition, implementation of an acquisition strategy, integration of acquired businesses, risks related to the development and growth of Futurestep, reliance on information processing systems, and employment liability risk. Readers are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included in this Annual Report are made only as of the date of this Annual Report and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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

Overview

We are the world's leading and largest executive recruitment firm and have the broadest global presence in the industry with approximately 500 executive recruitment consultants and 100 Futurestep consultants based in 104 offices across 41 countries. Our clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. Almost half of the executive recruitment searches we performed in fiscal 2000 were for board level, chief executive and other senior executive positions and nearly half of our 4,946 clients were Fortune 500 companies. We have established strong client loyalty; more than 82% of the executive recruitment assignments we performed in fiscal 2000 were on behalf of clients for whom we had conducted multiple assignments over the last three fiscal years.

In May 1998, we introduced our middle-management recruitment service, Futurestep. Futurestep combines our recruitment expertise with exclusive candidate assessment tools and the reach of the Internet to accelerate recruitment of candidates for middle-management positions. Futurestep's operating losses approximated \$23.9 million in fiscal 2000 and \$12.6 million for fiscal 1999, and are primarily related to compensation expense, start-up costs and advertising expense to promote and expand the business rollout.

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In March 1999, we completed the United States roll-out of Futurestep by expanding into the Midwest and Southwest regions. Futurestep launched its international roll-out in the United Kingdom and Canada in the current year first fiscal quarter; in ten additional European countries, New Zealand and Australia in the second fiscal quarter; and in Japan, Hong Kong and Singapore in the third fiscal quarter. We completed the integration of the acquired executive search and selection business of PA Consulting Group (ESS business of PA), a leading management systems and technology consulting firm based in London with 17 offices in Europe and Asia/Pacific in the fourth quarter of fiscal 2000 and may expand in other selected foreign markets in fiscal 2001. As of April 30, 2000, over 666,000 candidates worldwide have completed a detailed on-line profile.

On February 17, 1999, we completed the initial public offering of 11.8 million shares of our common stock at \$14.00 per share, approximately 10.0 million of which were sold by us, with the balance sold by selling shareholders. Net proceeds received by us from the offering were approximately \$124.3 million.

In the first quarter of fiscal 2000, we completed the acquisition of the Australian business of Amrop International. In the second fiscal quarter, we completed two acquisitions in the United States: Levy-Kerson, a leading recruitment firm specializing in the retail/fashion industry, and Pearson,

Caldwell and Farnsworth, a leading search firm focused on senior-level assignments for the financial services industry. In December 1999, we completed two additional acquisitions in the United States: Helstrom Turner & Associates, specializing in retail and e-commerce clients, and Crist Partners, specializing in senior executive recruitment assignments for Fortune 500 companies. In January 2000, we completed the acquisition of the ESS business of PA, primarily to provide a European and Asia/Pacific footprint for Futurestep's international expansion and Hoffman Herbold & Partner, a leading German firm based in Frankfurt specializing in high-end executive recruitment, management audits and board consultancy. In the fourth quarter of fiscal 2000, we completed three acquisitions in Canada: Illsley Bourbonnais, Inc. which focuses on the high-end recruitment business with specialties in manufacturing and technology, O'Callaghan Honey McKay/Ray & Berndston, Inc. specializing in energy and manufacturing, and Prutzer & Partners, Inc. will provide leadership to the Canadian operations and will be integrated with our existing office in Toronto, strengthening our technology and financial services practices.

Results of Operations

The following table summarizes the results of our operations for each of the past three fiscal years as a percentage of revenue:

<TABLE>
<CAPTION>

	Fiscal Year Ended April 30,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Revenue.....	100%	100 %	100%
Compensation and benefits.....	60	64	66
General and administrative expenses.....	29	27	29
Non-recurring charges.....		25	
Operating profit (loss) (1).....	11	(15)	5
Net income (loss).....	6	(19)	2

</TABLE>

(1) For the twelve months ended April 30, 2000 and 1999, operating profit as a percentage of revenue excluding Futurestep and non-recurring charges is 17% and 13%, respectively.

We experienced growth in executive recruitment revenue in all geographic regions from fiscal 1998 through 2000, except for Latin America, due primarily to the devaluation of the Brazilian Real in fiscal 1999. The following tables summarize our revenue and operating profit (loss), excluding non-recurring items in fiscal 1999, by geographic region for each of the past three fiscal years. We include executive recruitment revenue generated from our operations in Mexico with Latin America.

<TABLE>
<CAPTION>

	Fiscal Year Ended April 30,					
	2000		1999		1998	
	Dollars	%	Dollars	%	Dollars	%
(dollars in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue						
Executive recruitment:						
North America.....	\$271,313	54%	\$185,525	52%	\$154,903	52%
Europe.....	112,045	22	101,515	29	81,543	27
Asia/Pacific.....	48,603	10	35,024	10	34,411	11
Latin America.....	30,488	6	29,673	8	30,097	10
Futurestep.....	38,294	8	4,338	1		
Total revenue.....	\$500,743	100%	\$356,075	100%	\$300,954	100%

<CAPTION>

	Fiscal Year Ended April 30,					
	2000		1999		1998	
	Dollars	Margin	Dollars	Margin	Dollars	Margin
(dollars in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating profit (loss) (excluding						

non-recurring charges (1))						
Executive recruitment:						
North America.....	\$ 52,783	19.5%	\$ 27,435	14.8%	\$ 10,138	6.5%
Europe.....	13,034	11.6	8,331	8.2	(540)	(0.7%)
Asia/Pacific.....	5,174	10.6	3,543	10.1	620	1.8
Latin America.....	7,692	25.2	7,916	26.7	5,973	19.8
Futurestep.....	(23,878)		(12,578)		(824)	
	-----		-----		-----	
Total operating profit..	\$ 54,805	10.9%	\$ 34,647	9.7%	\$ 15,367	5.1%
	=====		=====		=====	

</TABLE>

(1) Operating profit (loss) by geographic region in fiscal 1999 excludes non-recurring charges of: \$83,829 in North America, \$4,514 in Europe and \$859 in Asia/Pacific. See "Part II. Item 6. Selected Financial Data".

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

Fiscal 2000 Compared to Fiscal 1999

Revenue

Revenue increased \$144.6 million, or 41%, to \$500.7 million for fiscal 2000 from \$356.1 million for fiscal 1999. The increase in revenue was primarily the result of a 17% increase in the number of executive recruitment engagements, supported by a 10% increase in the average number of executive recruitment consultants; a 13% increase in the average fee per executive recruitment engagement; and revenue from Futurestep and acquisitions in fiscal 2000.

Executive Recruitment--In North America, revenue increased \$85.8 million, or 46%, to \$271.3 million for fiscal 2000 from \$185.5 million for fiscal 1999. In Asia/Pacific, revenue increased \$13.6 million, or 39% to \$48.6 million for fiscal 2000 compared to \$35.0 million in the prior fiscal year. Revenue growth in North America and Asia/Pacific was attributable primarily to an increase in the number of engagements, supported by an increase in the average number of consultants. In North America, this revenue growth was also driven by an increase of 16% in the average

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fee per engagement compared to the prior fiscal year and revenue from acquisitions in the current fiscal year. In Europe, revenue increased \$10.5 million, or 10%, to \$112.0 million in fiscal 2000 from \$101.5 million in the prior fiscal year. Excluding the negative effects of foreign currency translation into the U.S. dollar, and the acquisition in Germany, revenue increased approximately 6% on a constant dollar basis primarily due to an increase in the number of engagements and average fee per engagement. In Latin America, total revenue increased approximately 3% in fiscal 2000 as compared to fiscal 1999. Excluding the negative effects of foreign currency translation into the U.S. dollar, revenue increased 9% on a constant dollar basis primarily due to an increase in the number of engagements.

Futurestep--Futurestep revenue of \$38.3 million for fiscal 2000, including \$7.3 million related to the acquisition of the ESS business of PA, is primarily attributable to an increase in the number of engagements in the current year and reflects substantial completion of the worldwide roll-out of the business. Futurestep has increased its worldwide presence from one country, the United States, at April 30, 1999 to 20 countries at April 30, 2000.

Compensation and Benefits

Compensation and benefits increased \$72.3 million, or 32%, to \$298.9 million in fiscal 2000 from \$226.6 million in fiscal 1999, mainly due to an increase in the number of employees from the prior fiscal year. Excluding the increase in Futurestep expenses of \$17.6 million, compensation and benefits increased \$54.7 million in fiscal 2000 versus the prior fiscal year, primarily due to a 10% increase in the average number of executive recruitment consultants. On the same basis, excluding Futurestep related expenses, compensation and benefits as a percentage of revenue, decreased to 59.6% in fiscal 2000 from 60.1% in fiscal 1999.

General and Administrative Expenses

General and administrative expenses consist of occupancy expenses associated with our leased premises, information and technology infrastructure, marketing and other general office expenses. General and administrative expenses increased \$52.1 million, or 55%, to \$147.0 million in fiscal 2000 from \$94.9 million in fiscal 1999. This increase was attributable largely to an increase in Futurestep expenses of \$27.7 million, primarily related to advertising and business development in the current year and the cost of facilities to support the international expansion. As a percentage of revenue, general and administrative expenses, excluding Futurestep related

expenses, declined to 23.4% in fiscal 2000 from 26.5% in fiscal 1999. The decrease primarily reflects a higher percentage increase in revenue in the current fiscal year.

Operating Profit

Operating profit was \$54.8 million, or 11% of revenue compared to an operating loss of \$54.6 million in the prior fiscal year. Excluding the Futurestep operating losses of \$23.9 million and \$12.6 million in fiscal 2000 and 1999, respectively, and the one-time non-recurring items of \$89.2 million in fiscal 1999 ("comparable basis"), operating profit for the current fiscal year increased \$31.5 million, or 67% to \$78.7 million compared to \$47.2 million in the prior fiscal year. Operating profit, on a comparable basis, as a percentage of revenue excluding Futurestep revenue was 17% for the twelve months ended April 30, 2000 and 13% for the same period in 1999. For fiscal 2000, operating margins, on the same basis, increased in all regions except Latin America compared to the prior fiscal year. The increase in North America was due primarily to the increase in revenue and the decline in general and administrative expense as a percentage of revenue. The increase in Europe was due primarily to the decline in general and administrative expense as a percentage of revenue.

The percentage of our operating profit, on a comparable basis, contributed by North America increased to 67% for the current fiscal year from 58% in the prior fiscal year, driven primarily by the increase in revenue. The percentage of our operating profit contributed by the European and Asia/Pacific regions remained relatively flat at 17% and 7%, respectively, in the current and prior fiscal years. The Latin America region contribution decreased to 10% for the current fiscal year from 17% in the prior fiscal year due primarily to the increased contribution of operating profit by North America in fiscal 2000.

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Interest Income and Other Income, Net

Interest income and other income, net includes interest income of \$6.7 million and \$3.8 million for fiscal 2000 and 1999, respectively. The increase in interest income of \$2.9 million is due primarily to interest income from the investment of proceeds received in the initial public offering in marketable securities, largely short term municipals.

Provision for Income Taxes

The provision for income taxes increased \$15.1 million to \$24.1 million in fiscal 2000 from \$9.0 million in fiscal 1999. The effective tax rate for fiscal 2000 remained relatively flat at 41.8%, compared to 42.0% in the prior fiscal year.

Non-controlling Shareholders' Interest

Non-controlling shareholders' interest is comprised of the non-controlling shareholders' majority interest in our Mexico subsidiaries. Non-controlling shareholders' interest increased \$0.2 million to \$2.8 million in fiscal 2000 from \$2.6 million in fiscal 1999 and primarily reflects a corresponding increase in net income generated by our Mexico subsidiaries in fiscal 2000.

Fiscal 1999 Compared to Fiscal 1998

Revenue

Revenue increased \$55.1 million, or 18.3%, to \$356.1 million for fiscal 1999 from \$301.0 million for fiscal 1998. The increase in revenue was primarily the result of a 15% increase in the number of assignments, supported by a 14% increase in the average number of consultants, and revenue from Futurestep in fiscal 1999.

In North America, revenue increased \$30.6 million, or 19.8%, to \$185.5 million for fiscal 1999 from \$154.9 million for fiscal 1998. In Europe, revenue increased \$20.0 million, or 24.5%, to \$101.5 million in fiscal 1999 from \$81.5 million in the prior fiscal year. In Asia/Pacific and Latin America, total revenue remained relatively flat in fiscal 1999 as compared to fiscal 1998 with an increase of 1.8% and a decrease of 1.4% in these regions, respectively.

Revenue growth in North America and Europe was attributable mainly to a 26% and 19% increase, respectively, in the number of engagements driven by an increase of 16% and 12%, respectively, in the average number of consultants. In North America, the growth in revenue also reflects Futurestep revenue of \$4.3 million in fiscal 1999. The growth in revenue in Europe primarily reflects the additional revenue generated from the acquisition of businesses in France and Switzerland completed in the beginning of fiscal 1999 and two offices that were opened in late fiscal 1998. The relatively flat total revenue for Asia/Pacific and Latin America in fiscal 1999 and fiscal 1998 were attributable to economic uncertainties in these regions. The economic conditions in Asia/Pacific that began in late fiscal 1998 broadly impacted the

region while the Latin American region was primarily impacted by a sharp decline in the Brazilian economy in the third quarter of fiscal 1999.

Compensation and Benefits

Compensation and benefits increased \$28.8 million, or 14.6%, to \$226.6 million in fiscal 1999 from \$197.8 million in fiscal 1998. For fiscal 1999, the bonus component of compensation and benefits expense was reduced by approximately 26% as a result of the implementation of our revised compensation program effective as of May 1, 1998 upon completion of the initial public offering, as compared to the prior year compensation program. Excluding Futurestep related expenses and reflecting the bonus reduction in fiscal 1998, compensation and benefits as a percentage of revenue, increased slightly to 60.0% in fiscal 1999 from 59.4% in fiscal 1998. The \$32.9 million increase, on the same basis, reflected an 11.2% increase in the average number of executive recruitment consultants in fiscal 1999 compared to the prior fiscal year.

General and Administrative Expenses

General and administrative expenses increased \$7.1 million, or 8.1%, to \$94.9 million in fiscal 1999 from \$87.8 million in fiscal 1998. This increase was attributable largely to Futurestep expenses of \$11.0 million in fiscal 1999, primarily related to business development. As a percentage of revenue, general and administrative

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expenses, excluding Futurestep related expenses, declined to 26.5% in fiscal 1999 from 29.1% in fiscal 1998. The decrease primarily reflects the higher percentage increase in revenue and the elimination of excess costs in fiscal 1999.

