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

FORM 10-Q

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

For the quarterly period ended October 31, 2001 or

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

For the transition period from _____________ to ________________

Commission File Number 001-14505

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

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

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

(310) 556-8553
(Registrant's telephone number, including area code)

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

The number of shares outstanding of our common stock as of December 14, 2001 was 37,786,860.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	As of October 31, 2001 (unaudited)	As of April 30, 2001
ASSETS		
Cash and cash equivalents	$ 55,944	$ 88,463
Marketable securities	545	16,397
Receivables due from clients, net of allowance for doubtful accounts of $10,964 and $13,319	73,338	91,513
Income tax and other receivables	30,840	11,299
Deferred income taxes	6,069	8,821
Prepaid expenses	11,402	9,909
Total current assets	178,138	226,402
Property and equipment:		
Computer equipment and software	50,136	48,715
Furniture and fixtures	22,236	24,223
Leasehold improvements	23,937	23,814
Automobiles	1,467	1,889
	97,776	98,641
Less - Accumulated depreciation and amortization	(50,139)	(43,652)
Property and equipment, net	47,637	54,989
Cash surrender value of company owned life insurance policies, net of loans	54,247	54,361
Marketable securities and other investments	5,294	6,894
Deferred income taxes	28,607	24,942
Goodwill, net of accumulated amortization of $15,101 and $17,718	83,967	126,006
Intangibles, net of accumulated amortization of $3,615 and $3,154	1,257	2,060
Other	4,341	4,675

Total assets	$403,488	$500,329
	========	========

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS - (Continued)
(in thousands, except per share amounts)

<TABLE>
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<S>	As of October 31, 2001 (unaudited) <C>	As of April 30, 2001 <C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable and current maturities of long-term debt	$ 59,278	$ 11,881
Accounts payable	7,126	13,360
Income taxes payable	945	2,728
Compensation and related taxes	29,238	110,702
Other accrued liabilities	49,691	32,523
	--------	--------
Total current liabilities	146,278	171,194
Deferred compensation	44,873	41,522
Long-term debt	8,891	11,842
Other	2,150	2,319
	--------	--------
Total liabilities	202,192	226,877
	--------	--------
Non-controlling shareholders' interest	4,503	3,286
	--------	--------
Shareholders' equity		
Common stock: $0.01 par value, 150,000 shares authorized, 38,481 and 38,082 shares issued and 37,787 and 37,516 shares outstanding	301,537	296,069
Deficit	(82,328)	(4,602)
Unearned restricted stock compensation	(4,113)	
Accumulated other comprehensive loss	(15,244)	(16,598)
	========	========
Shareholders' equity	199,852	274,869
Less: Notes receivable from shareholders	(3,059)	(4,703)
	========	========
Total shareholders' equity	196,793	270,166
	========	========
Total liabilities and shareholders' equity	$403,488	$500,329
	========	

========
</TABLE>

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

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

<TABLE>
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	Three Months Ended October 31,		Six Months Ended October 31,	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
<S>	<C>	<C>	<C>	<C>
Revenue	$108,949	$173,621	$223,392	$347,244
Compensation and benefits	72,514	102,780	148,902	209,339
General and administrative expenses	36,260	57,253	77,238	105,777
Asset impairment and restructuring charges	34,839		84,267	
Interest income and other income, net	657	592	1,367	2,317
Interest expense	2,163	2,094	3,714	3,775
Income (loss) before provision for income taxes and non-controlling shareholders' interest	(36,170)	12,086	(89,362)	30,670
(Benefit from) provision for income taxes	(6,253)	4,879	(13,546)	12,685
Non-controlling shareholders' interest	950	1,099	1,910	1,870
Net income (loss)	$(30,867)	$ 6,108	$(77,726)	$ 16,115
Basic earnings (loss) per common share	$ (0.82)	$ 0.16	$ (2.07)	$ 0.43
Basic weighted average common shares outstanding	37,519	37,271	37,539	37,081
Diluted earnings (loss) per common share	$ (0.82)	$ 0.16	$ (2.07)	$ 0.42
Diluted weighted average common shares outstanding	37,519	39,146	37,539	38,656

</TABLE>

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

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

<TABLE>
<CAPTION>

	Six Months Ended October 31,	
	2001	2000
	(unaudited)	
<S>	<C>	<C>
Cash from operating activities:		
Net income (loss)	$(77,726)	$ 16,115
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	8,563	6,881
Amortization of goodwill		5,639
Amortization of intangible assets	461	215
Amortization of note payable discount	247	360
Loss on disposition of property and equipment	127	534
Provision for doubtful accounts	7,636	10,138
Cash surrender value (gains) losses and benefits in excess of premiums paid	125	(2,473)
Deferred income tax benefit	(5,809)	(5,468)
Tax benefit from exercise of stock options	188	2,597
Asset impairment charge, including $250 in accrued liabilities	53,979	
Restructuring charge, including $19,013 in accrued liabilities	20,776	
Restricted stock compensation	371	
Change in other assets and liabilities, net of acquisitions:		
Deferred compensation	3,351	3,011
Receivables	(9,032)	(35,542)
Prepaid expenses	(1,542)	(3,198)
Income taxes	969	(854)
Accounts payable and accrued liabilities	(89,377)	(30,175)
Non-controlling shareholders' interest and other, net	1,433	1,468
Net cash used in operating activities	(85,260)	(30,752)
Cash from investing activities:		
Purchase of property and equipment	(7,450)	(12,803)
Purchases of marketable securities		(8,000)
Sale of marketable securities	15,852	61,107
Business acquisitions, net of cash acquired	(513)	(44,257)
Premiums on life insurance, net of benefits received	(2,591)	(3,365)
Purchase of investments		(2,570)
Net cash provided by (used in) investing activities	5,298	(9,888)
Cash from financing activities:		
Net borrowings on credit line	48,000	15,000
Payment of shareholder acquisition notes	(3,650)	(806)
Borrowings under life insurance policies	2,580	395
Purchase of common stock and payment on related notes	(531)	

		(291)
Issuance of common stock and receipts on shareholders' notes	2,652	7,721
	--------	--------
Net cash provided by financing activities	49,051	22,019
	--------	--------
Effect of exchange rate changes on cash flows	(1,608)	(1,530)
	--------	--------
Net decrease in cash and cash equivalents	(32,519)	(20,151)
Cash and cash equivalents at beginning of the period	88,463	86,975
	--------	--------
Cash and cash equivalents at end of the period	$ 55,944	$ 66,824
	========	========

</TABLE>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(in thousands, except per share amounts)

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements for the three months and six months ended October 31, 2001 and 2000 include the accounts of Korn/Ferry International ("KFY"), all of its wholly and majority owned domestic and international subsidiaries, and affiliated companies in which KFY has effective control (collectively, the "Company") and are unaudited but include all adjustments, consisting of normal recurring accruals and any other adjustments, which management considers necessary for a fair presentation of the results for these periods. These financial statements have been prepared consistently with the accounting policies described in the Company's Annual Report on Form 10-K for the fiscal year ended April 2001 ("Annual Report") and should be read together with the Annual Report.

Use of Estimates

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

Reclassifications

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

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". In conjunction with these new accounting standards the FASB has issued "Transition Provisions for New Business Combination Accounting Rules" ("Provisions") that allow non-calendar year-end companies to cease amortization of goodwill and adopt the new impairment approach as of the beginning of their fiscal year that starts during either 2001 or 2002. The Company elected to implement SFAS No. 141 and No. 142 in the first quarter of fiscal 2002.

The Provisions provide for a six month period from the date of implementation of SFAS No. 142 to record impairment under the new method. The impairment charge, if any, would be recorded as a cumulative effect of a change

in accounting principle. The Company completed this impairment analysis in the second fiscal quarter of 2002. The fair value exceeded the book value of each reporting unit or component and accordingly, there was no impairment charge. The impact on operating results from the implementation of this pronouncement related to the elimination of goodwill amortization of $2,981 and $5,982 for the three months and six months ended October 31, 2001, respectively.

The asset impairment charges recognized in the first and second fiscal quarters of 2002 are unrelated to the implementation of SFAS No. 142. "See Note 4".

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The purpose of this statement is to develop consistent accounting of asset retirement obligations and related costs in the financial statements and provide more information about future cash outflows, leverage and liquidity regarding retirement obligations and the gross investment in long-lived assets. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company does not believe that the adoption of this statement will have a significant impact on the Company's financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This statement establishes a number of rules which govern accounting for the impairment of long-lived assets, eliminates inconsistencies from having two accounting models for long-lived assets to be disposed of by sale and expands the definition of a discontinued operation to a component of an entity for which identifiable cash flows exist. The statement is effective for fiscal years beginning after December 15, 2002. The Company does not believe that the adoption of this statement will have a significant impact on the Company's financial position or results of operations.

2. 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") reflects the potential dilution that would occur if the outstanding options or other contracts to issue common stock were exercised or converted and was computed by dividing the net income (loss) by the weighted average number of shares of common stock 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>

	Three months ended October 31,					
	2001			2000		
	(Loss)	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS						
Income (loss) available to common shareholders	$(30,867)	37,519	$ (0.82)	$ 6,108	37,271	$ 0.16
Effect of dilutive securities						
Shareholder common stock purchase commitments					267	
Stock options					1,608	

Diluted EPS						
Income (loss) available to common shareholders plus assumed conversions	$(30,867)	37,519	$ (0.82)	$ 6,108	39,146	$ 0.16
	========	========	==========	==========	========	==========

</TABLE>

<TABLE>
<CAPTION>

	Six months ended October 31,					
	2001			2000		
	(Loss)	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS						
Income (loss) available to common shareholders	$(77,726)	37,539	$(2.07)	$16,115	37,081	$0.43
			======			=====
Effect of dilutive securities						
Shareholder common stock purchase commitments					297	
Stock options					1,278	
	--------	-------		-------	-------	
Diluted EPS						
Income (loss) available to common shareholders plus assumed conversions	$(77,726)	37,539	$(2.07)	$16,115	38,656	$0.42
	========	=======	======	=======	=======	=====

</TABLE>

Assumed exercises or conversions have been excluded in computing the diluted earnings per share when there is a net loss for the period. They have been excluded because their inclusion would reduce the loss per share or be antidilutive. If the assumed exercises or conversions had been used, the fully diluted shares outstanding for the three months and six months ended October 31, 2001 would have been 37,650 and 37,743, respectively.

3. Comprehensive income (loss)

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

Total comprehensive income (loss) is as follows:

<TABLE>
<CAPTION>

	Three months ended October 31,		Six months ended October 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net income (loss)	$ (30,867)	$ 6,108	$(77,726)	$16,115
Foreign currency translation adjustment	(535)	(4,548)	(1,608)	

				(3,732)
Unrealized loss on investment, net of tax benefit of $1,037		(1,431)		(1,431)
Reclassification adjustment for losses realized in net income (loss), net of tax benefit of $2,145			2,962	-
Comprehensive income (loss)	$ (31,402)	$ 129	$(76,372)	$10,952

</TABLE>

Accumulated other comprehensive loss is comprised of:

<TABLE>
<CAPTION>

<S>	Foreign Currency <C>	Loss on Securities <C>	Accumulated Other Comprehensive Loss <C>
Beginning balance at May 1, 2001	$(13,636)	$(2,962)	$(16,598)
Activity through October 31, 2001	(1,608)	2,962	1,354
Ending balance at October 31, 2001	$(15,244)	$ -	$(15,244)

</TABLE>

Due to certain restructuring activities taken by the Company, as discussed in Note 4, the extended decline in the stock market and other factors, the Company believes that the loss in value related to certain equity securities is no longer temporary in nature and reclassified the loss to net income (loss) in the three months ended July 31, 2001. The reclassification adjustment excluded an unrealized holding loss of $1,157, net of a tax benefit of $486, arising in the three months ended July 31, 2001. In the three months ended October 31, 2001, the Company recognized an unrealized holding loss related to this investment of $257, included in other income.

4. Asset Impairment and Restructuring Charges

Based on deteriorating economic conditions encountered in the first fiscal quarter of 2002, the Company began developing a series of restructuring initiatives to address the cost structure and to reposition the enterprise to gain market share and take full advantage of any economic uptrend. The immediate goals of these restructuring initiatives are to reduce losses, preserve top employees and maintain high standards of client service.

In August 2001, the Company announced a series of these business realignment initiatives. The Company estimated that these initiatives would result in a total charge against earnings in fiscal 2002 of approximately $86 million, which would impact both the first and second fiscal quarters. The Company finalized these realignment initiatives during the three months ended October 31, 2001 and recognized a total charge of $84.3 million. The charge reflects costs associated with a decision to reduce the work force by nearly 25%, or over 600 employees; consolidate all back-office functions for Futurestep and Korn/Ferry; discontinue the operations of JobDirect and write-down other related assets and goodwill. Restructuring activities occurred primarily in the second quarter, however, certain

business units took actions approved by senior management in the first quarter in response to a decline in revenue in the first two months of that quarter.

Operating results include asset impairment and restructuring charges related to the following business segments:

<TABLE>
<CAPTION>

	Three Months ended October 31, 2001				
	Asset Impairment		Restructuring		
<S>	Goodwill <C>	Other <C>	Severance <C>	Facilities <C>	Total <C>
Executive recruitment					

North America	$ 2,745	$ 711	$ 7,789	$ 5,490	$16,735
Europe			1,710	865	2,575
Asia/Pacific		15	1,704	70	1,789
Futurestep		2,694	1,517	6,144	10,355
JobDirect		1,369	843	1,173	3,385
Total	$ 2,745	$ 4,789	$13,563	$13,742	$34,839

<CAPTION>

	Six Months ended October 31, 2001				
	Asset Impairment		Restructuring		
	Goodwill	Other	Severance	Facilities	Total
<S>	<C>	<C>	<C>	<C>	<C>
Executive recruitment					
North America	$13,975	$ 711	$ 8,773	$ 5,490	$28,949
Europe			3,488	865	4,353
Asia/Pacific		15	1,761	70	1,846
Futurestep		8,958	1,681	6,144	16,783
JobDirect	28,951	1,369	843	1,173	32,336
Total	$42,926	$11,053	$16,546	$13,742	$84,267

</TABLE>

The asset impairment charge related to goodwill was based on an analysis of future undiscounted cashflows that indicated that goodwill was impaired. The charge represents the excess of the carrying value over fair value, based on a discounted cashflow method. The other asset impairment charge is primarily related to property and equipment and other investments. The facilities restructuring charge reflects lease costs net of estimated sublease income and includes the write-off of related leasehold improvements.

In executive recruitment, the impaired goodwill related to the acquisition in July 2000 of the Westgate Group, an executive recruitment firm specializing in financial services in the eastern United States, and Webb Johnson, a New York subsidiary of Pratzer and Partners in Toronto, acquired in April 2000. All of the consultants of the acquired Westgate Group had terminated employment by August 2001 and the impairment charge of $11,230 was recognized in the three months ended July 31, 2001. The former shareholders of Webb Johnson re-acquired the shares of this entity in November 2001 and the impairment charge of $2,745 was recognized in the three months ended October 31, 2001. The other asset impairment charge of $726 resulted from the write-down of furniture, fixtures and equipment to be disposed of as part of the restructuring to fair value less cost to sell. The restructuring charge for executive recruitment severance of $11,203 and $14,022 recognized in the three months and six months ended October 31, 2001, respectively, includes 147 and 221 employees in North America, 167 and 225 employees in Europe, and 37 and 41 employees in Asia/Pacific. The facilities restructuring charge in executive recruitment recognized in the three months ended October 31, 2001 of $6,425 relates primarily to lease termination costs, net of estimated sublease income, for excess space in ten executive recruitment offices due to the reduction in workforce. The charge also includes $330 related to unamortized leasehold improvements.