Operating Profit

The operating loss of \$54.6 million in fiscal 1999 represents a decrease of \$70.0 million from operating profit of \$15.4 million in fiscal 1998. The fiscal 1999 operating loss includes Futurestep losses of \$12.6 million and non-recurring charges of \$89.2 million. Excluding Futurestep revenue and expenses and the non-recurring charges, operating profit, as a percentage of revenue, increased to 13.4% in fiscal 1999 from 5.4% in fiscal 1998. For fiscal 1999, operating margins on this same basis increased in all regions compared to fiscal 1998 due to the increase in revenue and the reduced level of bonus expense previously discussed.

Excluding the Futurestep loss and the non-recurring charges, the percentage of our operating profit contributed by North America decreased slightly to 58.1% from 62.6% in fiscal 1998. The Latin America region contribution decreased to 16.8% in fiscal 1999 from 36.9% in fiscal 1998 largely due to the percentage decline in revenue in the third and fourth quarters of fiscal 1999 while operating costs remained relatively constant. The percentage of our operating profit contributed by the European and Asia/Pacific regions increased to approximately 17.6% and 7.5%, respectively, in fiscal 1999 from (3.3%) and 3.8%, respectively, in fiscal 1998, primarily reflecting the decrease in the contribution by Latin America and the 24.5% increase in revenue in Europe in fiscal 1999.

Interest Income and Other Income, Net

Interest income and other income, net includes interest income of \$3.8 million and \$2.8 million for fiscal 1999 and 1998 respectively. The increase in interest income of \$1.0 million is due primarily to interest income from the investment of proceeds received in the initial public offering in marketable securities.

Provision for Income Taxes

The provision for income taxes increased \$2.3 million to \$9.0 million in fiscal 1999 from \$6.7 million in fiscal 1998. The effective tax rate for fiscal 1999 was 42.0%, excluding \$76.3 million of non-recurring charges that are not tax deductible, compared to 47.9% in the prior fiscal year. The decrease 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' Interest

Non-controlling shareholders' interest is comprised of the non-controlling shareholders' majority interest in our Mexico subsidiaries. Non-controlling shareholders' interest increased \$0.6 million to \$2.6 million in fiscal 1999 from \$2.0 million in fiscal 1998 and primarily reflects a corresponding increase in net income generated by our Mexico subsidiaries in fiscal 1999.

Liquidity and Capital Resources

We finance operating expenditures primarily through cash flows from operations. The following table presents selected financial information as of the end of the past three fiscal years:

<TABLE>
<CAPTION>

	As of April 30,		
	2000	1999	1998
	(in thousands)		
<S>	<C>	<C>	<C>
Working capital(1).....	\$83,048	\$117,922	\$26,573
Total long-term debt, net of current maturities....	16,916	2,360	6,151
Borrowings under life insurance policies.....	44,928	42,655	37,638

</TABLE>

(1) In February 1999, we received \$124.3 million upon completion of our initial public offering. "See Item 5. Market for Registrant's Common Equity and Related Stockholder Matters."

To manage timing differences between cash receipts and disbursements and provide additional liquidity, we maintain a \$50 million credit facility with Mellon Bank, N.A. and Bank of America National Trust and Savings Association. The credit facility is an unsecured revolving facility that matures on February 12, 2002 and includes a

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standby letter of credit subfacility. Outstanding borrowings will bear interest at various rates based, at our option, on either a LIBOR index plus 1.4% or the bank's prime lending rate. The financial covenants include a minimum tangible net worth, a maximum leverage ratio, and interest coverage ratios and customary events of default. As of April 30, 2000 and 1999 we had no outstanding borrowings under the revolving credit facility.

Cash provided by operating activities was \$74.3 million, \$38.7 million and \$18.5 million for fiscal 2000, 1999 and 1998, respectively. The \$35.6 million increase in operating cash flow in fiscal 2000 compared to the prior fiscal year is due primarily to an increase in net income of \$13.3 million, excluding the non-recurring charges in the prior fiscal year and an increase in adjustments for non-cash expenses of \$18.2 million in the current fiscal year. Net cash provided by operating activities in fiscal 2000 includes an increase in accounts payable and accrued liabilities compared to the prior year of \$48.2 million due primarily to an increase in bonus expense, that was largely offset by an increase in accounts receivable and prepaid expenses of \$44.2 million. The \$20.2 million increase in operating cash flow in fiscal 1999 compared to the fiscal 1998 was due primarily to an increase in net income excluding non-recurring charges of \$12.2 million and an increase in accounts payable and accrued liabilities of \$13.6 million; offset by approximately \$4.6 million of cash used for non-recurring charges consisting of severance and benefit payments related to staff downsizing, modification to existing stock repurchase agreements and office rationalization in fiscal 1999. See "Notes to Consolidated Financial Statements--Notes 5."

Capital expenditures totaled approximately \$22.9 million, \$8.1 million and \$9.9 million for fiscal 2000, 1999 and 1998, respectively. These expenditures consisted primarily of systems hardware and software costs, upgrades to information systems and leasehold improvements. The \$14.8 million increase in capital expenditures in fiscal 2000 over prior fiscal year, primarily relates to the installation of a new financial system in the United States. We plan to rollout this system worldwide beginning in Europe in fiscal 2001 at an estimated additional cost of approximately \$5 million.

Included in cash flows from investing activities are premiums paid on corporate-owned life insurance, or COLI, contracts. We purchase COLI contracts to provide a funding vehicle for anticipated payments due under our deferred executive compensation programs. Premiums on these COLI contracts were \$10.6 million, \$12.4 million and \$12.4 million in fiscal 2000, 1999 and 1998, respectively. Generally, we borrow against the cash surrender value of the COLI contracts to fund the COLI premium payments to the extent interest expense on the borrowings is deductible for U.S. income tax purposes. The fluctuation in premium payments over the past three fiscal years is attributable to the timing of payments. Cash flows from investing activities also include the investment of excess cash in marketable securities.

In fiscal 2000, we completed ten acquisitions: seven in North America, one in Europe, one in Asia/Pacific, and the ESS business of PA for Futurestep. These acquisitions resulted in cash outflows of \$42.6 million. In fiscal 1999, we purchased two executive recruitment firms in Europe which resulted in a net cash outflow of \$1.3 million.

In February 1996, we divested our 47% interest in Strategic Compensation Associates for a cash payment of \$0.4 million and \$3.2 million in notes receivable with interest. The outstanding balance of the notes receivable at

-
- (1) Fiscal 1999 third quarter results include a reduction in bonus expense of \$10.2 million related to the first and second fiscal 1999 quarters and \$5.4 million related to the third fiscal quarter, resulting from the implementation of our revised compensation program effective May 1, 1998 upon completion of the initial public offering, and non-recurring charges of \$8.4 million related to improving operating efficiencies and the resignation of the former President and Chief Executive Officer.
 - (2) We recognized a non-recurring compensation and benefits expense of \$79.3 million in the fourth quarter of fiscal 1999, at the completion of the initial public offering, comprised of (a) \$49.3 million representing the difference between the issuance price of the shares issued by us in the period beginning twelve months before

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the initial filing date of the Registration Statement relating to the initial public offering and the fair market value of the shares at the date of grant, (b) \$25.7 million from the completion of the redemption by us of certain shares of our capital stock, primarily the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement, and (c) \$4.3 million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. We also recognized additional non-recurring charges of \$1.5 million related to costs, primarily severance and benefits expense, incurred to achieve operating efficiencies in fiscal 1999.

Euro Conversion

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

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

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

Recently Issued Accounting Standards

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

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidance over accounting for computer software developed or obtained for internal use including the requirement to capitalize specified costs and amortization of such costs. We adopted SOP 98-1 in fiscal 2000. The adoption of this standard did not have a material effect on the consolidated financial statements or our capitalization policy.

The Emerging Issues Task Force ("EITF") of the FASB reached a consensus in March 2000 on Issue No: 00-2 ("EITF 00-2"), "Accounting for Web Site Development Costs". EITF 00-2 provides guidance over accounting for web site development costs similar to the requirements of SOP 98-1 and is effective for fiscal quarters beginning after June 30, 2000, with earlier application encouraged. We plan to adopt EITF 00-2 in the first fiscal quarter of 2001 and do not expect that adoption of this standard will have a material effect on the consolidated financial statements.

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

Foreign Currency Risk

Generally, financial results of our foreign subsidiaries are measured in their local currencies. Assets and liabilities are translated into U.S. dollars at the rates of exchange in effect at the end of each year and revenue and expenses are translated at

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average rates of exchange during the year. Resulting translation adjustments are reported as a component of comprehensive income.

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

Historically, we have not experienced any significant translation gains or losses on transactions involving U.S. dollars and other currencies. This is primarily due to natural hedges of revenues and expenses in the functional currencies of the countries in which our offices are located and investment of excess cash balances in U.S. dollar denominated accounts. In fiscal 2000, we recognized a foreign currency loss of \$1.7 million after tax of which \$1.3 million is related to our operations in Europe. This European translation loss was mainly due to the translation of European intercompany payables denominated in U.S. dollars and reflected the significant appreciation of the U.S. dollar against substantially all European currencies in fiscal 2000. We mitigate any realized loss through the timing of repayment of these intercompany borrowings.

Interest Rate Risk

We primarily manage our exposure to fluctuations in interest rates through our regular financing activities that generally are short term and provide for variable market rates. We have no outstanding balance on our revolving line of credit as of April 30, 2000. At April 30, 2000, \$31,664 was payable on long-term notes payable to shareholders through fiscal 2004 at variable market rates. Of this amount, \$14,748 matures in fiscal 2001, \$8,806 matures in fiscal 2002, \$8,028 matures in 2003 and \$82 matures in 2004. We have investments in interest bearing securities at market rates with original maturities ranging from May 2000 through October 2001 and an average maturity period of less than three months.

Item 8. Financial Statements and Supplementary Data

See Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

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PART III.

Item 10. Directors and Executive Officers of the Registrant

The information required by this Item will be included under the captions "The Board of Directors," "Nominees for Director--Class 2001," "Nominees for Director--Class 2002," and "Nominees for Directors--Class 2003" in our fiscal 2000 Proxy Statement, and is incorporated herein by reference. See also "Executive Officers" in Part I of this report.

Item 11. Executive Compensation

The information required by this Item will be included under the captions "Executive Compensation--Summary Compensation Table," "Executive Compensation--Option Grant Table," "Executive Compensation--Aggregated Option Exercises and Year-end Option Values" and "Employment Agreements" in our fiscal 2000 Proxy Statement, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item will be included under the caption

"Security Ownership of Certain Beneficial Owners and Management" in our fiscal 2000 Proxy Statement, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this Item will be included under the caption "Certain Relationships and Related Transactions" in our fiscal 2000 Proxy Statement, and is incorporated herein by reference.

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PART IV.

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) THE FOLLOWING DOCUMENTS ARE FILED AS A PART OF THIS REPORT.

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<S>	<C>
1. Index to Financial Statements:	
See Consolidated Financial Statements included as part of this Form 10-K.....	F-1
2. Financial Statement Schedules:	
Report of Independent Public Accountants.....	F-22
Schedule II--Valuation and Qualifying Accounts.....	F-23

3. Exhibits:

</TABLE>

<TABLE>
<CAPTION>

Exhibit Number -----	Description of Exhibit -----
<C>	<S>
2.1	Agreement and Plan of Merger of Korn/Ferry International, a California corporation and Korn/Ferry International, a Delaware corporation, dated as of September 22, 1999. Filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated September 22, 1999, and incorporated herein by reference.
3.1	Certificate of Incorporation of the Company. Filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q dated December 14, 1999, and incorporated herein by reference.
3.2	Bylaws of the Company. Filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q dated December 14, 1999, and incorporated herein by reference.
4.1	Specimen Common Stock certificate. Filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.1*	Form of Indemnification Agreement between the Company and each of its executive officers and directors. Filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.2*	Performance Award Plan. Filed as Exhibit 10.2 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.3*	Form of U.S. and International Worldwide Executive Benefit Retirement Plan. Filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.4*	Form of U.S. and International Worldwide Executive Benefit Life Insurance Plan. Filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.5*	Worldwide Executive Benefit Disability Plan (in the form of Long-Term Disability Insurance Policy). Filed as Exhibit 10.5 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.6*	Form of U.S. and International Enhanced Executive Benefit and Wealth Accumulation Plan. Filed as Exhibit 10.6 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.7*	Form of U.S. and International Senior Executive Incentive Plan. Filed as Exhibit 10.7 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.

</TABLE>

<TABLE>

<CAPTION>

Exhibit Number	Description of Exhibit
<C>	<S>
10.8*	Executive Salary Continuation Plan. Filed as Exhibit 10.8 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.9*	Form of Amended and Restated Stock Repurchase Agreement. Filed as Exhibit 10.10 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.10*	Form of Standard Employment Agreement. Filed as Exhibit 10.11 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.11*	Form of Deferred Compensation Election Form for Fiscal 1998. Filed as Exhibit 10.12 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.12*	Form of First Amendment to Stock Purchase Agreement between the Company, Richard M. 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 as of April 25, 1999. Filed as Exhibit 10.17A to the Company's Annual Report on Form 10-K, for the fiscal year ended April 30, 1999, and incorporated herein by reference.
10.13*	Form of U.S. and Foreign Executive Participation Program. Filed as Exhibit 10.27 to the Company's Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999, and incorporated herein by reference.
10.14*	Additional Redemption Agreement between the Company and Richard M. Ferry dated February 5, 1999. Filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 22, 1999, and incorporated herein by reference.
10.15*	Employment Agreement between the Company and Windle B. Priem effective May 1, 1999. Filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K, for the fiscal year ended April 30, 1999, and incorporated herein by reference.
10.16*	Employment Agreement between the Company and Peter L. Dunn effective April 29, 1999. Filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K, for the fiscal year ended April 30, 1999, and incorporated herein by reference.
10.17*	Employment Agreement between the Company and Elizabeth S.C.S. Murray effective April 29, 1999. Filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K, for the fiscal year ended April 30, 1999, and incorporated herein by reference.
10.18	Credit Agreement dated as of February 12, 1999 by and among the Company, the lenders named therein, Mellon Bank, N.A. and Bank of America National Trust and Savings Association, as issuing banks, and Mellon Bank, N.A., as agent for the lenders. Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 22, 1999, and incorporated herein by reference.
10.19	First Amendment to Credit Agreement dated as of April 15, 1999, by and among the Company, the lenders named therein and Mellon Bank, N.A., issuing bank and as agent for the lenders.
10.20	Second Amendment to Credit Agreement dated as of December 31, 1999, by and among the Company, Mellon Bank, N.A. and Bank of America National Trust and Savings Association, as lenders, Mellon Bank, N.A. and Bank of America National Trust and Savings Association, as issuing banks, and Mellon Bank, N.A., as agent for the lenders.
10.21	Third Amendment to Credit Agreement dated as of January 27, 2000 by and among the Company, Mellon Bank, N.A. and Bank of America National Trust and Savings Association, as lenders, Mellon Bank, N.A. and Bank of America National Trust and Savings Association, as issuing banks, and Mellon Bank, N.A., as agent for the lenders.
10.22*	Employment agreement between Korn/Ferry International and Gary C. Hourihan effective March 6, 2000.