The Futurestep asset impairment and restructuring charges result from the restructuring of operations to streamline the business. The asset impairment charge includes a recognized loss of $6,264 in the three months ended July 31, 2001 on an investment in a strategic relationship that will not be developed with the integration of Futurestep and executive recruitment support services (see Note 3). The asset impairment charge in the three months ended

October 31, 2001 of $2,694 includes $801 for the write-down of excess furniture, fixtures and equipment to fair value less cost to sell and the write-off of capitalized software costs of $1,893 due to the integration of Futurestep and Korn/Ferry information technology support services. The Futurestep restructuring charges of $1,517 and $1,681 for severance in the three months and six months ended October 31, 2001, respectively, are for 76 employees severed in the current three month period and eight employees severed in the three months ended July 31, 2001. The facilities restructuring charge of $6,144 recognized in the three months ended October 31, 2001 relates to five Futurestep offices that were closed as employees were co-located with executive recruitment in North America. The charge also includes $1,622 related to the write-off of unamortized leasehold improvements.

JobDirect, an online recruiting service focused on college graduates and entry level professionals, was acquired in July 2000. Although the college market is very large and attractive, this market was severely impacted by the

recent economic downturn. The Company views this market favorably; however, given the loss profile and cash requirements at the current level of operations, the Company needed to make choices of resource allocation among the various business operations. As a result, the Company decided to pursue a more conservative approach towards the college market in August 2001 and scaled back the operations of JobDirect to reduce the loss profile and cash requirements. Based upon this revised outlook, the projection of undiscounted cashflow indicated that the goodwill for JobDirect was impaired. The asset impairment charge related to JobDirect goodwill of $28,951 was recorded in the three months ended July 31, 2001. In the three months ended October 31, 2001, the Company decided to exit the college market and completely discontinue the operations of JobDirect. As a result, the Company recognized an other asset impairment charge of $1,369, primarily comprised of the write-down of furniture, fixtures and equipment at facilities that will be or have been closed to fair value less cost to sell. The Company also recognized a restructuring charge comprised of severance of $843 for 70 employees and $1,173, including the write-off of leasehold improvements of $61, for lease termination costs in excess of estimated sublease income for its three offices.

Included in accrued liabilities is $7,776 of severance restructuring costs and $11,237 of facilities restructuring costs. The severance accrual includes amounts paid monthly and lump sum amounts that have not been paid. These liabilities are expected to be paid in full by October 31, 2002. The accrued liability for facilities costs relates to lease payments, net of sublease income, that will be paid over the next two to ten years.

5. Business segments

The Company operates in three business segments in the recruitment industry. In retained recruitment, the Company operates in two global business segments, executive recruitment and Futurestep. These segments 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. Futurestep's worldwide operations are managed by an operating group comprised of a president of operations for North America and Asia and a president of operations for Europe. The regional presidents and this operating group report directly to the Chief Executive Officer of the Company. With the acquisition of JobDirect in fiscal 2001, the Company expanded into the related college recruitment market. The Company will exit this business segment by December 31, 2001 (See Note 4). For purposes of the geographic information below, Mexico's operating results are included in Latin America.

A summary of the Company's operations (excluding interest income and other income, and interest expense) by business segment follows:

<TABLE>
<CAPTION>

	Three months ended October 31,		Six months ended October 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Revenue:				
Executive recruitment:				
North America	$ 53,275	$ 93,474	$105,738	$189,450
Europe	25,571	34,409	52,932	68,302
Asia/Pacific	9,891	13,468	21,315	26,650
Latin America	7,379	9,501	15,357	18,337
Futurestep	12,310	21,100	26,647	42,681
JobDirect	523	1,669	1,403	1,824
Total revenue	$108,949	$173,621	$223,392	$347,244

</TABLE>

<TABLE>

<CAPTION>

	Three months ended October 31,		Six months ended October 31,	
	2001	2000	2001	2000
Operating profit (loss) before asset impairment and restructuring charges				
Executive recruitment:				
North America	$ 7,871	$ 18,239	$ 8,540	$ 36,775
Europe	(2,779)	4,992	(1,608)	9,849
Asia/Pacific	(694)	1,810	(266)	3,584
Latin America	1,551	2,618	3,337	4,865
Futurestep	(4,055)	(10,033)	(7,799)	(18,547)
JobDirect	(1,719)	(4,038)	(4,952)	(4,398)
Subtotal operating profit (loss) before asset impairment and restructuring charges	$ 175	$ 13,588	$ (2,748)	$ 32,128
Asset impairment and restructuring charge (Note 4)	34,839		84,267	
Total operating profit (loss)	$(34,664)	$ 13,588	$(87,015)	$ 32,128

</TABLE>

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

Forward-looking Statements

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

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

Overview

We are the world's preeminent recruitment firm with the broadest global presence in the recruitment industry. Our services include executive recruitment, middle-management recruitment (through Futurestep) and other related services including management assessment. 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. Over half of the executive recruitment searches we performed in fiscal 2001 were for board level, chief executive and other senior executive officer positions and our 5,236 clients included nearly half of the Fortune 500 companies. We have established strong client loyalty; more than 81% of the executive recruitment assignments we performed in fiscal 2001 were on behalf of clients for whom we had conducted multiple assignments over the last three fiscal years.

Based on deteriorating economic conditions, in the quarter ended July 31, 2001, we began developing a series of restructuring initiatives to address our cost structure and to reposition the enterprise to gain market share and take full advantage of the eventual economic recovery. Our immediate goals were to reduce losses, preserve our top producers and maintain our high standards of client service.

In August 2001, we announced a series of these business realignment initiatives designed to reduce expenses in response to the current economic environment and to reposition our company to take advantage of the increase in the demand for recruitment services when the economy improves. These initiatives resulted in a total charge against earnings in the first six months of fiscal 2002 of approximately $84 million. The charge reflects costs associated with a decision to reduce the workforce by approximately 25%, or over 600 employees; consolidate all back-office functions for Futurestep and Korn/Ferry; exit the college recruitment market and write-down related assets and goodwill.

The following table summarizes the asset impairment and restructuring charge:

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	Three Months ended October 31, 2001				
	Asset Impairment		Restructuring		
	Goodwill	Other	Severance	Facilities	Total
<S>	<C>	<C>	<C>	<C>	<C>
Executive recruitment	$ 2,745	$ 726	$ 11,203	$ 6,425	$ 21,099
Futurestep		2,694	1,517	6,144	10,355
JobDirect		1,369	843	1,173	3,385
Total	$ 2,745	$ 4,789	$ 13,563	$ 13,742	$ 34,839

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	Six Months ended October 31, 2001				
	Asset Impairment		Restructuring		
	Goodwill	Other	Severance	Facilities	Total
<S>	<C>	<C>	<C>	<C>	<C>
Executive recruitment	$ 13,975	$ 726	$ 14,022	$ 6,425	$ 35,148
Futurestep		8,958	1,681	6,144	16,783
JobDirect	28,951	1,369	843	1,173	32,336
Total	$ 42,926	$ 11,053	$ 16,546	$ 13,742	$ 84,267

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See "Note 4 to Consolidated Financial Statements" for a complete description of the components of this charge.

In the first quarter of fiscal 2002, we recognized a charge of $49.4 million comprised of $46.4 million related to asset impairments, primarily goodwill, and $3.0 million related to severance and benefits for 144 employees terminated primarily in July 2001.

In the second quarter of fiscal 2002, we recognized a charge of $34.8 million comprised of $7.5 million related to asset impairments, primarily impairment of property and equipment at downsized or closed offices; $13.6 million related to severance and benefits for 497 employees notified of termination or terminated in the second quarter; and $13.7 million related to facilities rationalization, primarily lease costs, net of sublease income and impairment of related leasehold improvements.

The largest component of this $84.3 million charge is related to our investment in JobDirect, acquired in July 2000. Although the college market is very large and attractive, this market was severely impacted by the recent economic downturn. Given the loss profile and cash requirements at the current level of operations, we needed to make choices of resource allocation among the

various business operations. As a result, in August 2001, we decided to pursue a more conservative approach towards the college market and scale back the operations of JobDirect to reduce its prospective loss profile and cash requirements. Based upon this revised outlook, the projection of undiscounted cashflow indicated that the goodwill for JobDirect was impaired. The asset impairment charge related to JobDirect goodwill of $29.0 million was recorded in the three months ended July 31, 2001. In October 2001, we decided to exit the college recruitment market and recognized an asset impairment and restructuring charge of $3.4 million comprised of severance costs for 70 employees; lease termination costs, net of estimated sublease income; and the write-down of related property and equipment to fair value less cost to sell.

At this time, we see no indications of improving trends and anticipate the revenue for the third fiscal quarter of 2002 to be less than the second fiscal quarter of 2002, due to additional seasonal effects and continued weakness in the economy worldwide. In line with our view on the continuing economic uncertainty and the consequent revenue guidance for the third fiscal quarter of 2002, we anticipate a loss per share of $0.10 to $0.15 for the three months ended January 31, 2002.

Results of Operations

The following table summarizes the results of our operations for the three months and six months ended October 31, 2001 and 2000 as a percentage of revenue:

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	Three months ended October 31,		Six months ended October 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Revenue	100%	100%	100%	100%
Compensation and benefits (1)	67	59	67	60
General and administrative expenses	33	33	35	30
Asset impairment and restructuring charges	32		38	
Operating profit (loss) (2)	(32)	8	(39)	9
Net income (loss) (3)	(28)	4	(35)	5

</TABLE>

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(1) Includes a credit of $4.2 million and $3.4 million in the three months and six months ended October 31, 2001, respectively, resulting from the reversal of substantially all of our contribution to the 401(k) plan that will not be paid.

(2) Excluding the asset impairment and restructuring charges in fiscal 2002 and, for comparability (under SFAS No. 142), goodwill amortization in fiscal 2001, operating profit (loss) as a percentage of revenue is breakeven and 10% for the three month periods ending October 31, 2001 and 2000, respectively, and (1%) and 11% for the six month periods ending October 31, 2001 and 2000, respectively.

(3) Excluding the asset impairment and restructuring charges in fiscal 2002 and, for comparability (under SFAS No. 142), goodwill amortization in fiscal 2001, net income (loss) as a percentage of revenue is (1%) and 5% for the three month periods ending October 31, 2001 and 2000, respectively, and (2%) and 6% for the six month periods ending October 31, 2001 and 2000, respectively.

The weakness in the global economy this period has resulted in decreases in revenue in all of our business lines and geographic regions compared to the same period last year.

For the three months and six months ended October 31, 2001, we experienced a decline in executive recruitment revenue and in operating profit (loss), excluding asset impairment and restructuring charges, in all geographic regions compared to the same period last year. The decline is due primarily to the slowdown of the United States economy that contributed to a $83.7 million or 44% decline in executive recruitment revenue in North America for the six months ended October 31, 2001 compared to the same period last year. We include executive recruitment revenue generated from our operations in Mexico with Latin America.

The decline in Futurestep revenue of 38% for the six months ended October 31, 2001 compared to the same period last year reflects a decline in all geographic regions attributable to the weakness in the global economy. Futurestep operations in North America experienced the largest decline compared to the same period last year and reflects a decline in both the number of engagements and the average fee per engagement.

The following table summarizes the results of our operations by business segment for the three months and six months ended October 31, 2001 and 2000:

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	Three Months Ended October 31,				Six Months Ended October 31,			
	2001		2000		2001		2000	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Revenue								
Executive recruitment:								
North America	$ 53,275	49%	$ 93,474	54%	$105,738	47%	$189,450	55%
Europe	25,571	24	34,409	20	52,932	24	68,302	20
Asia/Pacific	9,891	9	13,468	8	21,315	9	26,650	8
Latin America	7,379	7	9,501	5	15,357	7	18,337	5
Futurestep	12,310	11	21,100	12	26,647	12	42,681	12
JobDirect	523		1,669	1	1,403	1	1,824	1
Total revenue	$108,949	100%	$173,621	100%	$223,392	100%	$347,244	100%

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	Three Months Ended October 31,				Six Months Ended October 31,			
	2001		2000		2001		2000	
	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Operating profit (loss)								
Executive recruitment:								
North America	$ (8,864)	(17)%	$ 18,239	20%	$(20,409)	(19)%	$ 36,775	19%
Europe	(5,354)	(21)	4,992	15	(5,961)	(11)	9,849	14
Asia/Pacific	(2,483)	(25)	1,810	13	(2,112)	(10)	3,584	13
Latin America	1,551	21	2,618	28	3,337	22	4,865	27
Futurestep	(14,410)		(10,033)		(24,582)		(18,547)	
JobDirect	(5,104)		(4,038)		(37,288)		(4,398)	
Total operating profit (loss)	$(34,664)	(32)%	$ 13,588	8%	$(87,015)	(39)%	$ 32,128	9%

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Three Months Ended October 31,		Six Months Ended October 31,	
2001	2000	2001	2000

	Dollars(1)	%	Dollars(2)	%	Dollars(1)	%	Dollars(2)	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Pro forma operating profit (loss) (1) (2)								
Executive recruitment:								
North America	$ 7,871	15%	$19,786	21%	$ 8,540	8%	$ 39,722	21%
Europe	(2,779)	(11)	5,537	16	(1,608)	(3)	11,003	16
Asia/Pacific	(694)	(7)	1,883	14	(266)	(1)	3,733	14
Latin America	1,551	21	2,618	28	3,337	22	4,865	27
Futurestep	(4,055)	(33)	(9,618)	(46)	(7,799)	(29)	(17,721)	(42)
JobDirect	(1,719)		(3,531)		(4,952)		(3,835)	
Total pro forma operating profit (loss) (1) (2)	$ 175	0%	$16,675	10%	$(2,748)	(1)%	$ 37,767	11%

</TABLE>

(1) Fiscal 2002: Pro forma operating loss for the three months ended October 31, 2001 excludes asset impairment and restructuring charges of: $16,735 in North America, $2,575 in Europe, $1,789 in Asia/Pacific, $10,355 in Futurestep and $3,385 in JobDirect. In the six months ended October 31, 2001, pro forma operating profit excludes asset impairment and restructuring charges of $28,949 in North America, $4,353 in Europe, $1,846 in Asia/Pacific, $16,783 in Futurestep and $32,336 in JobDirect.

(2) Fiscal 2001: We adopted SFAS No. 142 "Goodwill and Other Intangible Assets" as of the beginning of the current fiscal year. For comparability, pro forma operating profit for the three months ended October 31, 2000 excludes goodwill amortization of $1,547 in North America, $545 in Europe, $73 in Asia/Pacific, $415 in Futurestep and $507 in JobDirect. Pro forma operating profit for the six months ended October 31, 2000 excludes goodwill amortization of $2,947 in North America, $1,154 in Europe, $149 in Asia/Pacific, $826 in Futurestep and $563 in JobDirect.