</TABLE>

<TABLE>

<CAPTION>

Exhibit Number	Description of Exhibit
<C>	<S>
10.23	Trademark License and Promotion Agreement between Dow Jones & Company, the Company and Korn/Ferry International Futurestep, Inc. dated June 8, 1998. Filed as Exhibit 10.19 to the Company's

Registration Statement on Form S-1 (No. 333-61697), effective February 10, 1999 and incorporated herein by reference.

- 21.1 Subsidiaries of Korn/Ferry International.
- 23.1 Consent of Independent Public Accountants
- 24.1 Power of Attorney (contained on the signature page)
- 27.1 Financial Data Schedule for Fiscal Year Ended April 30, 2000

</TABLE>

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* Management contract, compensatory plan or arrangement

(b) REPORTS ON FORM 8-K.

During the quarter ended April 30, 2000 no reports on Form 8-K were filed by the registrant.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KORN/FERRY INTERNATIONAL

/s/ Elizabeth S.C.S. Murray
By: _____
Elizabeth S.C.S. Murray
Chief Financial Officer,
Treasurer and Executive Vice
President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of the Registrant hereby constitutes and appoints Peter L. Dunn and Elizabeth S.C.S. Murray, and each of them, as lawful attorney-in-fact and agent for each of the undersigned (with full power of substitution and resubstitution, for and in the name, place and stead of each of the undersigned officers and directors), to sign and file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, any and all amendments, supplements and exhibits to this report and any and all other documents in connection therewith, 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.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature -----	Title -----	Date ----
<S> /s/ Richard M. Ferry _____ Richard M. Ferry	<C> Chair of the Board and Director	<C> July 27, 2000
/s/ Windle B. Priem _____ Windle B. Priem	Chief Executive Officer, President and Director (Principal Executive Officer)	July 25, 2000
/s/ Elizabeth S.C.S. Murray _____ Elizabeth S.C.S. Murray	Chief Financial Officer, Treasurer and Executive Vice President (Principal Financial Officer)	July 25, 2000
/s/ Donald E. Jordan _____ Donald E. Jordan	Senior Vice President of Finance (Principal Accounting Officer)	July 25, 2000
/s/ James E. Barlett _____ James E. Barlett	Director	July 25, 2000
/s/ Paul Buchanan-Barrow	Director	July 25, 2000

Paul Buchanan-Barrow
</TABLE>

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<TABLE>
<CAPTION>

Signature -----	Title -----	Date ----
/s/ Frank V. Cahouet ----- Frank V. Cahouet	Director	July 26, 2000
/s/ Peter L. Dunn ----- Peter L. Dunn	Director	July 25, 2000
/s/ Timothy K. Friar ----- Timothy K. Friar	Director	July 26, 2000
/s/ Sakie Fukushima ----- Sakie Fukushima	Director	July 27, 2000
/s/ Scott E. Kingdom ----- Scott E. Kingdom	Director	July 27, 2000
/s/ Charles D. Miller ----- Charles D. Miller	Director	July 27, 2000
/s/ Manuel A. Papayanopulos ----- Manuel A. Papayanopulos	Director	July 27, 2000
/s/ Gerhard Schulmeyer ----- Gerhard Schulmeyer	Director	July 28, 2000
/s/ Michael A. Wellman ----- Michael A. Wellman	Director	July 27, 2000

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Consolidated Balance Sheets as of April 30, 2000 and 1999.....	F-3
Consolidated Statements of Operations for the three years ended April 30, 2000.....	F-4
Consolidated Statements of Shareholders' Equity for the three years ended April 30, 2000.....	F-5
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Korn/Ferry International:

We have audited the accompanying consolidated balance sheets of KORN/FERRY INTERNATIONAL AND SUBSIDIARIES (the "Company"), a Delaware corporation, as of

April 30, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended April 30, 2000. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended April 30, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Los Angeles, California
June 13, 2000

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

<TABLE>
<CAPTION>

	April 30,	
	2000	1999
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents.....	\$ 86,975	\$113,741
Marketable securities.....	59,978	21,839
Receivables due from clients, net of allowance for doubtful accounts of \$12,538 and \$7,847.....	101,506	63,139
Other receivables.....	8,112	3,337
Deferred income taxes.....	3,814	1,861
Prepaid expenses.....	7,453	5,736
	-----	-----
Total current assets.....	267,838	209,653
	-----	-----
Property and equipment:		
Computer equipment and software.....	32,532	17,554
Furniture and fixtures.....	18,175	14,646
Leasehold improvements.....	15,304	11,785
Automobiles.....	1,793	1,716
	-----	-----
	67,804	45,701
Less: Accumulated depreciation and amortization.....	(31,992)	(24,591)
	-----	-----
Property and equipment, net.....	35,812	21,110
	-----	-----
Cash surrender value of company owned life insurance policies, net of loans.....	50,632	41,973
Marketable securities.....	1,129	8,218
Deferred income taxes.....	17,790	16,321
Goodwill and other intangibles, net of accumulated amortization of \$8,709 and \$5,351.....	96,643	3,639
Other.....	6,150	3,210
	-----	-----
Total assets.....	\$475,994	\$304,124
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable and current maturities of long-term debt.....	\$ 16,147	\$ 1,356
Accounts payable.....	11,896	10,384
Income taxes payable.....	407	2,323
Accrued liabilities:		
Compensation.....	75,866	35,212
Payroll taxes.....	41,393	20,546
Other.....	39,081	21,910
	-----	-----
Total current liabilities.....	184,790	91,731

Deferred compensation.....	37,483	33,531
Long-term debt.....	16,916	2,360
Other.....	2,361	1,775
	-----	-----
Total liabilities.....	241,550	129,397
	-----	-----
Non-controlling shareholders' interest.....	3,220	2,041
	-----	-----
Shareholders' equity:		
Common stock, no par value-authorized 150,000 shares, 36,748 and 35,633 shares issued and outstanding.....	283,277	253,021
Deficit.....	(35,615)	(66,426)
Accumulated other comprehensive loss.....	(7,300)	(2,360)
	-----	-----
Shareholders' equity.....	240,362	184,235
Less: Notes receivable from shareholders.....	(9,138)	(11,549)
	-----	-----
Total shareholders' equity.....	231,224	172,686
	-----	-----
Total liabilities and shareholders' equity.....	\$475,994	\$304,124
	=====	=====

</TABLE>

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

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Fiscal Year Ended April		
	30,		
	2000	1999	1998
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenue.....	\$500,743	\$356,075	\$300,954
Compensation and benefits.....	298,908	226,568	197,790
General and administrative expenses.....	147,030	94,860	87,797
Non-recurring charges.....		89,202	
Interest income and other income, net.....	7,402	4,178	2,823
Interest expense.....	4,436	4,463	4,234
	-----	-----	-----
Income (loss) before provision for income taxes and non-controlling shareholders' interest.....	57,771	(54,840)	13,956
Provision for income taxes.....	24,126	9,026	6,687
Non-controlling shareholders' interest.....	2,834	2,560	2,025
	-----	-----	-----
Net income (loss).....	\$ 30,811	\$ (66,426)	\$ 5,244
	=====	=====	=====
Basic earnings (loss) per common share.....	\$ 0.85	\$ (2.37)	\$ 0.24
	=====	=====	=====
Basic weighted average common shares outstanding...	36,086	28,086	21,885
	=====	=====	=====
Diluted earnings (loss) per common share.....	\$ 0.82	\$ (2.37)	\$ 0.23
	=====	=====	=====
Diluted weighted average common shares outstanding.....	37,680	28,086	23,839
	=====	=====	=====

</TABLE>

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

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

<TABLE>
<CAPTION>

Preferred Stock Series A&B	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Allocation of Shareholders' Equity to Redeemable Stock	Shareholders' Equity	Comprehensive Income (Loss)
-----	-----	-----	-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance as of April 30, 1997.....	\$13	\$ 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.....				(761)	726	(35)	(761)
Comprehensive income....	---	-----	-----	-----	-----	-----	\$ 4,483
Balance as of April 30, 1998.....	13	16,933	54,015	(4,842)	(63,526)	2,593	
Purchase of stock.....	(13)	(22,569)				(22,582)	
Issuance of stock.....		160,198				160,198	
Initial public offering related charge.....		49,286				49,286	
Release of book value restriction.....		49,173	(54,015)	4,842	63,526	63,526	
Comprehensive Income:							
Net loss.....			(66,426)			(66,426)	\$ (66,426)
Foreign currency translation adjustments.....				(2,360)		(2,360)	(2,360)
Comprehensive loss.....	---	-----	-----	-----	-----	-----	\$ (68,786)
Balance as of April 30, 1999.....		253,021	(66,426)	(2,360)		184,235	
Purchase of stock.....		(964)				(964)	
Issuance of stock.....		31,220				31,220	
Comprehensive Income:							
Net income.....			30,811			30,811	\$ 30,811
Foreign currency translation adjustments.....				(4,940)		(4,940)	(4,940)
Comprehensive income....	---	-----	-----	-----	-----	-----	\$ 25,871
Balance as of April 30, 2000.....	===	\$283,277	\$ (35,615)	\$ (7,300)	=====	\$240,362	=====

</TABLE>

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

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<TABLE>
<CAPTION>

<S>	Fiscal Year Ended April 30,		
	2000	1999	1998
<C>	<C>	<C>	<C>
Cash from operating activities:			
Net income (loss).....	\$ 30,811	\$ (66,426)	\$ 5,244
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation.....	9,975	8,090	6,552
Amortization.....	3,358	1,169	1,165
Provision for doubtful accounts.....	11,858	6,128	2,427
Cash surrender value and benefits in excess of premiums paid.....	(1,371)	(5,399)	(1,767)
Deferred income tax benefit.....	(1,463)	(2,998)	(4,612)
Tax benefit from exercise of stock options..	2,837		
Non-recurring initial public offering charges.....		79,300	
Other non-recurring charges.....		5,344	
Change in other assets and liabilities, net of acquisitions:			
Deferred compensation.....	5,400	4,560	6,876
Receivables.....	(53,859)	(11,349)	(9,996)
Prepaid expenses.....	(1,717)	529	(507)
Income taxes.....	(3,869)	(3,219)	1,469
Accounts payable and accrued liabilities....	71,493	23,249	9,678

Non-controlling shareholders' interest and other, net.....	800	(316)	1,953
Net cash provided by operating activities.....	74,253	38,662	18,482
Cash from investing activities:			
Purchases of property and equipment.....	(22,875)	(8,102)	(9,903)
Purchases of marketable securities.....	(31,050)	(30,057)	
Business acquisitions, net of cash acquired...	(42,613)	(1,323)	
Premiums on life insurance, net of benefits received.....	(10,611)	(12,421)	(12,408)
Redemption of guaranteed investment contracts.....		1,746	1,949
Sale of interest in affiliates.....		2,308	473
Net cash used in investing activities.....	(107,149)	(47,849)	(19,889)
Cash from financing activities:			
Increase (decrease) on bank borrowings.....		(5,000)	2,000
Payment of debt.....	(2,118)	(3,737)	(1,957)
Borrowings under life insurance policies.....	3,324	5,956	5,358
Purchase of common and preferred stock and payments on related notes.....	(964)	(23,777)	(2,761)
Issuance of common stock and receipts on shareholders' notes.....	8,427	150,888	6,588
IPO related non-recurring charges.....		(31,400)	
Net cash provided by financing activities.....	8,669	92,930	9,228
Effect of exchange rate changes on cash flows...	(2,539)	(2,360)	(761)
Net (decrease) increase in cash and cash equivalents.....	(26,766)	81,383	7,060
Cash and cash equivalents at beginning of the period.....	113,741	32,358	25,298
Cash and cash equivalents at end of the period..	\$ 86,975	\$113,741	\$ 32,358

</TABLE>

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

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2000

(dollars in thousands, except per share amounts)

1. Organization and Summary of Significant Accounting Policies

Nature of Business

Korn/Ferry International, a Delaware corporation, and its subsidiaries are engaged in the business of providing executive recruitment, Internet-based middle-management recruitment, through Futurestep, and consulting and related services globally on a retained basis.

Basis of Presentation

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

Use of Estimates

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

Reclassifications

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

Revenue Recognition

Substantially all professional fee revenue is derived from fees for professional services related to executive recruitment, consulting and related services. Fee revenue is 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 included in revenue, represent specifically identified and allocated costs related to professional services that are billed to clients.

Translation of Foreign Currencies

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

Gains and losses from foreign currency transactions of these subsidiaries and the translation of the financial results of subsidiaries operating in highly inflationary economies are included in general and administrative expenses. Net foreign currency transaction and translation losses, on an after tax basis, included in net earnings, were \$1,710, \$612 and \$541 in fiscal 2000, 1999 and 1998, respectively.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

Cash Flows

Cash equivalents consist of highly liquid investments with maturities of three months or less at the date of purchase.

Net cash from operating activities includes cash payments for interest of \$3,591, \$4,339 and \$4,381 in fiscal 2000, 1999 and 1998, respectively. Cash payments for income taxes, net of refunds, amounted to \$27,284, \$14,989 and \$9,830 in fiscal 2000, 1999 and 1998, respectively.

Marketable Securities

All marketable securities are accounted for under Statement of Financial Accounting Standard ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Management determines the appropriate classification of its investments in marketable securities at the time of purchase and reevaluates this classification at each balance sheet date. The securities have original maturities ranging from May 2000 through October 2001 and are classified as available-for-sale. Available-for-sale securities are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a component of shareholders' equity. At April 30, 2000, the estimated fair value of the investments approximated the amortized cost and, therefore, there were no significant unrealized gains or losses. Investments in marketable securities consisted of the following:

<TABLE>
<CAPTION>

	As of April 30, 2000		As of April 30, 1999	
	Current	Long-term	Current	Long-term
	<C>	<C>	<C>	<C>
U.S. Treasury and government securities.....	\$ 1,996		\$13,939	\$ 496
Short term municipals.....	41,150			
Municipals auction preferred.....	5,000			
Corporate auction preferred.....	5,400			
Certificate of deposits.....	3,998		3,996	
Commercial paper.....	1,506		3,904	
Asset-backed securities.....	928	\$1,129		7,722
	-----	-----	-----	-----
Marketable securities.....	\$59,978	\$1,129	\$21,839	\$8,218
	=====	=====	=====	=====

</TABLE>

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. 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.

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).

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (dollars in thousands, except per share amounts)

Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation. Leasehold improvements are amortized over the useful life of the asset, or the lease term, whichever is less, using the straight-line method. Software development costs are capitalized and, once placed in service, amortized using the straight-line method over the estimated useful life, generally five years. All other property and equipment is depreciated or amortized over the estimated useful lives of three to ten years, using the straight-line method.