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

Three Months Ended October 31, 2001 Compared to Three Months Ended October 31, 2000

Revenue. Revenue decreased $64.7 million, or 37%, to $108.9 million for the three months ended October 31, 2001 from $173.6 million for the three months ended October 31, 2000. This decrease in revenue was primarily the result of a decrease in both the number of engagements in executive recruitment and a decrease in both the number of engagements and the average fee per engagement at Futurestep.

In North America, revenue decreased $40.2 million, or 43%, to $53.3 million for the three months ended October 31, 2001 from $93.5 million for the comparable period in the prior year. This revenue decline is due mainly to the downturn in the U.S. economy resulting in a decrease in the number of engagements, partially offset by an increase in the average fee per engagement. The decrease in revenue is reflected in all specialties, with the largest declines in advanced technology and financial services and the smallest percentage decline in healthcare. The average number of consultants decreased eight percent compared to the same period last year; however, the average engagement per consultant and average fee per consultant decreased approximately 40%.

Revenue in Europe decreased $8.8 million, or 26%, to $25.6 million for the three months ended October 31, 2001 from $34.4 million for the comparable period in the prior year. The effect of foreign currency translation into U.S.

dollars was not material. The decrease in revenue is mainly due to a decrease in the number of engagements partially offset by an increase in the average fee per engagement.

In Asia/Pacific, revenue decreased $3.6 million, or 27%, to $9.9 million for the three months ended October 31, 2001 from $13.5 million for the three months ended October 31, 2000 primarily due to a decrease in both the number of engagements and the average fee per engagement and includes a decline of five

percent due to the negative effects of translation into the U.S. dollar.

The decrease in revenue in Latin America of $2.1 million, or 22%, to $7.4 million for the three months ended October 31, 2001 from $9.5 million for the comparable three month period in fiscal 2000 is due to a decline in the number of engagements partially offset by an increase in the average fee per engagement. The largest reported decrease was in Brazil, where nearly 40% of the reported decline resulted from the negative effect of translation into U.S. dollars.

Futurestep revenue declined $8.8 million, or 42%, to $12.3 million for the three months ended October 31, 2001 from $21.1 million for the three months ended October 31, 2000. The decline is primarily attributable to the economic downturn in North America resulting in a decrease in both the number of engagements and the average fee per engagement for this region. International revenue declined $3.6 million or 28% compared to the same period last year and is attributable to a decline in both the number of engagements and the average fee per engagement resulting from the weakening global economy.

JobDirect revenue of $0.5 million for the three months ended October 31, 2001 reflects a decline of $1.1 million or 69% compared to the same period last year. In the first quarter of this year, we recognized an asset impairment charge of $29.0 million, representing the unamortized goodwill resulting from our acquisition of JobDirect in July 2000. This charge reflected a decrease in our planned level of cash support for this business as well as a decrease in demand for these services due to the current economic environment in North America and was based on our initial restructuring plan announced in August 2001. In October 2001, we decided to exit the college recruitment market and recognized a restructuring charge comprised of $0.8 million for severance and $1.2 million for lease related costs and an asset impairment charge of $1.4 million, primarily related to the write-down of furniture, fixtures and equipment to fair value less cost to sell.

Compensation and Benefits. Compensation and benefits expense decreased $30.3 million, or 29%, to $72.5 million for the three months ended October 31, 2001 from $102.8 million for the comparable period ended October 31, 2000. This decline is due primarily to a decline in executive recruitment expense of $24.8 million, largely reflecting a decline in bonus expense in North America and a credit in the current three month period of $3.9 million related to our decision not to make substantially all of our contribution to the 401(k) plan accrued for fiscal 2001 and the first quarter of 2002. In addition, Futurestep and JobDirect expenses declined $4.4 million and $1.1 million, respectively, due primarily to a decrease in the number of employees. Although compensation and benefits expense declined in dollars, it increased as a percentage of revenue to 67% in the most recent three month period from 59% in the three months ended October 31, 2000, primarily due to the larger percentage decrease in revenue.

General and Administrative Expenses. General and administrative expenses consist of occupancy expense associated with our leased premises, information and technology infrastructure, marketing and other general office expenses. General and administrative expenses decreased $21.0 million, or 37%, to $36.3 million for the three months ended October 31, 2001 from $57.3 million for the comparable period ended October 31, 2000. The decrease includes $3.1 million of amortization expense in fiscal 2001 not recorded in the current fiscal quarter based on the implementation of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" and a decrease of $10.4 million at Futurestep, largely due to a reduction in advertising expense of approximately $5 million. As a percentage of revenue, general and administrative expenses, excluding Futurestep and JobDirect related expenses and amortization expense in fiscal 2001, increased to 29% in the first quarter of fiscal 2002 compared to 23% in the same three month period in the prior year due primarily to the larger percentage decrease in revenue.

Operating Profit (Loss). The operating loss of $34.7 million in the three months ended October 31, 2001 represents a decrease of $48.3 million from operating profit of $13.6 million in the prior year three month period. Excluding Futurestep and JobDirect losses, goodwill amortization in the prior year three month period and the asset impairment and restructuring charge of $34.8 million in fiscal 2002, operating profit decreased $23.9 million. Operating profit as a percentage of revenue, on this same basis, decreased to six percent in the current three month period from 20% in the

same prior year three month period. This decrease was due to the decline in revenue and the increase in compensation and benefits and general and administrative expenses as a percentage of revenue in the current period.

Interest Income and Other Income, Net. Interest income and other income, net, includes interest income of $0.7 million and $0.8 million for the three months ended October 31, 2001 and 2000, respectively.

Interest Expense. Interest expense increased slightly in the three months ended October 31, 2001, to $2.2 million from $2.1 million in the prior year, primarily due to an increase in average outstanding borrowings on our line of

credit offset by a decrease in the effective interest rate.

Benefit from/Provision for Income Taxes. In the current three month period, the net loss resulted in a benefit from income taxes of $6.3 million compared to a provision for income taxes of $4.9 million in the prior year three month period. The effective tax rate was 17.3% and 40.4% for October 31, 2001 and 2000, respectively. The difference in the effective tax rates in these periods is due primarily to certain non-deductible asset impairment charges in fiscal 2002.

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 decreased $0.1 million to $0.9 million in the current three month period compared to $1.0 million in the same prior year period and reflects a slight decrease in net income generated by the Mexico subsidiaries during the current fiscal three month period.

Six Months Ended October 31, 2001 Compared to Six Months Ended October 31, 2000

Revenue. Revenue decreased $123.9 million, or 36%, to $223.4 million for the six months ended October 31, 2001 from $347.2 million for the six months ended October 31, 2000, including a decrease in revenue from Futurestep of $16.0 million compared to the same period in the prior year. The decrease in executive recruitment revenue of $107.4 million, or 36%, was primarily the result of a decrease in the number of executive recruitment engagements.

In North America, revenue decreased $83.7 million, or 44%, to $105.7 million for the six months ended October 31, 2001 from $189.4 million for the comparable period in the prior year due mainly to a decrease in the number of engagements. The decrease in revenue and engagements resulted in a decrease of over 40% in the average number of engagements and average fee per consultant.

In Europe, revenue decreased $15.3 million, or 23%, to $52.9 million for the six months ended October 31, 2001 from $68.3 million for the six months ended October 31, 2000. Excluding the negative effects of foreign currency translation into the U.S. dollar, revenue decreased 20% compared to the same period in the prior year. This decrease is primarily due to a decrease in the number of engagements, partially offset by an increase in the average fee per engagement compared to the prior year. The number of consultants increased by five percent compared to the same period last year. This increase combined with the decrease in revenue and engagements resulted in a decrease in the average number of engagements per consultant and average fee per consultant of approximately 30%.