Goodwill and Other Intangibles

Goodwill represents the excess of the acquisition cost over the net assets acquired in business combinations and is amortized primarily on a straight-line basis over the estimated useful life, currently five to fifteen 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.

The Company re-evaluates goodwill and other intangibles based on undiscounted operating cash flows whenever significant events or changes occur which might impair recovery of recorded costs, and writes down recorded costs of the assets to fair value (based on discounted cash flows or market values) when recorded costs, prior to impairment, are higher.

New Accounting Pronouncements

During 1998, the Financial Accounting Standards Board ("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, 2000 and will be adopted by the Company as of May 1, 2001. The Company does not expect that the adoption of this standard will have an impact on the consolidated financial statements or require additional disclosure since the Company does not currently utilize derivative instruments or participate in structured hedging activities.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidance over accounting for computer software developed or obtained for internal use including the requirement to capitalize specified costs and amortization of such costs. The Company adopted SOP 98-1 in fiscal 2000. The adoption of this standard did not have a material effect on the consolidated financial statements or the Company's capitalization policy.

The Emerging Issues Task Force ("EITF") of the FASB reached a consensus in March 2000 on Issue No: 00-2 ("EITF 00-2"), "Accounting for Web Site Development Costs." EITF 00-2 provides guidance over accounting for web site development costs similar to the requirements of SOP 98-1 and is effective for fiscal quarters beginning after June 30, 2000 with earlier application encouraged. The Company plans to adopt EITF 00-2 in the first fiscal quarter of 2001 and does not expect that adoption of this standard will have a material effect on the consolidated financial statements.

2. Initial Public Offering of Common Stock

In February 1999, the Company completed the initial public offering ("IPO") of an aggregate of 11.8 million shares of common stock at \$14.00 per share, of which 10.0 million shares were sold by the Company and 1.8 million

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

shares were sold by selling shareholders, resulting in net proceeds (after deducting underwriting discounts and other expenses payable by the Company) of \$124.3 million to the Company and \$24.4 million to the selling shareholders. The Company's common stock is traded on the New York Stock Exchange under the symbol "KFY." The Company also received approximately \$3.0 million from the repayment by certain selling shareholders of loans from the Company to those selling shareholders.

In fiscal 1999, the Company used \$14.4 million of the net proceeds to repay its term loan and all outstanding indebtedness under the Company's credit facilities, \$25.7 million to complete the redemption by the Company of certain shares of its capital stock, primarily shares owned by certain shareholders under the terms of a 1994 stock redemption agreement, \$1.4 million to redeem the outstanding shares of Series A and B preferred stock and \$4.3 million to pay existing obligations to former holders of phantom units and stock rights. The Company used the remaining proceeds of \$81.5 million in fiscal 2000 for acquisitions, the expansion of Futurestep, and continued development of technology, information systems and infrastructure.

3. Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per common share ("basic EPS") was computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common and common equivalent share ("diluted EPS") was determined by dividing the net income (loss) by the weighted average number of common shares outstanding and dilutive common equivalent shares. Following is a reconciliation of the numerator (income or loss) and denominator (shares in thousands) used in the computation of basic and diluted EPS:

<TABLE>
<CAPTION>

	Fiscal year ended April 30,								
	2000			1999			1998		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS									
Income (loss) available to common shareholders.....	\$30,811	36,086	\$0.85	\$(66,426)	28,086	\$(2.37)	\$5,244	21,885	\$0.24
			=====			=====			=====
Effect of dilutive securities									
Shareholder common stock purchase commitments...		373						318	
Stock options.....		1,221							
Phantom stock units.....							161	1,219	
Stock appreciation rights.....							14	417	
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Diluted EPS									
Income (loss) available to common shareholders plus assumed conversions.....	\$30,811	37,680	\$0.82	\$(66,426)	28,086	\$(2.37)	\$5,419	23,839	\$0.23
	=====	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

The share amounts in the table above reflect a four-to-one stock split approved by the Board of Directors ("the Board") in July 1998. The Company filed an amendment to the existing Articles of Incorporation to increase the authorized capital stock and effect the four-to-one split of the common stock in February 1999. The financial statements have been retroactively restated for the effects of this transaction.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

4. Stock Option Plans

In July 1998, the Company adopted the Performance Award Plan (the "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 who may be granted awards from time to time by the Board or, if authorized, the Compensation Committee, or, for non-employee directors, under a formula provided in the Plan. The maximum number of shares of common stock reserved for issuance is seven million, 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 Plan to the extent permitted by law. The Plan is not exclusive. The Board may grant stock and performance incentives or other compensation, in stock or cash, under other plans or authority.

Awards under the 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. The maximum term of options, SARs and other rights to acquire common stock under the Plan is ten years after the initial date of award, subject to provisions for further deferred payment in certain circumstances. Awards may be granted individually or in combination with other awards. 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. No awards other than stock options have been granted under the Plan in fiscal 2000.

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 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.

Under the Plan, each director who is not an officer or employee (a "Non-Employee Director") is automatically granted a nonqualified stock option to purchase 2,000 shares of common stock when the person takes office and on the day of each annual shareholders meeting in each calendar year beginning in 1999, 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. In fiscal 2000, the Company granted 8,000 stock options to Non-Employee Directors.

The Company issued 2,063,750 stock options to certain employees effective as of the IPO date. These options vest ratably over a three year period and have a seven year term. In April 1999, the Company granted, as performance awards, seven-year stock options for 1,510,350 shares of common stock that will vest in equal installments over three years. The weighted average fair value of options granted during fiscal 1999 is \$9.67 per share. The weighted average remaining contractual term of all outstanding options at April 30, 1999 was approximately 6.9 years. No options were exercisable as of April 30, 1999.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

The status of the Company's stock option plans is summarized below:

<TABLE>
<CAPTION>

Number of Shares (in thousands)	Weighted Average Exercise Price
---------------------------------------	---------------------------------------

	<C>	<C>
<S>		
Granted in fiscal 1999.....	3,574	\$13.76
Canceled/forfeited.....	(2)	14.00
	-----	-----
Outstanding at May 1, 1999.....	3,572	13.76
Granted.....	897	25.30
Exercised.....	(443)	13.89
Canceled/forfeited.....	(197)	14.81
	-----	-----
Outstanding at April 30, 2000.....	3,829	\$16.40
	=====	=====

</TABLE>

In June 2000, the Board approved the issuance of additional options under the Plan with a grant date of June 6, 2000, a fair value per share of \$17.05 and an exercise price per share equal to the closing market price on the date of the grant of \$22.00. The Company plans to issue approximately 2.5 million options under this award in the first quarter of fiscal 2001.

The Company has elected to follow Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations to account for its stock-based compensation arrangements. Under APB 25, no compensation expense is recognized for stock option awards granted at or above fair market value.

The following table presents pro forma information regarding net income and earnings per share determined as if the Company had accounted for its employee stock options under the fair value method prescribed by SFAS No. 123 "Accounting for Stock-Based Compensation".

<TABLE>
<CAPTION>

	Fiscal Year Ended April 30,	
	2000	1999
	-----	-----
<S>	<C>	<C>
Net earnings (loss)		
As reported.....	\$30,811	\$(66,426)
Pro forma.....	22,849	(67,307)
Basic earnings (loss) per share		
As reported.....	0.85	(2.37)
Pro forma.....	0.63	(2.40)
Dilutive earnings (loss) per share		
As reported.....	0.82	(2.37)
Pro forma.....	0.61	(2.40)

</TABLE>

The weighted average fair value of options granted during fiscal 2000, estimated at the date of grant using a Black-Scholes option pricing model was \$17.99. The fair value of options granted in fiscal 2000 was estimated on the date of grant using the following assumptions: average risk-free interest rate of 6.33%, dividend rate of zero, expected volatility of 55.3% and expected option life ranging from five to nine years. The weighted average fair value of options granted during fiscal 1999, estimated at the date of the grant using a Black-Scholes option pricing model, was \$9.67 per share. The fair value of options granted in fiscal 1999 was estimated on the date of grant using the following assumptions: average risk-free interest rate of 5.18%, dividend rate of zero, expected volatility of 62.4% and expected option life ranging from seven to ten years.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

Summary information about the Company's stock options outstanding at April 30, 2000 is presented in the following table:

<TABLE>
<CAPTION>

Options Outstanding			Options Exercisable		
Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life in years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
-----	-----	-----	-----	-----	-----
(in thousands)			(in thousands)		

<S>	<C>	<C>	<C>	<C>	<C>
\$ 8.40 to \$12.60	16	9.0	\$11.81		
12.60 to 16.80	3,163	7.0	13.75	818	\$13.69
16.80 to 21.00	17	9.4	17.67		
21.00 to 25.20	98	9.6	22.69		
25.20 to 29.40	26	9.9	26.35		
29.40 to 33.60	391	9.6	29.87		
33.60 to 37.80	101	9.7	34.82		
37.80 to 42.00	17	9.8	42.00		
-----	-----	---	-----	---	-----
\$ 8.40 to \$42.00	3,829	7.5	\$16.40	818	\$13.69
-----	-----	---	-----	---	-----

</TABLE>

5. One-time Non-recurring Charges

At the completion of the IPO in February 1999, the Company recognized a non-recurring compensation and benefits expense of \$79.3 million, comprised of (a) \$49.3 million representing 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 Registration Statement relating to the IPO and the fair market value of the shares at the date of grant, (b) \$25.7 million from the completion of the redemption by the Company of certain shares of its capital stock, primarily the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (c) \$4.3 million from the payment of existing obligations to former holders of phantom units and stock appreciation rights.

Additionally, the Company completed an evaluation of its worldwide operations and revenue, compensation costs and other operating expenses for each of its offices and geographic locations in the fourth quarter of fiscal 1999. The Company conducted the evaluation in order to identify, and eventually eliminate, existing inefficiencies and excess costs and to better align and enhance the competitive position of the Company within each region. The Company assessed staff levels and office needs based on individual performance and the economic conditions and the outlook in each region. The Company identified 50 employees that were terminated and three underperforming European offices that were downsized or relocated to more efficient premises. As a result of this analysis, a non-recurring charge to earnings of \$7.0 million for severance and benefit costs related to staff downsizing was recognized in fiscal 1999. This expense is comprised of a \$3.2 million non-cash charge to earnings related to the release of existing book value stock repurchase requirements for nine of the terminated employees and \$3.8 million for severance and benefit payments for the terminated employees, of which \$3.1 million was paid as of April 30, 1999. The Company also recognized a non-recurring charge of \$0.3 million, of which \$0.2 million was paid as of April 30, 1999, for lease renegotiation and other relocation costs in fiscal 1999. There were no additional charges to earnings related to these items in fiscal 2000.

In fiscal 1999, the Company also recognized a non-recurring charge of \$2.6 million in connection with the resignation of the former President and Chief Executive Officer. This charge was comprised of \$1.5 million for compensation and other amounts payable over the next seven months, of which \$0.8 million and \$0.7 million was

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (dollars in thousands, except per share amounts)

paid in fiscal 2000 and 1999, respectively, and a \$1.1 million non-cash charge to earnings representing the difference between the then current book value and the appraised value of 165,168 common shares he retained subsequent to his resignation.

6. Shareholders Agreements and Supplemental Information Regarding Book Value Per Share

From fiscal 1991 to 1999, eligible executives of Korn/Ferry International had the opportunity to purchase shares of common stock at book value and were required to sell their shares of common stock to the Company at book value upon termination of their employment under stock purchase and repurchase agreements collectively referred to as the Equity Participation Program ("EPP"). Shares subject to book value repurchase agreements are classified as mandatorily redeemable common stock in the consolidated balance sheets. For purposes of EPP purchases and sales, book value per share, adjusted for the four-to-one stock split, was \$2.79 at April 30, 1998. The EPP book value calculation excludes the effect of the Series A preferred stock and shareholder notes related to common stock purchases. On May 1, 1998, the Company issued 3,016,000 shares at the book value of \$2.79 per share. The Company repurchased a total of 2,646,000 shares in fiscal 1999 all at book value.

The Board approved the Supplemental Equity Participation Program (the "Supplemental EPP") in July 1998, effective May 2, 1998, that provides for the issuance and repurchase of shares of common stock at fair value. The Company issued 110,000 shares of common stock at the fair market value of \$10.98 per share, appraised as of June 30, 1998 and ceased enrollment of executives in the Supplemental EPP as of August 17, 1998. In November 1998, the Company adopted the Interim Equity Executive Participation Program (the "Interim EPP") in order to permit persons promoted to vice president and other persons hired as vice presidents of the Company between August 18, 1998 and December 30, 1998 to purchase shares of common stock at \$9.69 per share, the fair market value as of December 30, 1998. The Company issued 438,000 shares under the Interim EPP.

In fiscal 1999, the Company terminated its Phantom Stock Plan, established in 1988, and Stock Right Plan, established in 1992 ("these Plans"), in contemplation of the IPO. These Plans provided benefits, to certain key employees and other employees selected by a committee of the Board, substantially identical to ownership of the Company's common stock, excluding voting rights. Compensation expense, recognized based on the change in the book value of the common stock since the grant date, was \$279 in fiscal 1998.

Based on the book value of a share of common stock at April 30, 1998 of \$2.79, the participants in these Plans could elect to receive a cash payment or shares of common stock in exchange for an aggregate of 276,000 phantom stock units and 114,000 stock rights outstanding as of June 30, 1998, the effective date of termination of these Plans. The Company issued 1,551,000 shares of common stock (reflecting the four-to-one stock split in July 1998) in connection with the termination of these Plans to all but one participant and recognized a non-recurring compensation and benefits expense of \$12,700 at completion of the IPO, representing the excess of the fair market value over the book value of the shares issued in the conversion.

The repurchase agreements under the EPP, Supplemental EPP and Interim EPP were amended upon consummation of the IPO to permit employee shareholders to sell their shares in the public market, subject to a liquidity schedule that provides for releases over a four year period in the number of shares that can be sold. As a result, all remaining shares previously classified as mandatorily redeemable were reclassified to common stock.

As of April 30, 2000 and 1999, notes receivable from shareholders for common stock purchases were \$7,221 and \$10,679, respectively. The Company issued common stock in exchange for notes receivable from shareholders of \$9,262 and \$6,184 in fiscal 1999 and 1998, respectively. The Company issued no new common stock in exchange for notes receivable from shareholders in fiscal 2000. The notes receivable are secured by the common stock purchased, bear interest at primarily 8% and require annual payments of principal and interest through 2004.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (dollars in thousands, except per share amounts)

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 discretionary accrued contribution to this plan was \$3,027, \$2,622 and \$2,400 for fiscal 2000, 1999 and 1998, respectively. 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 vice-presidents that provide defined benefit payments to participants based on the deferral of current compensation 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 EWAP replaced the Wealth Accumulation Plan ("WAP") in fiscal 1994 and 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

The Company also maintains a Senior Executive Incentive Plan ("SEIP") for participants elected by the Board. 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 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.

In fiscal 1998, certain employees elected to defer a portion of their compensation, amounting to approximately \$2.5 million, into a new deferred compensation plan established by the Company. This plan was terminated in fiscal 1999, and as required by the agreement, the employees received their deferred compensation plus interest at our average monthly bank borrowing rate, ranging from 6.4% to 8.0% at April 30, 1999 and 1998, respectively.

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.

For financial accounting purposes, the Company estimates the present value of the future benefits payable under these plans as of the estimated payment commencement date. The Company also estimates the remaining number of

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

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, WAP 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, 2000 and 1999, the Company had unrecognized losses related to these deferred compensation plans of \$5,244 and \$7,728 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 was 7.75% and 7.50% in fiscal 2000 and 1999, respectively.

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

<TABLE>
<CAPTION>

	Fiscal	
	Year Ended April 30,	
	2000	1999
	-----	-----
<S>	<C>	<C>
Benefit obligation at beginning of year.....	\$ 34,586	\$ 35,362
Service cost.....	3,177	3,498
Interest cost.....	927	1,650
Plan participants' contributions.....	2,071	3,233
Recognized loss due to change in assumption.....	436	555
Benefits paid.....	(2,611)	(9,712)
	-----	-----
Benefit obligation at end of fiscal year.....	\$ 38,586	\$ 34,586
Less: current portion of benefit obligation.....	(1,103)	(1,055)
	-----	-----
Long-term benefit obligation at end of year.....	\$ 37,483	\$ 33,531
	=====	=====

</TABLE>

The Company purchased COLI contracts insuring participants and former participants. The gross CSV of these contracts of \$95,560 and \$84,628 is offset by outstanding policy loans of \$44,928 and \$42,655, on the accompanying consolidated balance sheets as of April 30, 2000 and 1999, respectively.

Total death benefits payable under COLI contracts were \$257,878 and \$248,605 at April 30, 2000 and 1999, 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 policies are held in trusts to provide additional benefit security for deferred compensation plans. As of April 30, 2000, COLI contracts with a net cash surrender value of \$43,762 and death benefits payable of \$190,556 were held in trust for these purposes.

9. Notes Payable and Long-Term Debt

At April 30, 2000, the Company maintained a \$50.0 million unsecured bank revolving line of credit facility. Borrowings on the line of credit bear interest at various rates based on either a LIBOR index plus 1.4% or the bank's prime lending rate, which were 7.75% and 9.0%, respectively, at April 30, 2000. There was no outstanding balance under the revolving line of credit as of April 30, 2000.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

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

<TABLE>
<CAPTION>

	As of April 30,	
	2000	1999
	-----	-----
<S>	<C>	<C>
Unsecured subordinated notes payable to shareholders due through 2004, bearing interest at various rates up to 8.75%.....	\$ 31,664	\$ 3,716
Term loan due to bank on December 31, 2000 bearing interest at various rates ranging from 3.9% to 5.2%.....	1,399	
	-----	-----
Total debt.....	33,063	3,716
Less: current maturities of long-term debt.....	(16,147)	(1,356)
	-----	-----
Long-term debt.....	\$ 16,916	\$ 2,360
	=====	=====

</TABLE>

The Company issued notes payable to shareholders of \$30,439 related to the acquisition of businesses in fiscal 2000 and \$1,620 for the purchase of common stock in fiscal 1999.

Annual maturities of long-term debt for the five fiscal years subsequent to April 30, 2000 are: \$16,147 in 2001, \$8,806 in 2002, \$8,028 in 2003 and \$82 in 2004.

The Company also has outstanding borrowings against the CSV of COLI contracts of \$44,928 and \$42,655 at April 30, 2000 and 1999, 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).

10. 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>

	2000	1999	1998
<S>	<C>	<C>	<C>
Current income taxes:			
Federal.....	\$12,419	\$ 1,474	\$ 2,953
State.....	4,583	407	1,022
Total.....	17,002	1,881	3,975
Deferred income taxes:			
Federal.....	(1,097)	(2,248)	(3,458)
State.....	(366)	(750)	(1,154)
Total.....	(1,463)	(2,998)	(4,612)
Foreign income taxes.....	8,587	10,143	7,324
Provision for income taxes.....	\$24,126	\$ 9,026	\$ 6,687

</TABLE>

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

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,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Domestic.....	\$36,589	\$ (80,544)	\$ (4,635)
Foreign.....	21,182	25,704	18,591
Income (loss) before provision for income taxes and minority interest.....	\$57,771	\$ (54,840)	\$13,956

</TABLE>

The Company has not provided for deferred income taxes on undistributed earnings of foreign subsidiaries considered permanently invested in these entities.

The income tax provision stated as a percentage of pretax income, excluding \$76,331 of non-recurring charges in fiscal 1999 that are not tax deductible, 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,		
	2000	1999	1998
<S>	<C>	<C>	<C>
U.S. federal statutory tax rate.....	35.0 %	35.0 %	35.0 %
Foreign source dividend income.....	9.1	12.7	30.6
Foreign income tax credits utilized.....	(7.3)	(8.5)	(21.5)
Income subject to higher (lower) foreign tax rates.....	2.1	5.3	5.9
COLI CSV increase, net....	(3.0)	(7.0)	(5.4)
Other.....	5.9	4.5	3.3
Effective tax rate.....	41.8 %	42.0 %	47.9 %

</TABLE>

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

<TABLE>
<CAPTION>

	As of April 30,	
	2000	1999
<S>	<C>	<C>
Deferred income tax assets (liabilities):		
Deferred compensation.....	\$15,519	\$14,031
Accrued operating expenses.....	5,390	5,430
Other accrued liabilities.....	(2,170)	(1,686)
Property and equipment.....	1,332	832
Other (foreign).....	1,533	(425)
	-----	-----
Deferred income tax asset.....	\$21,604	\$18,182
	=====	=====

</TABLE>

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

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

11. Business Segments

The Company operates two global business segments in the retained executive recruitment industry. These business segments, executive recruitment and Futurestep, are distinguished primarily by the method used to identify candidates and the candidates' level of compensation. The executive recruitment business segment is managed by geographic regions led by a regional president and Futurestep's worldwide operations are managed by a Chief Executive Officer (CEO). A summary of the Company's operations by business segment and geographic area follows:

<TABLE>
<CAPTION>

	Fiscal Year Ended April 30,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Revenue:			
Executive recruitment:			
North America.....	\$271,313	\$185,525	\$154,903
Europe.....	112,045	101,515	81,543
Asia/Pacific.....	48,603	35,024	34,411
Latin America, including Mexico.....	30,488	29,673	30,097
Futurestep.....	38,294	4,338	
	-----	-----	-----
Total revenue.....	\$500,743	\$356,075	\$300,954
	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	Fiscal Year Ended April 30,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Operating profit (loss):			
Executive recruitment:			
North America.....	\$ 52,783	\$(56,394)	\$ 10,138
Europe.....	13,034	3,817	(540)
Asia/Pacific.....	5,174	2,684	620
Latin America, including Mexico.....	7,692	7,916	5,973
Futurestep.....	(23,878)	(12,578)	(824)
	-----	-----	-----
Total operating profit (loss).....	\$ 54,805	\$(54,555)	\$ 15,367
	=====	=====	=====

<CAPTION>

As of April 30,

	2000	1999	1998
<S>	<C>	<C>	<C>
Identifiable assets:			
Executive recruitment:			
North America (1).....	\$285,474	\$208,627	\$100,842
Europe.....	91,790	54,910	40,600
Asia/Pacific.....	33,376	20,209	18,529
Latin America, including Mexico.....	18,631	17,104	16,400
Futurestep.....	46,723	3,274	
	-----	-----	-----
Total identifiable assets.....	\$475,994	\$304,124	\$176,371
	=====	=====	=====

</TABLE>

(1) North America executive recruitment includes the Corporate office identifiable assets of \$144,739, \$144,771 and \$34,162 in fiscal 2000, 1999 and 1998, respectively.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

A summary of Futurestep's revenue by geographic area follows:

<TABLE>

<CAPTION>

	Fiscal Year Ended April 30,	
	2000	1999
<S>	<C>	<C>
Revenue:		
North America.....	\$20,595	\$4,338
Europe.....	15,445	
Asia/Pacific.....	2,254	
	-----	-----
Total revenue.....	\$38,294	\$4,338
	=====	=====

</TABLE>

Futurestep's identifiable assets at April 30, 2000 by geographic area were: \$9,856 in North America, \$33,548 in Europe and \$3,319 in Asia/Pacific.

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 revenue during fiscal 2000, 1999 or 1998.

12. Acquisitions and Divestitures

During fiscal 2000, the Company completed a total of ten acquisitions: seven executive recruitment firms in North America, including three in Canada; one in Europe; and one in Asia/Pacific. The aggregate purchase price of these acquisitions was \$84.5 million, consisting of the Company's stock valued at \$21.8 million, notes payable of \$31.8 million, cash of \$22.8 million and accrued liabilities of \$8.1 million. In addition, Futurestep completed the acquisition of the executive search and selection business of the PA Consulting Group with operations in Europe and Asia/Pacific for \$19.8 million payable in cash and \$1.7 million payable as deferred compensation over a three year period. These acquisitions were accounted for under the purchase method and resulted in \$98.1 million of intangible assets, primarily goodwill. The operating results of these entities, including executive recruitment and Futurestep revenue of \$24.2 million and \$7.3 million, respectively, have been included in the consolidated financial statements from their acquisition dates.

Effective in May 1998, the Company acquired Didier, Vuchot & Associates in France for approximately six million dollars 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. Stock not 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 \$1.5 million. The excess of the cash and notes over this amount is related to mandatorily redeemable stock of the subsidiary, is contingent upon future performance and will be recognized as compensation expense when earned.

Effective in June 1998, the Company acquired all of the outstanding shares

of Ray and Berndston SA in Switzerland for \$3.6 million in cash, notes and common stock of Korn/Ferry International. 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, approximately \$1.4 million, related to employment contracts that are contingent upon future performance and will be recognized as compensation expense as earned. The purchase price in excess of these amounts has been allocated to goodwill.

Effective in February 1996, the Company divested its 47% interest in Strategic Compensation Associates for a cash payment of \$357 and notes receivable of \$3,215. The outstanding balance of notes receivable at April 30, 1998 of \$2,308 was paid in full in December 1998.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(dollars in thousands, except per share amounts)

The following selected unaudited pro forma information is provided to present a summary of the combined results of the Company and the ten and two acquisitions for fiscal years 2000 and 1999, respectively, as if the acquisitions had occurred as of the beginning of the respective periods, giving effect to these purchases. The pro forma data is presented for informational purposes only and may not necessarily reflect the results of operations of the Company had these companies operated as part of the Company for each of the periods presented, nor are they necessarily indicative of the results of future operations.

<TABLE>

<CAPTION>

	Fiscal Year Ended April 30,	
	2000	1999
	-----	-----
<S>	<C>	<C>
Revenue.....	\$563,443	\$442,695
Net income (loss).....	33,700	(64,274)
Earnings (loss) per share.....		
Basic.....	0.92	(2.22)
Diluted.....	0.88	(2.22)

</TABLE>

13. 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 2000, 1999 and 1998 amounted to \$23,050, \$13,026 and \$12,948, respectively. At April 30, 2000, minimum future commitments under noncancelable operating leases with lease terms in excess of one year aggregated \$83,833 payable as follows: \$18,466 in 2001, \$16,941 in 2002, \$13,912 in 2003, \$9,359 in 2004, \$7,501 in 2005 and \$17,654 thereafter. As of April 30, 2000, the Company has outstanding standby letters of credit of \$2,072 in connection with office leases.

In connection with a three year contract effective June 1998, for an exclusive alliance with The Wall Street Journal, Futurestep purchased approximately \$3.9 and \$3.0 million of advertising in fiscal 2000 and 1999, respectively. Future commitments to purchase advertising amount to \$4.0 million through June 2001. In addition, the Company and Futurestep have agreed not to promote competing services during the initial term of the contract.

Effective April and May 1999, the Company entered into employment agreements with three executive officers for initial terms through April 30, 2002 that provide certain benefits if these executives are terminated or resign under certain limited circumstances. In March 2000, the Company entered into an employment agreement with an executive officer for an initial term through April 30, 2002. The maximum amount payable under these agreements is \$6.7 million and \$11.4 million prior to and following a change in control, respectively. In addition, all outstanding options will immediately vest and remain exercisable for periods ranging from three months to their original expiration date following termination of employment.

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. Furthermore, for a period of two years after their employment with the Company, former vice presidents are prohibited from soliciting employees of the Company for employment outside of Korn/Ferry International.

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.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Korn/Ferry International:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Korn/Ferry International and Subsidiaries (the "Company") included in this Form 10-K report and have issued our report thereon dated June 13, 2000. 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 and Subsidiaries Valuation and Qualifying 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 consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated 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.

/s/ Arthur Andersen LLP

Los Angeles, California
June 13, 2000

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SCHEDULE II
KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

	Balance at Beginning of Year	----- Additions ----- Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
	<C>	<C>	<C>	<C>	<C>
	(in thousands)				
<S>					
Allowance for Doubtful Accounts					
Year Ended April 30, 2000.....	\$7,847	\$11,858		\$7,167	\$12,538
Year Ended April 30, 1999.....	5,390	6,128		3,671	7,847
Year Ended April 30, 1998.....	3,846	2,427		883	5,390
Reserve for Severance and Costs Under Corporate Restructuring Program					
Year Ended April 30, 2000.....	1,549			1,549	
Year Ended April 30, 1999.....		89,202		87,653	1,549
Reserve for Acquired Termination Costs					
Year Ended April 30, 2000.....			2,520		2,520

</TABLE>

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FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of April 15, 1999 (this "Amendment"), is by and among KORN/FERRY INTERNATIONAL, a California corporation (the "Borrower"), the undersigned lenders, and MELLON BANK, N.A., a national banking association, Issuing Bank and as agent for the Lenders under the Credit Agreement referred to below.