Revenue in Asia/Pacific decreased $5.3 million, or 20%, to $21.3 million for the six months ended October 31, 2001 compared to $26.6 million for the comparable period in the prior year. Excluding the negative effect of foreign currency translation into the U.S. dollar, revenue on a constant dollar basis declined 14% due primarily to a decrease in the average number of engagements and the average fee per engagement compared to the same six month period last year.

The decrease in revenue in Latin America of $3.0 million, or 16%, to $15.4 million for the six months ended October 31, 2001 from $18.3 million for the comparable six month period in fiscal 2001 includes a five percent decline due to the negative effect of translation into the U.S. dollar. The constant dollar decline of 11% reflects relatively strong performance by Mexico while the economy in Brazil weakened compared to the same period last year.

Futurestep revenue of $26.6 million for the six months ended October 31, 2001 decreased $16.0 million, or 38%, from the same period last year. This decrease is primarily attributable to the weak global economy resulting in a decline in the number of engagements in all geographic regions in the current six month period.

Compensation and Benefits. Compensation and benefits expense decreased $60.4 million, or 29%, to $148.9 million for the six months ended October 31, 2001 from $209.3 million for the comparable period ended October 31, 2000 due primarily to a decrease in executive recruitment bonuses, a decrease in the number of executive recruitment and

Futurestep employees resulting from our restructuring initiatives in the current six month period and a credit in the current year six month period of $3.4 million from the reversal of substantially all of our contribution to the 401(k) plan accrued in fiscal 2001 that will not be paid. The $52.5 million decrease for the six months ended October 31, 2001, excluding Futurestep expenses of $19.6 million and JobDirect expenses of $3.0 million is primarily due to a decrease in bonus expense for the six months ended October 31, 2001 compared to the prior year. On a comparable basis, excluding Futurestep and JobDirect, compensation and benefits expense as a percentage of revenue increased to 65% in the most recent six month period from 59% in the six months ended October 31, 2000 due primarily to the larger percentage decrease in revenue.

General and Administrative Expenses. General and administrative expenses consist of occupancy expense associated with our leased premises, information and technology infrastructure, marketing and other general office expenses. General and administrative expenses decreased $28.5 million, or 27%, to $77.2 million for the six months ended October 31, 2001 from $105.8 million for the comparable period ended October 31, 2000. The decrease is primarily due to a decline in advertising expense at Futurestep of $8.3 million, a decline in engagement related expenses in executive recruitment and $5.6 million of amortization expense in fiscal 2001 not recorded in the current six month period based on implementation of SFAS No. 142. As a percentage of revenue, general and administrative expenses, excluding Futurestep and JobDirect related expenses and amortization expense in fiscal 2001, increased to 30% for the six months ended October 31, 2001 from 21% for the comparable period in fiscal 2001. The increase as a percent of revenue primarily reflects the higher percentage decrease in revenue.

Operating Profit (Loss). Operating profit (loss) decreased $119.1 million in the six months ended October 31, 2001, to a loss of $87.0 million from a profit of $32.1 million in the prior year six month period. Excluding Futurestep and JobDirect losses, goodwill amortization in fiscal 2001 and the $84.3 million restructuring charge in fiscal 2002, operating profit for the six months ended October 31, 2001 decreased $49.3 million, or 82%, to $10.0 million compared to $59.3 million for the six months ended October 31, 2000. Operating profit as a percentage of revenue, on this same basis, was 5% and 20% for the six months ended October 31, 2001 and 2000, respectively. The decreased margin reflects a decline in all regions compared to the prior year six month period due primarily to the decrease in revenue and increase in compensation and benefits and general and administrative expense as a percentage of revenue relative to the same period last year.

Interest Income and Other Income, Net. Income interest and other income, net, includes interest income of $1.5 million and $2.4 million for the six months ended October 31, 2001 and 2000, respectively.

Interest Expense. Interest expense was $3.7 million in the six months ended October 31, 2001 compared to $3.8 million in the prior year, primarily due to an increase in average borrowings on our line of credit offset by a decrease in the effective interest rate.

(Benefit from) Provision for Income Taxes. Income taxes resulted in a benefit of $13.5 million for the six months ended October 31, 2001 compared to an expense of $12.7 million for the comparable period ended October 31, 2000. The effective tax rate was 15.2% and 41.4% for the current and prior year six month periods, respectively. The decrease in the effective tax rates in these periods is due primarily to certain non-deductible asset impairment charges in fiscal 2002.

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 was flat at $1.9 million in the current and prior year six month period and reflects the consistent net income generated by the Mexico subsidiaries during these six month periods.

Liquidity and Capital Resources

We were not in compliance with the fixed charge coverage and leverage ratios under our credit agreement with Bank of America as of October 31, 2001. We are working with Bank of America to amend the agreement or obtain a waiver relating to such non-compliance, but they have informed us that they have no further obligation or commitment to make loans pursuant to the agreement. Based upon the results of discussions to date, we believe no additional borrowings will be available through November 2, 2002.

As of October 31, 2001, we had outstanding borrowings of $48.0 million on the line of credit. Due to these events of non-compliance Bank of America has the ability to demand immediate payment of all amounts outstanding under

the line of credit. If this were to take place we would be required to obtain alternate sources of financing. Borrowings under the line of credit bear interest on a sliding scale based on a leverage ratio, currently the default rate of LIBOR plus 4.0%. The financial covenants include a minimum fixed charge coverage ratio, a maximum leverage ratio, a quick ratio and other customary events of default.

We maintained cash and cash equivalents of $55.9 million at October 31, 2001 and $66.8 million at October 31, 2000. During the six months ended October 31, 2001 and 2000, cash used in operating activities was $85.3 million and $30.8 million, respectively. The increase in operating cash used in the current six month period is primarily due to the decrease in net income to a net loss, excluding the asset impairment and restructuring charges in fiscal 2002 and a

decrease in bonus expense accrued in the current six month period.

Cash provided by investing activities was $5.3 million for the current six month period and cash used in investing activities was $9.9 million for the six months ended October 31, 2000. Cash flows used in investing activities included $44.3 million for business acquisitions and $2.6 million for purchase of investments in the prior year. In addition, net sales of marketable securities were $15.9 million in the current six month period compared to $53.1 million of net sales of marketable securities in the prior year. Purchases of property and equipment of $12.8 million for the prior six month period is also higher than $7.5 million in the current six month period and premiums on life insurance were $2.6 million and $3.4 million in the current six month period and prior six month period, respectively.

Cash provided by financing activities was $49.1 million and $22.0 million during the six months ended October 31, 2001 and 2000, respectively. The increase is primarily due to net borrowings under our line of credit of $48 million compared to $15.0 million in the prior year. In addition, we made payments of $3.7 million on shareholder acquisition notes in the current six month period compared to $0.8 million in the same period last year. In the current six month period, proceeds from stock options exercised were $1.0 million and receipts on shareholders' notes related to stock were $1.6 million. Last year, proceeds from stock options exercised were $4.8 million and receipts on shareholders' notes related to stock were $2.9 million.

We purchase COLI contracts to provide a funding vehicle for anticipated payments due under our deferred executive compensation programs. Borrowings on these COLI contracts were $2.6 million and $0.4 million for the six months ended October 31, 2001 and 2000, 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. Total outstanding borrowings under life insurance policies were $50.5 million and $45.3 million at October 31, 2001 and 2000, respectively. These borrowings, which are secured by the cash surrender value of the life insurance policies, do not require principal payments and bear interest at various variable rates.

We believe that cash on hand, funds from operations and borrowings currently outstanding under our credit facilities will be sufficient to meet our anticipated working capital, capital expenditures and general corporate requirements for the foreseeable future. We do, however, believe that we will need to refinance our credit facility on or before its maturity in November 2002, or find alternate sources of financing. We may also need to refinance notes due to shareholders relating to acquisitions of $11.8 million that mature in December 2002 and April 2003.

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.