W I T N E S S E T H:

- - - - -

WHEREAS, the Borrower, certain Lenders, the Issuing Bank and the Agent are parties to a Credit Agreement, dated as of _____ (the "Credit Agreement"), pursuant to which the Lenders have agreed, on the terms and subject to the conditions described therein, to make Advances to the Borrower, and the Issuing Bank has agreed, on such terms and subject to such conditions, to issue Letters of Credit for the account of the Borrower; and

WHEREAS, the Borrower has requested the Lenders to make certain changes to the Credit Agreement; and

WHEREAS, the Lenders are willing to amend the Credit Agreement and grant such waiver as set forth below; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement;

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

SECTION 1. Amendment to Credit Agreement. The definition of the

term "Cash Equivalent Investments" appearing in Section 1.1 of the Credit Agreement is hereby amended as follows:

"Cash Equivalent Investments" shall mean as of the date of any determination of any of the following: (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States of America, and (ii) obligations issued by an agency of the United States of America fully backed by the full faith and credit of the United States of America maturing not in excess of two years from the date of acquisition, (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing two years

after such date and having, at the time of the acquisition thereof, an "A2" rating by Moody's Investor's Service, Inc. ("Moody's") or an "A" rating by Standard & Poor's Rating Group ("S&P") or an "F-1" rating by Fitch Investors Service, L.P., (c) commercial paper maturing not in excess of nine months from the date of acquisition and rated "P-1" by Moody's or "A-1" by S&P on the date of acquisition (or, with respect to commercial paper at any time outstanding having an aggregate cost not exceeding the lesser of \$10,000,000 and 25% of all cash and cash equivalents of the Borrower and its Subsidiaries, rated "P-2" by Moody's or "A-2" by S&P), (d) the following obligations of any commercial bank insured by the Federal Deposit Insurance Corporation having capital and surplus in excess of \$100,000,000, which has, or the holding company of which has, a commercial paper rating of "P-1" from Moody's or "A-1" by S&P (or of any foreign bank which having capital and surplus in excess of \$500,000,000 which has a debt rating of "Aa" by Moody's or of "AA" by S&P: (i) time deposits, certificates of deposit and acceptances maturing not in excess of one year from the date of acquisition, or (ii) repurchase obligations with a term of not more than seven days for underlying securities of the type referred to in clause (a) above, (e) repurchase agreements which (i) are entered into with any entity referred to in clauses (c) or (d) above or any other financial institution whose unsecured long-term debt (or the unsecured long-term debt of whose holding company) is rated at least A or better by S&P or A2 or better by Moody's and maturing not more than one year after such time; and (ii) are secured by a fully perfected security interest in securities of a type referred to in clauses (a) and (b) above and which have a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such counterparty entity with whom such repurchase agreement has been entered into; (f) short-term tax exempt securities that are rated not lower than VMIG2 or MIG2 by Moody's or SP-2 by S&P with provisions for liquidity or maturity accommodations

of 183 days or less; (g) shares of any money market mutual fund that has at least 95% of its assets invested continuously in the types of investments referred to in clauses (a) through (f) and as to which withdrawals are permitted at least every 90 days; (h) in the case of any Subsidiary of the Company organized or having its principal place of business outside the United States, investments denominated in the currency of the jurisdiction in which such Subsidiary is organized or has its principal place of business which are similar to the items specified in clauses (a) through (g) above; (i) corporate notes and bonds maturing not in excess of 12 months from the date of acquisition whose issuer's debt rating are "A1" or "AA" by S&P or "Aa" or "P1" by Moody's or "F-1" by Fitch; and (j) asset-backed securities having an average maturity not in excess of 12 months from the date of acquisition and rated "AAA" by S&P or "Aaa" by Moody's.

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SECTION 2. Miscellaneous.

2.1. Effect of Amendment. This Amendment shall become effective upon

execution and delivery hereof by the Borrower and the Required Lenders. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

2.2. Governing Law. This Amendment shall be governed by and

construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of law principles thereof.

2.3. Counterparts. This Amendment may be executed in any number of

counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

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

KORN/FERRY INTERNATIONAL

By: /s/ Elizabeth Murray

Title: EVP & CFO

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

By: /s/ Lawrence Ivey

Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a Lender

By: _____

Title: _____

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

KORN/FERRY INTERNATIONAL

By: _____

Title: _____

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

By: _____

Title: _____

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a Lender

By: /s/ Paul Sutherlen

Title: Vice President

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of December 31, 1999 (this "Amendment"), is by and among KORN/FERRY INTERNATIONAL, a Delaware corporation (the "Borrower"), the undersigned LENDERS (the "Lenders"), the undersigned ISSUING BANKS (the "Issuing Banks"), and MELLON BANK, N.A., a national banking association, as agent for the Lenders under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Agent").

RECITALS

A. The Borrower, the Lenders, the Issuing Banks and the Agent are parties to that certain Credit Agreement, dated as of February 8, 1999 (as amended by that certain First Amendment to Credit Agreement dated as of April 15, 1999, the "Credit Agreement"), pursuant to which the Lenders have agreed, on the terms and subject to the conditions described therein, to make Loans to the Borrower, and the Issuing Banks have agreed, on such terms and subject to such conditions, to issue Letters of Credit for the account of the Borrower.

B. The Borrower, formerly a California corporation, has reincorporated as a Delaware corporation (the "Reincorporation") and has requested the Lenders to amend the Credit Agreement, effective as of September 13, 1999, to permit and account for the Reincorporation.

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

SECOND AMENDMENT

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

SECTION 1. Amendment to Preamble. The preamble to the Credit Agreement is -----
hereby amended by replacing "KORN/FERRY INTERNATIONAL, a California corporation (the "Borrower")" with "KORN/FERRY INTERNATIONAL, formerly a California corporation and now a Delaware corporation (the "Borrower")."

SECTION 2. Amendment to Section 6.4. Section 6.4 of the Credit Agreement -----
is hereby amended by replacing the existing text of Section 6.4 in its entirety with new text for Section 6.4, such new text for Section 6.4 to read in its entirety as follows:

"The Borrower shall, and shall cause each of its Subsidiaries to, maintain its structure and status as a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and to be duly qualified to do business as a foreign corporation and in good standing in all jurisdictions in which the ownership of its properties or the nature of its business or both make such qualification necessary or advisable, except for matters that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Notwithstanding the foregoing, the Borrower may change its jurisdiction of incorporation from a California corporation to a Delaware corporation so long as the Borrower executes and delivers, and causes its Subsidiaries to execute and deliver, such instruments, agreements, amendments and other documents as the Agent, any Issuing Bank or any Lender may reasonably request in connection with such change."

SECTION 3. Catch-All Amendments. All references in the Credit Agreement -----
and each other Loan Document (including without limitation the Notes and any Exhibits or Schedules to any of them) to the Borrower as a California corporation are hereby amended to refer to the Borrower as a Delaware corporation. Each other provision of the Credit Agreement and each other Loan Document (including without limitation each Note) is hereby amended to the extent required, and only to the extent required, to permit the Borrower to change its jurisdiction of incorporation from a California corporation to a Delaware corporation.

SECTION 4. Miscellaneous.

2.1 Definitions. Capitalized terms used but not otherwise defined in -----

this Amendment have the meanings given to such terms in the Credit Agreement.

2.2 Effect of Amendment. This Amendment shall become effective as of

September 13, 1999, upon the last to occur of:

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

(b) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of true copies of all corporate action taken by the Borrower and each other Loan Party relative to the Reincorporation and this Amendment;

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(c) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of an incumbency certificate of the Borrower substantially in the form of the incumbency certificate delivered by the Borrower in connection with the execution and delivery of the Credit Agreement; and

(d) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of an opinion addressed to the Agent, each Issuing Bank and each Lender, dated the date of this Amendment, of O'Melveny & Myers, LLP, counsel to each of the Loan Parties, as to (i) the Borrower's due power and authority to reincorporate as a Delaware corporation, (ii) the due reincorporation and good standing of the Borrower as a Delaware corporation, and (iii) the enforceability of the Credit Agreement and the other Loan Documents (including without limitation the Notes), as amended. Such opinion shall be reasonably satisfactory in form and substance to the Agent, each Issuing Bank and each Lender.

2.3. Ratification. The Credit Agreement, as amended by this Amendment,

is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

2.4. Governing Law. This Amendment shall be governed by and construed

in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of law principles thereof.

2.5. Counterparts. This Amendment may be executed in any number of

counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

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

KORN/FERRY INTERNATIONAL

By: /s/ Elizabeth Murray

Title: Executive Vice President &
Chief Financial Officer

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

By: /s/ Lawrence Ivey

Title: Vice President

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

By: /s/ J. Derek Watson

Title: Vice President

THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of January 27, 2000 (this "Amendment"), is by and among KORN/FERRY INTERNATIONAL, a Delaware corporation (the "Borrower"), the undersigned LENDERS (the "Lenders"), the undersigned ISSUING BANKS (the "Issuing Banks"), and MELLON BANK, N.A., a national banking association, as agent for the Lenders under the Credit Agreement referred to below (in such capacity, together with its successors in such capacity, the "Agent").

RECITALS

A. The Borrower, the Lenders, the Issuing Banks and the Agent are parties to that certain Credit Agreement, dated as of February 8, 1999 (as amended by that certain First Amendment to Credit Agreement dated as of April 15, 1999, and that certain Second Amendment to Credit Agreement dated as of December 31, 1999, the "Credit Agreement"), pursuant to which the Lenders have agreed, on the terms and subject to the conditions described therein, to make Loans to the Borrower, and the Issuing Banks have agreed, on such terms and subject to such conditions, to issue Letters of Credit for the account of the Borrower.

B. The Borrower desires an amendment to the minimum Consolidated Tangible Net Worth covenant in Section 7.1(b) of the Credit Agreement to reduce the minimum Consolidated Tangible Net Worth the Borrower is required to maintain under the Credit Agreement and enable the Borrower to consummate its acquisition of a foreign subsidiary on January 28, 2000 (the "Acquisition").

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

THIRD AMENDMENT

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

SECTION 1. Amendment to Section 7.1(b) of the Credit Agreement.

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

- (b) Minimum Consolidated Tangible Net Worth. At all times, Consolidated Tangible Net Worth shall not be less than the sum of (i) \$20,000,000, plus (ii) 50% of the cumulative positive Consolidated Net Income for the two quarters ended April 30, 1999 and for each fiscal year thereafter (without deduction for any loss for any such period), plus (iii) 100% of the Net Cash Proceeds of any issuances of equity by the Borrower from the Closing Date until the last day of such fiscal year of the Borrower.

SECTION 2. Miscellaneous.

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

2.2 Effect of Amendment. This Amendment shall become effective as of the date first above written upon the last to occur of:

- (a) execution and delivery hereof by (i) the Lenders or the Required Lenders as permitted or required by Section 10.3 of the Credit Agreement, (ii) the Borrower, (iii) the Issuing Banks, and (iv) the Agent. The execution below by the Lenders or Required Lenders (as the case may be) and the Issuing Banks shall constitute a direction to the Agent to execute this Amendment;
- (b) payment by the Borrower to the Agent (for the account of the Lenders) of an amendment fee equal to 5 basis points on the total aggregate Commitments of the Lenders (i.e., 5 basis points on \$50,000,000);
- (c) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of true copies of all corporate action

taken by the Borrower and each other Loan Party relative to the Acquisition and this Amendment; and

(d) delivery by the Borrower to the Agent, with a counterpart for each Issuing Bank and each Lender, of an opinion addressed to the Agent, each Issuing Bank and each Lender, dated the date of this Amendment, of O'Melveny & Myers, LLP, counsel to each of the Loan Parties, as to the enforceability of the Credit Agreement and the other Loan Documents as amended. Such opinion shall be reasonably satisfactory in form and substance to the Agent, each Issuing Bank and each Lender.

2.3 Ratification. The Credit Agreement, as amended by this Amendment,

is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

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2.4 Governing Law. This Amendment shall be governed by and construed

in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to the conflict of law principles thereof.

2.5 Counterparts. This Amendment may be executed in any number of

counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

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

KORN/FERRY INTERNATIONAL

By: /s/ Elizabeth Murray

Title: Chief Financial Officer

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

By: /s/ Lawrence Ivey

Title: Vice President

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

By: /s/ J. Derek Watson

Title: Vice President

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EMPLOYMENT AGREEMENT

BETWEEN

KORN/FERRY INTERNATIONAL

AND

GARY C. HOURIHAN

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 6th day of March, 2000, by and between KORN/FERRY INTERNATIONAL, a Delaware corporation with its principal offices in Los Angeles, California (the "Company"), and GARY C. HOURIHAN (the "Executive").

1. Employment. The Company agrees to employ Executive and

Executive agrees to be employed by the Company upon the terms and conditions set forth in this Agreement.

2. Term of Employment. Executive's employment under this

Agreement will begin on March 6, 2000 and will continue for an initial term ending April 30, 2002. The term will automatically be renewed for successive two-year periods thereafter, until the first April 30th following the date on which Executive reaches age 65, at which time the term will expire, provided, however, that either the Company or the Executive may terminate this Agreement at the end of the initial term by delivering to the other party at least 120 days' prior written notice of such termination or at the end of any subsequent two-year renewal term by delivering to the other party at least 120 days' prior written notice of such termination. (In this Agreement, the delivery of such a notice shall be referred to as a "failure to renew" the Agreement.)

3. Position, Duties and Responsibilities. Executive will serve as

Executive Vice President, Organizational Development with duties and responsibilities customary to such offices. Executive will be considered a senior executive officer of the Company and treated accordingly. Executive will report directly to, and will perform such duties and functions consistent with Executive's position and as are assigned to

Executive by the Chief Executive Officer of the Company or by the Company's Board of Directors (the "Board"). At the request of the Board, Executive will serve as an officer or director of the Company's subsidiaries and other affiliates without additional compensation. Executive will devote substantially all of Executive's business time and attention to the performance of Executive's obligations, duties and responsibilities under this Agreement. Subject to Company policies applicable to senior executives generally, Executive may engage in personal, charitable, professional and investment activities to the extent such activities do not conflict or interfere with Executive's obligations to, or Executive's ability to perform the normal duties and functions of Executive pursuant to this Agreement.

4. Annual Compensation.

(a) Base Salary. The Company will pay a base salary to Executive at

a minimum annual rate of \$340,000 in accordance with its regular payroll practices. At least annually and in the month preceding the end of the fiscal year, the Board will review the level of Executive's base salary. The Board, acting in its discretion, may increase (but may not decrease) the annual rate of base salary in effect at any time, unless the Board concludes that an across-the-board reduction in compensation is required for all executive

officers of the Company, in which case the Executive's compensation shall be ratably reduced. The base salary in effect as of any date of determination is referred to hereinafter as the "Base Salary."

(b) Annual Incentive Cash Bonus. Executive will participate in the

Company's annual incentive cash bonus plan established for senior executives, with an

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annual target bonus equal to 100% of Base Salary, or such higher amount as may be determined by the Board ("Annual Target Bonus") and an annual maximum bonus equal to 200% of Base Salary, or such higher amount as may be determined by the Board ("Annual Maximum Bonus"). Executive's actual annual incentive cash bonus ("Annual Bonus") may be payable after thirty (30) days after the end of the fiscal year for which it is earned, but not later than ninety (90) days after the end of the fiscal year for which it is earned. Unless otherwise expressly determined by the Board, in its discretion, such Annual Bonus shall be considered earned only if Executive is employed by the Company as of the last day of the fiscal year to which such Annual Bonus applies.

5. Employee Benefit Programs and Perquisites.

(a) General. Executive will be entitled to participate in such

retirement or pension plans, stock option or other equity compensation plans, group health, long term disability and group life insurance plans, and any other welfare and fringe benefit plans, arrangements, programs and perquisites sponsored or maintained by the Company from time to time for the benefit of its senior executives generally, including four weeks paid vacation. Unless otherwise expressly provided in this Agreement, all COBRA benefits referred to herein shall be paid by Executive.

(b) Reimbursement of Business Expenses. Executive is authorized to

incur reasonable expenses in accordance with the Company's written policy in carrying out Executive's duties and responsibilities under this Agreement, and the Company will promptly reimburse Executive for all such expenses that are so incurred upon

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presentation of appropriate vouchers or receipts, subject to the Company's expense reimbursement policies applicable to senior executive officers generally.

(c) Conditions of Employment. Executive's place of employment

during the term of Executive's employment under this Agreement will be at the Los Angeles office of the Company, subject to the need for reasonable business travel. The conditions of Executive's employment, including, without limitation, office space, office appointments, secretarial, administrative and other support, will be consistent with Executive's status as a senior executive officer of the Company.

6. Termination of Employment.

(a) Death. If Executive's employment with the Company terminates

before the end of the term by reason of Executive's death, then the following shall occur: (1) as soon as practicable thereafter and, in any event, not later than the thirtieth (30/th/) day following the date of Executive's death, the Company shall pay to Executive's estate an amount equal to Executive's "Accrued Compensation" (as defined in Section 6(i) below); (2) all outstanding stock options and other equity-type incentives held by Executive at the time of Executive's death will become fully vested as of the date of Executive's death (whether or not fully vested immediately prior to Executive's death) and remain exercisable until their originally scheduled expiration dates; and (3) Executive's spouse and covered dependents will be entitled to continued participation in the Company's group health plan(s) or at the same benefit level and to the same extent, if any, as such continued participation at the expense of the Company is available to the

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shareholder/officers of the Company generally and, thereafter, for such additional period as may be available under COBRA at their expense.

(b) Disability. If the Company terminates Executive's employment by

reason of Executive's "disability," (defined below), then the following shall occur: (1) the Company shall pay to Executive within thirty (30) days after the

date of such termination Executive's Accrued Compensation (as defined in Section 6(i) below); (2) all outstanding stock options and other equity-type incentives held by Executive at the time of Executive's termination will become fully vested as of the date of such termination (whether or not fully vested immediately prior to Executive's termination) and remain exercisable until their originally scheduled expiration dates; and (3) Executive and Executive's spouse and covered dependents will be entitled to continued participation in the Company's group health plan(s) or at the same benefit level and to the same extent, if any, as such continued participation at the expense of the Company is available to the shareholder/officers of the Company generally and, thereafter, for such additional period as may be available under COBRA at Executive's expense. For purposes of this Agreement, the term "disability" means any medically determinable physical or mental condition or impairment which prevents the Executive from performing the principal functions of Executive's duties with the Company that can be expected to result in death or that has lasted or can be expected to last for a period of ninety (90) consecutive days or for shorter periods aggregating one hundred and eighty (180) days in any consecutive twelve (12) month period, with such determination to be made by an approved medical doctor. For this purpose an approved medical doctor shall mean a medical doctor

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selected by the Company and Executive. If the parties cannot agree on a medical doctor, each party shall select a medical doctor and the two doctors shall select a third medical doctor who shall be the approved medical doctor for this purpose.

(c) Termination by the Company for Cause, Voluntary Termination by

Executive, Failure to Renew by Executive. If the Company terminates Executive's

employment for "Cause" (as defined below) or if Executive voluntarily terminates Executive's employment without "Good Reason" (as defined in Section 6(d) below) before the end of the stated term of this Agreement that is then in effect, or if Executive fails to renew this Agreement, then the Company shall pay to Executive within thirty (30) days after the date of such termination Executive's Accrued Compensation (as defined in Section 6(i) below), and nothing more. For purposes of this Agreement, termination for "Cause" shall mean termination because Executive is convicted of a felony involving moral turpitude.

(d) Termination by the Company Without Cause, by Executive for Good

Reason or for Failure by the Company to Renew Agreement Prior to Change in

Control. If Executive's employment is terminated prior to a Change in Control

by the Company without Cause or by Executive for "Good Reason" (defined below), or if the Company fails to renew this Agreement prior to a Change in Control and before Executive reaches the age of 65, then the following shall occur: (1) the Company shall pay to Executive within thirty (30) days after the date of such termination Executive's Accrued Compensation (as defined in Section 6(i) below); (2) the Company shall pay to Executive within thirty (30) days after the date of such termination a lump sum payment

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equal to (i) 1.5 times the then current Base Salary plus (ii) 1.5 times the Annual Target Bonus for Executive established for the incentive year in which such termination occurs; provided, however, that if Executive's employment is terminated because the Company fails to renew this Agreement, then Executive shall be entitled only to (i) one times the then current Base Salary plus (ii) one times the Annual Target Bonus for Executive established for the incentive year in which such termination occurs; (3) Executive, Executive's spouse and covered dependents will be entitled to continued participation in the Company's group health plan(s) at the expense of the Company at the same benefit level at which the Executive and the Executive's spouse and covered dependent(s) participated immediately before the termination of Executive's employment for a period of eighteen (18) months after such termination; provided, however, that if such termination is due to the Company's failure to renew, then the period of participation will only be for one (1) year after such termination, and thereafter for such additional period as may be available under COBRA or under any post-retirement group health plan or arrangement in which Executive participated prior to the termination of Executive's employment; and (4) all outstanding stock options and other equity-type incentives held by Executive at the time of Executive's termination of employment will become fully vested as of the date of such termination (whether or not fully vested immediately prior to Executive's termination) and remain exercisable until their originally scheduled expiration dates.

For the purposes of this Agreement, "Good Reason" means

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(A) any significant reduction by the Company of Executive's duties or responsibilities or the assignment by the Company to Executive of

duties or responsibilities which are materially inconsistent with his duties or responsibilities or the assignment by the Company to Executive of duties or responsibilities which impair his ability to function as Executive Vice President, Organizational Development;

- (B) the failure or refusal by the Company to satisfy any of its compensation obligations under this Agreement or any material reduction of any employee benefit or perquisite enjoyed by Executive other than as part of an across-the-board reduction applicable to all executive officers of the Company; or
- (C) the failure by the Company to perform, or any breach by the Company of, its obligations under any provision of this Agreement which failure or breach is not cured by the Company (if capable of being cured) within ninety (90) days following receipt of notice thereof from Executive to the Company; or
- (D) Executive's primary location of business or the Company's headquarters is moved more than fifty (50) miles from its present location without Executive's prior consent, provided that the participation, advocacy, vote or any other role assumed by Executive in any decision to move such offices more than fifty (50)

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miles from his primary location of business or its present location, as applicable, shall not constitute his personal consent to move his primary location of business or its present location for purposes of this paragraph; or

- (E) any change or reduction of Executive's titles without Executive's prior consent; or
 - (F) the failure of the Company to obtain the assumption in writing of all of its obligations to perform this Agreement by any successor to all or substantially all of the assets of the Company within fifteen (15) days after a merger, consolidation, sale or similar transaction.
- (e) Termination for Performance Reason Prior to a Change in Control.

Executive's employment is terminated by Company prior to a Change in Control for a "Performance Reason" (defined below), then (1) the Company shall pay to Executive within thirty (30) days after the date of such termination Executive's Accrued Compensation (as defined in Section 6(i) below); (2) the Company shall pay to Executive within thirty (30) days after the date of such termination a lump sum payment equal to (i) one times the then current Base Salary plus (ii) one times the Annual Target Bonus for Executive established for the incentive year in which such termination occurs; (3) Executive and Executive's spouse and covered dependents will be entitled to continued participation in the Company's group health plan(s) at the expense of the Company at the same benefit level at which the Executive and the Executive's spouse and covered dependent(s) participated immediately before the termination of Executive's employment

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for a period of twelve (12) months after such termination, and thereafter for such additional period as may be available under COBRA or under any post-retirement group health plan or arrangement in which Executive participated prior to the termination of Executive's employment; and (4) all outstanding stock options and other equity-type incentives held by Executive at the time of Executive's termination of employment will become fully vested as of the date of such termination (whether or not fully vested immediately prior to Executive's termination) and remain exercisable until their originally scheduled expiration dates.

For the purposes of this Agreement, a "Performance Reason" occurs if (i) Executive has engaged in repeated failures to perform and has willfully neglected Executive's material duties in a manner which the Board determines is not reasonably satisfactory to it, (ii) the Board has determined in good faith that such repeated failures to perform and willful neglect have resulted in material harm to the Company, (iii) the Board gives Executive a detailed written description specifying Executive's alleged repeated failures to perform and the Executive's willful neglect of Executive's material duty as well as the material harm suffered by the Company, and provides Executive ninety (90) days to cure such repeated failures to perform and willful neglect and (iv) such repeated failures to perform and willful neglect by Executive continue after the expiration of the ninety (90) day cure period specified in the written notice from the Board.

- (f) Following a Change of Control, Termination by the Company

Without Cause or For Performance Reasons or by Executive for Good Reason. If

Change in Control (defined in Schedule A) occurs and if, within 12 months after

the date on which the Change in Control occurs, Executive's employment is terminated by the Company without Cause or by reason of the Company's failure to renew, or by the Company for a Performance Reason, or by Executive for Good Reason, then (1) the Company shall pay to Executive within thirty (30) days after the date of such termination Executive's Accrued Compensation (as defined in Section 6(i) below); (2) the Company shall pay to Executive within thirty (30) days after the date of such termination a lump sum payment equal to (i) two times the then current Base Salary or two times Executive's annual base salary in effect just prior to the Change in Control, whichever amount is higher, plus (ii) the higher of two times the Annual Maximum Bonus for Executive for the incentive year in which such termination occurs or two times the Annual Maximum Bonus for Executive applicable to the fiscal year preceding the year in which such termination occurs; (3) Executive and Executive's spouse and covered dependents will be entitled to continued participation in the Company's group health plan(s) at the expense of the Company at the same benefit level at which the Executive and the Executive's spouse and covered dependent(s) participated immediately before the termination of Executive's employment for a period of two (2) years after such termination, and, thereafter, for such additional period as may be available under COBRA or under any post-retirement group health plan or arrangement in which Executive participated prior to the termination of Executive's employment; and (4) all outstanding stock options and other equity-type incentives held by executive at the time of Executive's termination of employment will become fully vested as of the date of such termination (whether or not

fully vested immediately prior to Executive's termination) and remain exercisable until their originally scheduled expiration dates.

(g) Notwithstanding anything contained herein to the contrary, if any amounts due to Executive under this Agreement and any other plan or program of the Company constitute a "parachute payment," as such term is defined in Section 280G(b)(2) of the Internal Revenue Code, and the amount of the parachute payment, reduced by all federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Internal Revenue Code, is less than the amount Executive would receive if he were paid three times his "base amount," as defined in Section 280G(b)(3) of the Internal Revenue Code, less \$1.00, reduced by all federal, state and local taxes applicable thereto, then the aggregate of the amounts constituting the parachute payment shall be reduced to an amount that will equal three times his "base amount" less \$1.00. The determinations to be made with respect to this Section 6(g) shall be made by an accounting firm (the "Auditor") jointly selected by the Company and Executive and paid by the Company. The Auditor shall be a nationally recognized United States public accounting firm that has not during the two years preceding the date of its selection acted, in any way, on behalf of the Company or any of its subsidiaries. If Executive and the Company cannot agree on the firm to serve as the Auditor, then Executive and the Company shall each select one such accounting firm and those two firms shall jointly select such accounting firm to serve as the Auditor. If a determination is made by the Auditor that a reduction in the aggregate of all payments due to Executive upon a Change in Control is required by this Section 6(g), Executive shall have the right

to specify the portion of such reduction, if any, that will be made under this Agreement and each plan or program of the Company. If he does not so specify within sixty (60) days following the date of a determination by the Auditor pursuant to the preceding sentence, the Company shall determine, in its sole discretion, the portion of such reduction, if any, to be made under this Agreement and each plan or program of the Company.

(h) Except as otherwise provided in this Agreement, Executive's entitlements under applicable plans and programs of the Company following termination of Executive's employment will be determined under the terms of those plans and programs.

(i) For purposes of this Agreement, the term "Accrued Compensation" means, as of any date, the amount of any unpaid Base Salary earned by Executive through the date of termination of Executive's employment and the amount of any unpaid Annual Bonus earned by Executive through the last day of the fiscal year of the Company immediately preceding the fiscal year in which Executive's employment is terminated, plus any additional amounts and/or benefits payable to or in respect of Executive under and in accordance with the provisions of any employee plan, program or arrangement under which Executive is covered immediately prior to termination of Executive's employment.

7. No Mitigation; No Offset. Executive will have no obligation to

seek other employment or to otherwise mitigate the Company's obligations to Executive arising from the termination of Executive's employment, and no amounts paid or payable

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to Executive by the Company under this Agreement shall be subject to offset for any remuneration in which Executive may become entitled from any other source after Executive's employment with the Company terminates, whether attributable to subsequent employment, self-employment or otherwise except that subsequent employment with an employer providing benefit plans shall result in an offset against benefits payable by the Company hereunder to the extent of the benefits paid by the new employer.

8. Confidential Information; Cooperation with Regard to Litigation.

(a) Nondisclosure of Confidential Information. During the term of

Executive's employment and thereafter, Executive will not, without the prior written consent of the Company, disclose to anyone (except in good faith in the ordinary course of business to a person who will be advised by Executive to keep such information confidential) or make use of any Confidential Information (as defined below). Notwithstanding the foregoing, Executive may disclose Confidential Information if such disclosure or use is required in connection with the performance of Executive's duties hereunder or is required by applicable law, legal process, by any governmental agency having supervisory authority over the business of the Company or any of its Affiliates (as defined in Section 8(b) below) or by any administrative or legislative body (including a committee thereof) that requires Executive to divulge, disclose or make accessible such information. In the event that Executive is so ordered, he will give prompt written notice to the Company in order to allow the Company the opportunity to object to or otherwise resist such order.

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(b) Definition of Confidential Information. For purposes of this

Agreement, "Confidential Information" means information concerning the business of the Company or any corporation or other entity that, directly or indirectly, controls, is controlled by or under common control with the Company (an "Affiliate") relating to any of its or their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies. Excluded from the definition of Confidential Information is information (1) that is or becomes part of the public domain, other than through the breach of this Agreement by Executive or (2) regarding the Company's business or industry properly acquired by Executive in the course of Executive's career as an executive in the Company's industry and independent of Executive's employment by the Company. For this purpose, information known or available generally within the trade or industry of the Company or any Affiliate shall be deemed to be known or available to the public and not to be Confidential Information.