Between January 1, 2002 and February 28, 2002, the participating countries will introduce Euro notes and coins and withdraw all legacy currencies so that they will no longer be available. 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.

We have assessed our information technology systems and are satisfied that they allow for the recording of transactions in both the legacy currencies and the Euro and accommodate the elimination of the legacy currencies.

Recent Events

Our three year contract with The Wall Street Journal provided for reduced advertising rates, the purchase of a minimum amount of print and on-line advertising and permitted the use of The Wall Street Journal name in connection with the promotion of Futurestep services through June 2001. The contract was extended on a month-to-month basis through November 30, 2001 and was not renewed. Effective December 31, 2001, Futurestep will no longer be co-branded with The Wall Street Journal. We believe that our agreement with the Wall Street Journal had great strategic benefit for the initial launch of Futurestep. But after three years of operations, we believe that the Futurestep service will be best promoted under the Korn/Ferry brand going forward. We do not believe that the non-renewal of The Wall Street Journal contract will have any impact on revenue, but will result in a decrease in advertising expense of approximately $1.0 million per quarter and over $4.0 million on an annual basis compared to fiscal 2001.

Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". In conjunction with these new accounting standards the FASB has issued "Transition Provisions for New Business Combination Accounting Rules" ("Provisions") that allow non-calendar year-end companies to cease amortization of goodwill and adopt the new impairment approach as of the beginning of their fiscal year that starts during either 2001 or 2002. We have elected to implement SFAS No. 141 and 142 in the first quarter of fiscal 2002.

The Provisions provide for a six month period from the date of implementation of SFAS No. 142 to record impairment under the new method. The impairment charge, if any, would be recorded as a cumulative effect of a change in accounting principle. We completed our impairment analysis in the second fiscal quarter of 2002. The impact on operating results from the implementation of this pronouncement related to the elimination of goodwill amortization of $3,001 and $2,981 for the three months ended July 31, 2001 and October 31, 2001, respectively.

The asset impairment charge recognized in the first and second fiscal quarters of 2002 are unrelated to the implementation of SFAS No. 142. "See Notes to Financial Statements."

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The purpose of this statement is to develop consistent accounting of asset retirement obligations and related costs in the financial statements and provide more information about future cash outflows, leverage and liquidity regarding retirement obligations and the gross investment in long-lived assets. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. We do not believe that the adoption of this statement will have a significant impact on our financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This statement establishes a number of rules which govern accounting for the impairment of long-lived assets, eliminates inconsistencies from having two accounting models for long-lived assets to be disposed of by sale and expands the definition of a discontinued operation to a component of an entity for which identifiable cash flows exist. The statement is effective for fiscal years beginning after December 15, 2002. We do not believe that the adoption of this statement will have a significant impact on our financial position or results of operations.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Market Risk

As a result of our global operating activities, we are exposed to certain market risks including foreign currency exchange 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 period and

revenue and expenses are translated at average rates of exchange during the period. Resulting translation adjustments are reported as a component of comprehensive income.

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

Historically, we have not realized any significant translation gains or losses on transactions involving U.S. dollars and other currencies. This is primarily due to natural hedges of revenue and expenses in the functional currencies of the countries in which our offices are located and investment of excess cash balances in U.S. dollar denominated accounts. During the six months ended October 31, 2001, we recognized foreign currency gains, after income taxes, of $0.3 million primarily related to our European operations. In the same period last year, we recognized foreign currency translation losses, after income taxes, of $1.1 million primarily related to our European operations. Realization of translation gains or losses due to the translation of

intercompany payables denominated in U.S. dollars is mitigated through the timing of repayment of these intercompany borrowings.

Interest Rate Risk. We primarily manage our exposure to fluctuations in interest rates through our regular financing activities that generally are short term and provide for variable market rates. As of October 31, 2001, we had outstanding borrowings of $48.0 million on our revolving line of credit bearing interest at LIBOR plus 4.0%, $50.5 million of borrowings against the cash surrender value of COLI contracts bearing interest at primarily variable rates payable at least annually and $20.2 million of notes payable, of which $20.0 million is due to shareholders resulting from business acquisitions in fiscal 2000 and 2001, at rates ranging from 5.5% to 7.0%, of which $8.2 million matures in 2002 and $11.8 million matures in 2003. Currently, we have all of our investments in interest bearing money market accounts at market rates.

PART II. OTHER INFORMATION

Item 3. Defaults Upon Senior Securities

Under our credit agreement with Bank of America, we breached our fixed charge coverage ratio covenant for the period ended July 31, 2001 and our fixed charge coverage and leverage ratio covenants for the period ended October 31, 2001, each of which constitutes an event of default. We are not in default in the payment of any principal or interest thereunder. We are working with Bank of America to amend the agreement or obtain a waiver relating to such non-compliance, but they have informed us that they have no further obligation or commitment to make loans pursuant to the agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources".

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

The annual meeting of shareholders was held on September 25, 2001. The business at the meeting was (i) to elect four directors to serve on the board, and (ii) to ratify the appointment of Arthur Andersen LLP as our independent auditors for fiscal 2002. Each of the proposals was adopted.

(i) The number of votes for and withheld for each director were as follows:

<TABLE>
<CAPTION>

	For	Withheld
The election of Class 2003 Directors of the Company:		
James E. Barlett	21,320,172	283,813
Richard M. Ferry	21,230,601	373,384
Sakie Fukushima	21,027,016	576,969
Paul C. Reilly	21,424,326	179,659

</TABLE>

(ii) The number of votes for, against, abstaining, and broker non-vote for the ratification of Arthur Andersen LLP were as follows:

For	Against	Abstaining	Broker Non-Vote
21,001,221	585,783	16,981	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description of Exhibit
10.1	Amendment to Employment Agreement between Korn/Ferry International and Paul C. Reilly, dated December 1, 2001
10.2	Letter from Korn/Ferry International to Paul C. Reilly, dated June 6, 2001
10.3	Amendment No. 2 to Loan Agreement, dated April 29, 2001

(b) Reports on Form 8-K

None.

SIGNATURE

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

KORN/FERRY INTERNATIONAL

Date: December 17, 2001

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

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

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Amendment to Employment Agreement between Korn/Ferry International and Paul C. Reilly, dated December 1, 2001
10.2	Letter from Korn/Ferry International to Paul C. Reilly, dated June 6, 2001
10.3	Amendment No. 2 to Loan Agreement, dated April 29, 2001

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EXHIBIT 10.1

KORN/FERRY INTERNATIONAL

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment (this "Amendment") is entered into as of December 1, 2001, by and between KORN/FERRY INTERNATIONAL, a Delaware corporation with its principal offices in Los Angeles, California (the "Company"), and PAUL C. REILLY, an individual ("Executive").

WHEREAS, the Company and Executive have entered into an Employment Agreement dated as of May 24, 2001, as supplemented by the letter dated June 6, 2001 (the "Agreement");

WHEREAS, the Company and Executive desire to amend the Agreement as set forth herein;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed by the parties as follows:

1. Fiscal 2002 Bonus. Section 4(b) of the Agreement is hereby amended by replacing the last sentence with the following two sentences:

> For the fiscal year ended April 30, 2002, the minimum amount that shall be payable to Executive as a cash incentive award under this Section shall be $1,000,000, of which $500,000 shall be payable on April 30, 2002 and $500,000 shall be payable on December 31, 2002. Any such annual cash incentive award shall be considered earned only if Executive is employed by the Company as of the last day of the fiscal year to which the award applies and shall not be dependent on employment thereafter.

2. Further Assurances. Each of the Company and Executive agrees to take promptly all actions necessary, proper or advisable or as the other may reasonably request to fully carry out the intent and purpose of this Amendment and the Agreement.