(c) Cooperation in Litigation. Executive will cooperate with the

Company in any manner reasonably requested by the Company, during the term of executive's employment and thereafter (including following Executive's termination of employment for any reason), by making Executive reasonably available to testify on behalf of the Company or any Affiliate of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to reasonably assist the Company or any such Affiliate in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel,

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or representatives or counsel to the Company or any such Affiliate, as reasonably requested; provided, however, that the same does not materially

interfere with Executive's then current professional activities. The Company will reimburse Executive, on an after-tax basis, for all expenses reasonably incurred by Executive in connection with Executive's provision of testimony or assistance and if such assistance is provided after Executive's termination of employment, will pay Executive a per diem rate of \$1,500.

9. Non-solicitation. During the term of Executive's employment and

for a period of 24 months thereafter or the remainder of the Liquidity Period (whichever is longer), Executive will not induce or solicit, directly or indirectly, any employee of the Company or of any Affiliate (other than Executive's secretary) to terminate such employee's employment with the Company or any Affiliate.

10. Remedies. If Executive commits a material breach of any of the

provisions contained in Section 9 above, then the Company will have the right to seek injunctive relief. Executive acknowledges that such a breach of Section 9 could cause irreparable injury and that money damages may not provide an adequate remedy for the Company. Nothing contained herein will prevent Executive from contesting any such action by the Company on the ground that no violation or threatened violation of Section 9 has occurred.

11. Resolution of Disputes. Any controversy or claim arising out of

or relating to is Agreement or any breach or asserted breach hereof or questioning the validity and blinding effect hereof arising under or in connection with this Agreement,

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other than seeking injunctive relief under Section 10, shall be resolved by binding arbitration, to be held in Los Angeles in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Pending the resolution of any arbitration or court proceeding, the Company will continue payment of all amounts and benefits due Executive under this Agreement. All costs and expenses of any arbitration or court proceeding (including fees and disbursements of counsel) shall be borne by the respective party incurring such costs and expenses. Notwithstanding the foregoing, following a Change in Control, all reasonable costs and expenses (including fees and disbursements of counsel) incurred by Executive pursuant to this section shall be paid on behalf of or reimbursed to Executive promptly by the Company; provided, however, that Executive shall repay such amounts to the Company if and to the extent the arbitrator(s) determine(s) that any of Executive's litigation assertions or defenses were in bad faith.

12. Indemnification.

(a) Company Indemnity. If Executive is made a party, or is

threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company or any Affiliate or was serving at the request of the Company or any Affiliate as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such

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Proceeding is Executive's alleged action in an official capacity while serving as a director, officer, member, employee or agent, then the Company will indemnify Executive and hold Executive harmless to the fullest extent legally permitted or authorized by the Company's articles of incorporation, certificate of incorporation or bylaws or resolutions of the Company's Board to the extent not inconsistent with state laws, against all costs, expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by Executive in connection therewith, except to the extent attributable to Executive's gross negligence or fraud, and such indemnification shall continue as to Executive even if he has ceased to be a director, member, officer, employee or agent of the Company or Affiliate and shall inure to the benefit of Executive's heirs, executors and administrators. The Company will advance to Executive all reasonable costs and expenses to be incurred by Executive in connection with a Proceeding within 20 days after receipt by the Company of a written request for such advance. Such request shall include an undertaking by Executive to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses. The provisions of this section shall not be deemed exclusive of any other rights of indemnification to which Executive may be entitled or which may be granted to Executive and shall be in addition to any rights of indemnification to which he may be entitled under any policy of insurance.

(b) No Presumption Regarding Standard of Conduct. Neither the

failure of the Company (including its Board, independent legal counsel or shareholders)

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to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by Executive under the preceding subsection (a) of this section that indemnification of Executive is proper because Executive has met the applicable standard of conduct, nor a determination by the Company (including its Board, independent legal counsel or shareholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of

conduct.

(c) Liability Insurance. The Company will continue and maintain a

directors and officers liability insurance policy covering Executive to the extent the Company provides such coverage for its other senior executive officers.

13. Effect of Agreement on Other Benefits. Except as specifically

provided in this Agreement, the existence of this Agreement shall not be interpreted to preclude, prohibit or restrict Executive's participation in any other employee benefit or other plans or programs in which he currently participates.

14. Assignment; Binding Nature. This Agreement shall be binding upon

and inure to the benefit of the parties and their respective successors, heirs (in the case of Executive) and permitted assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred to the successor of the Company or its business if the assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. No rights or obligations of Executive under this Agreement may be assigned or transferred

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by Executive other than Executive's rights to compensation and benefits, which may be transferred only by will or operation of law, except as otherwise specifically provided or permitted hereunder.

15. Representations. The Company represents and warrants that it is

fully authorized and empowered to enter into this Agreement and that the performance of its obligations under this Agreement will not violate any Agreement between it and any other person, firm or organization. Executive represents and warrants that there is no legal or other impediment which would prohibit Executive from entering into this Agreement or which would prevent Executive from fulfilling Executive's obligations under this Agreement.

16. Entire Agreement. This Agreement contains the entire

understanding and agreement between the parties concerning the subject matter thereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto. No provisions contained in the Repurchase Agreement or any future amendment thereto shall modify this Agreement in any manner whatsoever. To the extent the Repurchase Agreement is inconsistent with this Agreement, including Section 7 hereof, this Agreement shall supercede the Repurchase Agreement.

17. Amendment or Waiver. No provision in this Agreement may be

amended unless such amendment is agreed to in writing and signed by Executive and an authorized officer of the Company. Except as set forth herein, no delay or omission to exercise any right, power or remedy accruing to any party shall impair any such right,

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power or remedy or shall be construed to be a waiver of or an acquiescence to any breach hereof. No waiver by either party of any breach by the other party of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by Executive or an authorized officer of the Company, as the case may be.

18. Severability. In the event that any provision or portion of this

Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

19. Survivorship. The respective rights and obligations of the

parties hereunder shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

20. Beneficiaries/References. Executive shall be entitled, to the

extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following

Executive's death by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative.

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21. Governing Law. This Agreement shall be governed by and

construed and interpreted in accordance with the laws of California without reference to principles of conflict of laws.

22. Notices. Any notice required or permitted to be given by a party

hereto to another party hereto shall be in writing and shall be delivered either (a) by facsimile, (b) by first class mail, postage prepaid, (c) by overnight courier for next business day delivery, or (d) by messenger, in each case addressed to the party concerned at the address of the party indicated below or to such changed address as such party may subsequently give such notice of:

If to the Company: KORN/FERRY INTERNATIONAL
 1800 Century Park East
 Los Angeles, CA 90067
 Attention: Chief Executive Officer

If to Executive: GARY C. HOURIHAN
 2245 Robles Avenue
 San Marino, CA 91108

Any notice so addressed and delivered shall be deemed to have been given (i) if delivered by facsimile, on the date of delivery as indicated by the written confirmation of the senders facsimile machine showing completion of such transmission without error, (ii) if delivered by first-class mail, five (5) days after deposit of such notice in the mail, (iii) if sent by overnight courier for next business day delivery, the business day following deposit of such notice with such courier, or (iv) if delivered by messenger, when delivered to the address specified above.

IN WITNESS WHEREOF, the undersigned have executed this Employment Agreement on the date first above written.

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KORN/FERRY INTERNATIONAL

By: /s/ Windle B. Priem

Windle B. Priem, Chief Executive Officer and President

EXECUTIVE

/s/ Gary C. Hourihan

Gary C. Hourihan

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SCHEDULE A
DEFINITION OF CHANGE IN CONTROL

For purposes of this Agreement, a "Change in Control" shall mean any of the following:

(a) an acquisition by any Person (excluding one or more Excluded Persons) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act or a pecuniary interest in (either comprising "ownership of,") more than 30% of the Common Stock of the

Company or voting securities entitled to then vote generally in the election of directors of the Company ("Voting Stock"), after giving

effect to any new issue in the case of an acquisition from Korn/Ferry International; or

b) Approval by the shareholders of the Company of a plan, or the consummation, of merger, consolidation, or reorganization of the Company or of a sale or other disposition of all or substantially all of the Company's consolidated assets as an entirety (collectively, a "Business Combination"), other than a Business Combination (1) in which all or substantially all of the holders of Voting Stock of the Company hold or receive directly or indirectly 70% or more of the voting stock of the entity resulting from the Business Combination (or a parent company), and (2) after which no Person (other than any one

or more of the Excluded Persons) owns more than 30% of the voting stock of the resulting entity (or a parent company) who did not own directly or indirectly at least that amount of Voting Stock immediately before the Business Combination, and (3) after which one or more Excluded Persons own an aggregate number of shares of voting stock at least equal to the aggregate number of shares of voting stock owned by any other Person who is not an Excluded person (except for any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act), if any, and who owns more than 30% of the voting stock; or

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

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

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were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; provided that for purposes of this clause (d), any directors elected at any time during 1999 shall be deemed to have served on the Board since the beginning of 1999.

Notwithstanding the above provisions in this Schedule A, no Change in Control shall be deemed to have occurred if a Business Combination, as described in paragraph (b) above, is effected and the Incumbent Board, through the adoption of a Board resolution, determines that, in substance, no Change in Control has occurred.

"Company" means Korn/Ferry International, a California Corporation, its successors, and/or its Subsidiaries, as the context requires.

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

"Excluded Person" means

(a) the Company; or

(b) any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act; or

(c) any employee benefit plan of Korn/Ferry International; or

(d) any affiliates (within the meaning of the Exchange Act), successors, or heirs, descendants or members of the immediate families of the individuals identified in party (b) of this definition.

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

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(a) Death. If Executive's employment with the Company terminates

before the end of the term by reason of Executive's death, then the following shall occur: (1) as soon as practicable thereafter and, in any event, not later than the thirtieth (30/th/) day following the date of Executive's death, the Company shall pay to Executive's estate an amount equal to Executive's "Accrued Compensation" (as defined in Section 6(i) below); (2) all outstanding stock options and other equity-type incentives held by Executive at the time of Executive's death will become fully vested as of the date of Executive's death (whether or not fully vested immediately prior to Executive's death) and remain exercisable until their originally scheduled expiration dates; and (3) Executive's spouse and covered dependents will be entitled to continued participation in the Company's group health plan(s) or at the same benefit level and to the same extent, if any, as such continued participation at the expense of the Company is available to the shareholder/officers of the Company generally and, thereafter, for such additional period as may be available under COBRA at their expense.

EXHIBIT 21.1

EXHIBIT 21.1 Following is a list of all subsidiaries of the registrant, complete with the state or other jurisdiction of incorporation or organization of each:

Subsidiaries -----	Jurisdiction -----
1. Korn/Ferry International S.A.	Argentina
2. Korn/Ferry International Pty Limited	Australia
3. Korn/Ferry International Limited Niederlassung	Austria
4. Korn/Ferry International S/C Ltda.	Brazil
5. Korn/Ferry International, Limited	Canada
6. Korn/Ferry Canada, Inc.	Canada
7. Korn/Ferry International, S.A.	Chile
8. Korn/Ferry International (China) Limited	China
9. Korn/Ferry International spol.s.r.o	Czech Republic
10. Korn/Ferry International A/S	Denmark
11. Korn/Ferry International Oy	Finland
12. Didier, Vuchot et Associes	France
13. Korn/Ferry International & Cie, S.N.C.	France
14. Korn/Ferry International GmbH	Germany
15. Korn/Ferry International SA	Greece
16. Korn/Ferry International (Asia Pacific) Limited	Hong Kong
17. Korn/Ferry International (H.K.) Limited	Hong Kong
18. Korn/Ferry International Budapest Individual Consulting and Service Ltd.	Hungary
19. Korn/Ferry Consultants India Private Limited	India
20. Korn/Ferry Investment India Limited	India
21. PT. Korn/Ferry International	Indonesia
22. Korn/Ferry International S.R.L.	Italy
23. Korn/Ferry International-Japan	Japan
24. Korn/Ferry International (Korea) Limited	Korea
25. Agensi Pekerjaan Korn/Ferry International (Malaysia) Sdn. Bhd.	Malaysia
26. Korn/Ferry Internacional del Norte, S.A. de C.V.	Mexico
27. Korn/Ferry International S.A. de C.V.	Mexico
28. Postgraduados y Especialistas, S.A. de C.V.	Mexico
29. Korn/Ferry International B.V.	Netherlands
30. Korn Ferry International NZ Limited	New Zealand
31. Korn/Ferry International AS	Norway
32. Korn/Ferry International - Peru S.A.	Peru
33. Korn/Ferry International S.p.z o.o.	Poland
34. Korn/Ferry International Srl.	Romania
35. Korn/Ferry International Pte. Ltd.	Singapore
36. Korn/Ferry International, spol.s.r.o.	Slovakia

37.	Korn/Ferry International S.A.	Spain
38.	Korn/Ferry International AB	Sweden
39.	bgu Beratungsgesellschaft fur Unternehmensentwicklung AG	Switzerland
40.	DFR-Beteiligungs AG	Switzerland
41.	DR-Miro AG	Switzerland
42.	DRF-DR Miro SA	Switzerland
43.	Korn-Ferry (Switzerland) Ltd	Switzerland
44.	Korn-Ferry International SA	Switzerland
45.	Korn-Ferry S.A., Geneve	Switzerland
46.	REMCO Research & Management Consulting Services S.A.	Switzerland
47.	Korn/Ferry (Thailand) Limited	Thailand
48.	Korn/Ferry International Executive Recruitment (Thailand) Limited	Thailand
49.	Korn/Ferry International Musavirlik Limited Sirketi	Turkey
50.	Carre Orban & Partners, Ltd.	United Kingdom
51.	Korn/Ferry International, Limited	United Kingdom
52.	Pintab Associates Limited	United Kingdom
53.	Avery & Associates, Inc.	United States, California
54.	Continental American Management Corp.	United States, California
55.	Korn/Ferry International Holding India	United States, California
56.	KFI-LK, Inc.	United States, California
57.	Korn/Ferry S.A.	United States, California
58.	Pearson, Caldwell & Farnsworth, Inc.	United States, California
59.	Korn/Ferry International Futurestep, Inc.	United States, Delaware
60.	Korn/Ferry International Worldwide, Inc.	United States, Delaware
61.	Webb, Johnson, & Pratzner Inc.	United States, New York
62.	Korn/Ferry International Consultores Asociados, C.A.	Venezuela
63.	Korn/Ferry International de Venezuela, C.A.	Venezuela
64.	K/F Selection Venezuela, C.A.	Venezuela

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File No. 333-73147.

/s/ Arthur Andersen LLP

Los Angeles, California
July 28, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM KORN/FERRY INTERNATIONAL AND SUBSIDIARIES FOR THE FISCAL YEAR ENDED APRIL 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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