3. Agreement. Except as otherwise provided herein, the Agreement remains in full force and effect.

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

The Company:

KORN/FERRY INTERNATIONAL

By: /s/ Peter L. Dunn

Name: Peter L. Dunn

Title: General Counsel

Executive:

/s/ Paul C. Reilly

Paul C. Reilly

EXHIBIT 10.2

[KORN/FERRY INTERNATIONAL LETTERHEAD]

June 6, 2001

Mr. Paul C. Reilly
8301 Tallahassee Dr. N.E.
St. Petersburg, FL 33702

Dear Paul:

As a supplement to the terms and conditions contained in your Employment Agreement with Korn/Ferry International, this letter adds the following benefits to your employment package:

1. Korn/Ferry International (the "Company") will cover any difference between the amount you originally paid for your current primary residence plus verified capital improvements made since purchase (i.e., your current tax basis) and the gross selling price received upon sale of this residence provided such sale is in connection with your relocation to the area of the Company's corporate headquarters. Any reimbursement provided by the Company will be adjusted to reflect the effect of any Federal and state taxes due on the reimbursement.

2. The Company will cover, up to $750,000 gross, any forfeited bonus from your current employer, upon reasonable confirmation of the amount of such forfeiture.

3. The Company will cover reasonable legal costs associated with the review of your Employment Agreement by your personal legal counsel.

4. The Company will reimburse you, through the earlier of your permanent relocation to corporate headquarters or September 30, 2002, for the reasonable costs associated with your personal travel between Los Angeles and your primary residence that are not reimbursable as a client or normal business expense.

Please call me with any questions regarding these supplemental terms.

Sincerely,

/s/ Gary C. Hourihan

Gary C. Hourihan
Executive Vice President

cc: Richard Ferry
Charles Miller

EXHIBIT 10.3

AMENDMENT NO. 2 TO
LOAN AGREEMENT

This Amendment No. 2 to Loan Agreement (this "Amendment"), dated as of April 29, 2001, is entered into with reference to the Loan Agreement (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") dated as of October 31, 2000 among Korn/Ferry International a Delaware corporation ("Borrower"), each lender from time to time a party thereto (each a "Lender" and collectively, the "Lenders"), Bank of America, N.A., as Administrative Agent for itself and the other Lenders (in such capacity, the "Administrative Agent"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement. Section references herein relate to the Loan Agreement unless otherwise stated.

The parties hereto hereby agree as follows:

1. Section 6.15 - Foreign Subsidiaries. Section 6.15 is hereby amended and restated in full to read as follows:

"6.15 Foreign Subsidiaries. So long as the conditions set forth in Section 8.3 shall not have been satisfied, for each time period set forth below, permit the sum of Cash, Cash Equivalents and marketable Securities held by the Foreign Subsidiaries, on a cumulative basis, to exceed the amount set forth opposite such time period:

Time Period	Maximum Permitted
Closing Date through and including August 1, 2001	$ 80,000,000
August 2, 2001 and thereafter	$ 45,000,000"

2. Section 8.3 - Post Closing Conditions. Each of the parties hereto hereby agrees that (a) each of the conditions set forth in Section 8.3 of the Loan Agreement shall be satisfied, in form and substance satisfactory to the Administrative Agent and the Lenders, on or prior to August 1, 2001 and (b) the failure to satisfy such conditions on or before such date shall constitute an Event of Default under the Loan Agreement.

3. Exhibit B - Compliance Certificate. The Compliance Certificate attached to the Loan Agreement as Exhibit B is hereby amended and restated in full in the form of Annex I attached to this Amendment.

4. Effectiveness. This Amendment shall become effective on such date as the Administrative Agent shall have received duly executed counterparts of (a) this Amendment and (b) Annex II attached hereto, each signed by each Party thereto, each of the which shall be in form and substance satisfactory to the Administrative Agent and the Lenders (the "Effective Date").

5. Representations and Warranties. Except (i) for representations and warranties which expressly relate to a particular date or which are no longer true and correct as a result of a change permitted by the Loan Agreement or the other Loan Documents or (ii) as disclosed by Borrower and approved in writing by the Requisite Lenders, the Borrower hereby represents and warrants that each representation and warranty made by Borrower in Article 4 of the Loan Agreement (other than Sections 4.6 and 4.10) are true and correct as of the date hereof as though such representations and warranties were made on and as of the date hereof. Without in any way limiting the foregoing, Borrower represents and warrants to the Administrative Agent and the Lenders that no Default or Event of Default has occurred and remains continuing or will result from the consents, waivers, amendments or transactions set forth herein or contemplated hereby.

6. Confirmation. In all respects, the terms of the Loan Agent and the other Loan Documents, in each case as amended hereby or by the documents referenced herein, are hereby confirmed.

IN WITNESS WHEREOF, Borrower, the Administrative Agreement and the

Lenders have executed this Agreement as of the date first set forth above by their duly authorized representatives.

KORN/FERRY INTERNATIONAL, a
Delaware corporation

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

Name: Elizabeth S.C.S. Murray
Title: Executive Vice President &
Chief Financial Officer

BANK OF AMERICA, N.A., as
Administrative Agent and sole Lender

By: /s/ David J. Stassel

David J. Stassel, Vice President

ANNEX I TO AMENDMENT NO. 2

EXHIBIT B

COMPLIANCE CERTIFICATE

ANNEX II TO AMENDMENT NO. 2

CONSENT AND REAFFIRMATION OF GUARANTOR

The undersigned guarantor hereby consents to the execution, delivery and performance by Borrower and the Administrative Agent of the foregoing Amendment No. 2 to Loan Agreement ("Amendment No. 2"). In connection therewith, the undersigned expressly and knowingly reaffirms its liability under each of the Loan Documents to which it is a Party and expressly agrees (a) to be and remain liable under the terms of each such Loan Document and (b) that it has no defense, offset or counterclaim whatsoever against the Administrative Agent or the Lenders with respect to any such Loan Document.

The undersigned further agrees that each Loan Document to which it is a Party shall remain in full force and effect and is hereby ratified and confirmed

The undersigned further agrees that the execution of this Consent and Reaffirmation of Guarantor is not necessary for the continued validity and enforceability of any Loan Document to which it is a Party, but is executed to induce the Administrative Agent and the Lenders to approve of and otherwise enter into the Amendment No. 2.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has caused this Consent and Reaffirmation of Guarantor to be executed as of April 29, 2001.

KORN/FERRY INTERNATIONAL
FUTURESTEP, INC., a Delaware
corporation

By /s/ Peter L. Dunn

Name: Peter Dunn
Title: Vice Chair, General Counsel

ANNEX III TO AMENDMENT NO. 2

CONSENT AND REAFFIRMATION OF GUARANTOR

The undersigned guarantor hereby consents to the execution, delivery and performance by Borrower and the Administrative Agent of the forgoing Amendment No. 1 to Loan Agreement ("Amendment No. 1"). In connection therewith,

the undersigned expressly and knowingly reaffirms its liability under each of the Loan Departments to which it is a Party and expressly agrees (a) to be and remain liable under the terms of each such Loan Document and (b) that it has no defense, offset or counterclaim whatsoever against the Administrative Agent or the Lenders with respect to any such Loan Document

The undersigned further agrees that each Loan Document to which it is a Party shall remain in full force and effect and is hereby ratified and confirmed.

The undersigned further agrees that the execution of this Consent and Reaffirmation of Guarantor is not necessary for the continued validity and enforceability of and Loan Document to which it is a Party, but is executed to induce the Administrative Agent and the Lenders to approve of and otherwise enter into the Amendment No. 1.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has caused this Consent and Reaffirmation of Guarantor to be executed as of January 30, 2001.

KORN/FERRY INTERNATIONAL
FUTURESTEP, INC., a Delaware
corporation

By /s/ Peter L. Dunn

Name: Peter L. Dunn
Title: Vice Chair, General Counsel